

Benefit Reform Division  
Department of Work and Pensions  
1st Floor  
Caxton House  
Tothill Street  
London  
SW1H 9NA  
E-mail: Benefit.reform@dwp.gsi.gov.uk

1 October 2010

Dear Sir or Madam

### **21<sup>st</sup> Century Welfare**

Action for Children is one of the UK's largest children's charities working with over 156,000 children, young people and their families at around 420 projects across the UK. In Scotland we work in partnership to run more than 60 services for almost 8000 of Scotland's most vulnerable children and young people. Action for Children Scotland welcomes the opportunity to respond to the Department of Work and Pensions' consultation document, *21<sup>st</sup> Century Welfare* ("the Consultation Document"). Our response raises certain general issues around welfare reform, as well as addressing some of the specific questions raised in the Consultation Document.

Action for Children Scotland is a member of the Scottish Campaign on Welfare Reform ("SCOWR"), and our response supports SCOWR's position on *21<sup>st</sup> Century Welfare* in many key areas. Action for Children Scotland's response also draws upon our experience of running projects across Scotland, which help to improve outcomes for vulnerable and difficult to reach children, families and young people, many of whom receive some form of support from the welfare system. Our response is also based upon the joint Action for Children/NEF (New Economics Foundation) Report, *Backing the future*, which highlights the potential social savings from investing in services that focus on early intervention and prevention.

**In summary the key issues Action for Children Scotland wishes to raise are:**

- **We welcome the UK Government's commitment to simplify the benefits system, and to make it more efficient;**
- **Welfare reform should, however, secure real and significant improvements in the lives of those on low incomes, and must not become a cost cutting exercise at the expense of the most vulnerable in our society;**
- **It is vital that sustainable jobs are available for claimants, and that the UK Government takes urgent action to increase the number of jobs available to claimants;**
- **Early intervention to help vulnerable children, families and young people to turn their lives around could make a significant contribution**

- to reducing the cost of the welfare system, welfare dependency and poverty;
- The UK Government must recognise that the barriers to work facing certain groups including young offenders, young people with a disability, parents with caring responsibilities for disabled children, young carers, and lone parents are particularly challenging; and
- The UK Government must put in place significant levels of personalised, intensive support to help claimants overcome barriers to employment.

**Question 1: What steps should the UK Government consider to reduce the cost of the welfare system and reduce welfare dependency and poverty?**

Action for Children Scotland takes the view that, to reduce the cost of the welfare system and to reduce welfare dependency and poverty, public expenditure across the UK for key services to support vulnerable and difficult to reach children, families and young people must be skewed more towards early intervention and prevention. The joint Action for Children/NEF *Backing the future* report highlighted the effectiveness of preventative spending, and the potential savings to the welfare system. This report identified some of the social costs arising from “the UK’s failure to invest sufficiently in services that prevent social problems such as crime, mental ill health, family breakdown, drug use and obesity”. It warned that “if current inefficient spending continues” the estimated cost “to the UK economy of dealing with social problems such as family breakdown, mental ill-health and drug abuse could reach as much as £4 trillion over the next 20 years without addressing the root cause of the problems”.

To avoid such costs, *Backing the future* called for the introduction of a comprehensive investment programme in preventative services for children and young people across the UK. The report identified the following potential savings, and benefits, of targeted, early investment in children’s services: “*the UK would save £486 billion (roughly five times the current annual budget of the whole of the NHS) over 20 years and dramatically improve social wellbeing by shifting investment in children and young people to a more preventative model*”. The report highlighted that, to achieve these savings, there was a need for a £191 billion 10 year investment programme across the UK in targeted interventions designed to tackle problems before they become entrenched; combined with a £428 billion 20-year programme of investment in universal childcare and paid parental leave.

The report also included a Social Return on Investment analysis of Action for Children’s preventive approaches based on analysis of some of our services, including the East Dunbartonshire Family Service which provides support for children, young people and families in crisis. This analysis found that for every £1 invested annually in Action for Children’s targeted services, society benefits from between £7.60 and £9.20 in social value created. These benefits were reflected in the financial returns to society through the reduction in costs associated with:

- Increased tax revenue (through greater numbers of today’s children securing employment, and better paid employment, as the adults of the future);
- Savings to the welfare system through decreased benefit payments;
- Reduced costs of crime and antisocial behaviour;
- Reduced health costs for children; and the
- Reduction of other long term child costs (e.g. education, care).

Against this background, Action for Children Scotland believes that governments across the UK should prioritise preventative programmes which support vulnerable children, families and young people. We believe this type of support can, if adopted by more key agencies, help to lift more children and young people and their families out of poverty, reduce the costs of the welfare system, and also lead to lower levels of welfare dependency and poverty.

**Question 2: Which aspects of the current benefits and Tax Credits system in particular lead to the widely held view that work does not pay for benefit recipients?**

Action for Children Scotland supports SCOWR's view that for: "many claimants, it is not a matter of public perception, but rather a simple fact that moving into work or increasing their hours does not pay, or at least pays so little that the other costs (both financial and wider costs) make it not worth while". Action for Children Scotland is aware, for example, that one of the barriers preventing many of the young people in our housing support projects from accessing employment, education and training opportunities is the concern that this will have an adverse impact upon their entitlement to Housing Benefit and to other benefits.

