

THE CONVERSATION

Scotland can help the UK fix its disastrous system of benefits for disabled people

January 29, 2015 6.19am GMT

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The Conversation UK receives funding from Hefce, Hefcw, SAGE, SFC, RCUK, The Nuffield Foundation, The Ogden Trust, The Royal Society, The Wellcome Trust, Esmée Fairbairn Foundation and The Alliance for Useful Evidence, as well as sixty five university members.

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By giving powers away to Scotland, the UK could yet gain. Mangostock

The new powers that look set to be devolved to Scotland include major changes for disability policy. Until now, Holyrood's involvement in this area has been restricted to the NHS and social care – and the latter only indirectly through local government funding, since Scotland's 32 local authorities make their own decisions about exactly what social care they will offer to disabled people.

Under Westminster's new plan, Holyrood will also have substantial control over disability and carers' benefits. In line with what was proposed by last autumn's Smith Commission, Scotland will be given control over the likes of the Disability Living Allowance, the Attendance Allowance, the Carer's Allowance, Personal Independence Payments and Industrial Injuries Disablement Benefit. These represent the group of benefits that are related to personal care.

Also devolved will be a significant amount of the work currently done by the Department of Work and Pensions to support disabled jobseekers – such as the **Work Programme**, which outsources the task of getting long-term unemployed people into work to various agencies and charities.

The ability to vary the operation of **Universal Credit** (currently being rolled out to replace out-of-work benefits such as Employment and Support Allowance) will also be devolved. But over two-thirds of disabled people are over working age, so the failure to devolve pensions leaves significant gaps in Scotland's ability to create universal joined-up benefits.

This partial devolution of welfare reflects the fact that no overarching principles underpinned either the Smith Commission proposals or the draft settlement. Instead, powers have been devolved piecemeal based on the existing system.

The state of the UK policy

All the same, the changes do represent a big opportunity for Scotland – and could make it a testbed for the rest of the UK. The UK system has become more heavily focused on making benefits conditional on need, thanks to the coalition government's focus on austerity.

Universal Credit has been criticised for introducing new and punitive levels of sanctions – for **example** over 100 claimants a day with mental-health problems are sanctioned for failing to attend appointment, which means they lose access to income without their prospects of accessing work improving in any way. This stigmatises disabled people, damages their health and undermines social cohesion. It can also end up costing the government more.



The UK system is a mess Robert Kneshe

Successive reforms to the UK system under the Conservatives then Labour and now the coalition mean that it has become a complex array of benefits and tax allowances that disabled people have to claim for separately. It takes qualified welfare professionals years of training to understand how it all works. Complex targeted welfare systems which rely on means-testing and sanctions require specialist advisors, social workers and welfare professionals to run them and act as gatekeepers. This diverts funding away from directly providing services.

The fact that only part of disability benefit has been devolved north is a major drawback, but there is still plenty of scope for Scotland to simplify the system and remove the existing conditions and sanctions. It is an opportunity to break with the UK and create something more universal and fair.

What could happen

So what will Scotland do with these powers? Given that social care and the NHS are already devolved, it would be possible to deal with the problem of financing and delivering long-term care along the lines of Germany's system of **long-term care insurance**.

Germany pays stepped benefits to all disabled individuals based on needs, with no means-testing and none of the array of different benefits that the UK pays. It is funded by contributions from employers, individuals and the state, which spreads the burden as widely as possible. When the UK's Dilnott Commission called for something similar to be introduced here in 2011, it was widely rejected as unworkable – with strong objections from the Right that it would undermine businesses.

Whether Scotland went down the German insurance route or not, it could still remove means-testing and simplify the benefits package, which is broadly how disability welfare looks in the Nordic states. Given the evidence about social cohesion, well-being and so forth, this ought to be very tempting for the Scottish government.

Holyrood also retains the option to take control of social care from local authorities. This would end the current postcode lottery where the level and range of care services available to a disabled person vary depending on whether you live in Dundee, Dunfermline or Dumbarton. Then again, the Scottish government has been in a position to do this since it was set up in 1999. Whether it will want to maximise its power over this policy area and potentially jeopardise its relationship with local authorities will be interesting.



German engineering Jenny Sturm

What will happen

There are several reasons to be cautious about a fairer welfare state developing in Scotland, in the short term at least. In the first place, the Scottish government has not been given a blank sheet to redesign welfare. Instead of developing a set of overarching principles and devolving all the powers and budget necessary to deliver them, Westminster has acted in the interests of speed over efficiency. Welfare has been devolved in a piecemeal way, based on the existing tax and benefits system.

Much will be contingent on the results of the 2015 general election and the 2016 elections to the Scottish parliament. If as predicted the SNP wins a significant number of seats at Westminster and Holyrood, it faces a policy dilemma. On the one hand, it wants to see maximum power devolved to Scotland to support its ultimate aim of independence. It may therefore develop different fairer policies in areas where it has the power to do so to demonstrate to the electorate its maturity as a party of government.

On the other hand, it may feel it politically astute to demonstrate that the further powers it has been offered are not sufficient to secure the fairer Scotland it envisages, and that only full independence will do that. In other words, there is a perverse political incentive to fail to deliver a fairer welfare state in Scotland.

It is also worth bearing in mind that the Scottish government has been very cautious about using the full extent of its devolved powers to diverge from UK policy. But whatever happens, social policy in Scotland might just get a lot more interesting than anyone expected.



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