

Work, Pensions & Equality

- 1. What has the crisis taught us about the role of social security in protecting the most vulnerable in society and the gaps in the current system?*
- 2. To what extent has the crisis changed public perceptions of social security? How can we build on any changes to ensure wider public support for the system?*
- 3. To what extent should social security be a universal entitlement available to all?*
- 4. How can social security support self-employed workers?*
- 5. What role can social security play in addressing inequalities and poverty in society?*

The future of social security after coronavirus

The social security system in the UK is facing unprecedented demand. The outbreak of coronavirus has had a fundamental impact on our everyday lives, with impositions on our personal freedoms, restrictions on travel, and the closure of non-essentials shops and businesses. As entire sectors began to shut down, thousands of people faced uncertainty over their jobs and livelihoods.

The Labour Party believes in a just social security system that provides a safety net for people when they face such uncertainty and hardship. Yet the coronavirus crisis has exposed fundamental weaknesses in a system severely damaged by a decade of ideological cuts and mismanagement.

Universal Credit, the Conservatives' flagship welfare policy, has been plagued by constant problems and delays, and was already failing those who rely on it to get by. The Labour Party has consistently highlighted how Universal Credit has failed in its core objectives of making work pay, reducing poverty and simplifying the system, but the current crisis has exposed the true extent of its failings.

The system struggled to cope with the unprecedented demand from new applicants for Universal Credit. Many then faced significant waiting times and online queues of up to 130,000 people. Other key aspects of the system's design, including the five week wait, the benefit cap and the savings limit, have pushed people into hardship by delaying their payments or disqualifying them from making a claim.

Others continue to be overlooked by the government. Employees who have been unable to work due to illness or self-isolation face a Statutory Sick Pay rate of just £95.85 per week, the second lowest rate in Europe and far below the recommended Living Wage. Those receiving Carer's Allowance and others remaining on legacy

benefits, including disabled people moving on to Universal Credit from Employment and Support Allowance, have also been left out of increases to their weekly allowance and risk falling into hardship.

The crisis has also revealed the lack of protection for the five million self-employed workers in the UK, who were unfairly excluded from the government's initial job protection scheme. The Self-Employed Income Support Scheme (SEISS) has offered a welcome temporary protection for some, but many self-employed people will not qualify. As self-employment becomes an increasingly prominent aspect of the UK labour market, the need for a more long-term solution has become clearer.

Within just a short space of time, we have already begun to see the impact. Foodbanks across the country have reported a surge in demand, as reports have found that food insecurity has more than quadrupled since the start of the crisis. Children's charities have warned of a pending child poverty crisis, where already high levels of child poverty would soar to record levels.

The Labour Party believes Universal Credit should be scrapped and replaced with a social security system fit for the 21st century. Until then, we must fight to reduce the damage caused by this deeply flawed system.

The challenges

Before the crisis, it was estimated that 7 million claimants would be on Universal Credit by the end of this parliament. The coronavirus crisis has the potential to dramatically increase this number. In the first six weeks of the crisis, applications for Universal Credit increased by almost five times more than the equivalent period in 2019. Rebuilding the social security system without impacting the income of millions of existing claimants will be an Important priority for the Labour Party in government.

It is already clear that the crisis will have a significant long-term impact on the UK economy. Statistics show that one-third of private sector employees have been made unemployed or put on furlough without a guarantee of returning to work, while economic activity is falling faster than during the 2008 financial crash. As businesses continue to scale back operations and thousands of jobs are lost, the challenge for the social security system will be to reflect this significant change in the labour market. It must complement efforts to get people back into employment, supporting increased numbers for potentially significantly longer periods of time as the economy recovers.

Although inequalities in the system were apparent before the crisis, these have been

exacerbated at an alarming rate. Reports show that women face a significantly higher risk to their earnings, due to the disproportionate number working in industries impacted by the lockdown, including retail and hospitality. Many also take on a higher share of unpaid family care at home. Evidence also shows a disproportionate impact on Black, Asian and Minority Ethnic (BAME) communities in the UK, young people and those with disabilities. We must consider how social security can be used to alleviate inequalities.

It is equally important that the social security system addresses the rising levels of in-work poverty. Even before the crisis, the Labour Party had warned of the rising levels of in-work poverty brought about by insecure work, soaring housing costs and a slow growth in earnings for lower paid workers. In addition to supporting those out of work, the social security system has an important role to play in preventing working families from falling into poverty.

Above all, the crisis has exposed the flaws in the Conservatives' response to the previous financial crash. We can clearly see that the deep and damaging cuts to welfare provision after 2010 undermined the ability of the system to deal with the outbreak of the pandemic. We must create a system that not only supports people when they need it, but is resilient enough to withstand future crises.

The way forward

Social security in the UK needs rebuilding in response to the coronavirus crisis and the weaknesses it has exposed. In government, Labour will ensure that its core values of fairness, equality and social justice are at the heart of the system.

The coronavirus crisis is beginning to alter perceptions of social security. More people than ever before have been brought into contact with the system, many for the first time in their lives, reminding us that anyone can be vulnerable. Rather than being viewed as a burden on the taxpayer, there is an opportunity for social security to be seen once again as a fundamental public service.

We believe the social security system should be a source of national pride, held in the same esteem as the health or education services. After the crisis, its workers should be recognised for the contribution they have made, working long hours under immense pressure to cope with the unprecedented demand on the system.

Staff at the Department of Work and Pensions (DWP) and in Job Centres across the UK should feel proud of the role they play in providing social security; not forced to carry out assessments and impose unfair rules on claimants. Labour believes in a system that genuinely supports those in need, and rejects the Tories' punitive

sanctions that unfairly stigmatises claimants.

To ensure that nobody is left behind, it is vital that any future system is made accessible for all. This must include additional provisions for those that require them, including improved means of communication and support for claimants with disabilities.

Labour also recognises that social security has a key role to play in addressing inequalities exacerbated by the crisis. Whenever necessary, a forward-looking system for the country should provide additional support to tackle inequalities and promote fairness, particularly in light of the disproportionate impact of the virus on women and BAME communities.

This consultation will look at how to rebuild the system in response to the crisis to ensure a social welfare system that is fit for the future.