**Question 3: To what extent is the complexity of the system deterring some people from moving into work?**

We share SCOWR's view that the complexity of the system is just one of the factors deterring some claimants from accessing employment and training opportunities. Other major barriers to employment include, for example, a lack of jobs, inadequate childcare, employer discrimination and the payment of below poverty level wages.

Action for Children Scotland believes it is particularly difficult for disadvantaged young people in Scotland to move into work. Unfortunately, major gaps continue to exist between young Scots from different backgrounds. There is a Scotland of opportunity based on educational attainment which provides a bright future for many of our young people, but there is also another Scotland where social issues and barriers have created a poverty of opportunity that is robbing individuals and communities of any sense of optimism. Our concern is that these gaps have been exacerbated by the effects of the current economic recession, and by the risk of funding cuts which threaten vital services to support vulnerable and difficult to reach children, families and young people. Against this background, Action for Children Scotland believes that significant levels of support must, as part of the implementation of the proposals in *21<sup>st</sup> Century Welfare*, be put in place to help young people access employment and training opportunities.

Disadvantaged young people lack basic opportunities to fulfil their potential. They face barriers which are often insurmountable, unless targeted support is available through services such as Action for Children's Youthbuild, which focus on early intervention and prevention. Action for Children Scotland's Youthbuild service supports young people, including those who have offended or are at risk of offending, to secure training and employment opportunities in the construction industry. Youthbuild was piloted in Glasgow and Inverclyde, and an independent evaluation conducted during the pilot stage highlighted the following key findings:

- a 70 % success rate across the projects for helping young people move into employment following their involvement in the programme;
- high completion rates for the programme, with 111 of the 150 young people who entered the Action for Children Scotland Youthbuild programme

- completing and moving into either construction, or some other form of employment; and
- considerable savings of working with this cohort – for example, the annual cost for a male in a youth offenders' institution is estimated at £31,106 per annum.

Action for Children Scotland is working in partnership with a number of agencies through Youthbuild to show how the problem of youth unemployment can be positively addressed for the benefit of the young people concerned, their families, the local communities and for society as a whole. Our partners include the Scottish Government, Inspiring Scotland, local authorities, housing associations and large construction companies. Together with our partners, we have now rolled Youthbuild to a further four other local authority areas, including West Dunbartonshire, Edinburgh, Clackmannanshire and East Ayrshire.

The example of Action for Children Scotland's successful Youthbuild model highlights the need for such support to be put in place for vulnerable young people. Most of the young people who participate in Youthbuild had no previous experience of paid work. Indeed, the young people involved in Youthbuild generally come from the most deprived and difficult backgrounds, and face multiple challenges in finding work. This can include poor or non-existent family support, issues around leaving care, homelessness, specific learning difficulties, alcohol/substance misuse, offending and poor social/personal skills. Action for Children Scotland believes that getting these young people into work is vitally important in helping them to move forward with their lives.

The young people Action for Children Scotland works with require extra support to take the crucial first steps on the employment ladder, and a key aspect of the Youthbuild model is the support provided by Action for Children Scotland staff to the Youthbuild trainees. Youthbuild provides one-to-one support for young people to help them make the move into work. Key elements of the project focus on induction and preparation, work experience, relevant training, personal support, and core skills and development. Action for Children Scotland's Youthbuild projects have already been successful in securing training and employment opportunities in the construction industry for young people. Seven of our Youthbuild trainees have been nominated as finalists for this year's Youthbuild UK's 2010 Young Builder of the Year Awards. These prestigious awards are sponsored by NHBC, Coastline Housing and Nottingham Community Housing Association. This shows what can be achieved when different agencies work together to support young people.

We believe from the experience of our Youthbuild projects that, for the proposals in the Consultation Document to be effective, the UK Government must recognise that some claimants will require intensive, personalised support to move into work or work related activity. In this respect, Action for Children Scotland believes it is essential that the full life circumstances of each individual claimant must be taken into account when assessments are made about the type and level of support individual claimants will require. This is essential if individual claimants are to move into employment, and for this to be both sustainable and successful. The type and level of support will be particularly important for those groups which face the greatest barriers to entering or re-entering the labour market, including young people, people with a disability, lone parents and people from the BME communities.

We believe that the UK Government must also recognise that the barriers to employment facing other specific groups, including young people with a disability, parents with caring responsibilities for disabled children, lone parents, and young

carers, are particularly challenging. Young disabled people, for example, face a lack of employment opportunities across Scotland, especially in high unemployment areas and rural areas, including parts of Ayrshire and in the Western Isles. This is often compounded by the lack of accessible transport to enable disabled people to get to and from work. The problem is most significant in rural areas and island communities such as Lewis and Harris, where the transport infrastructure is limited at the best of times. Action for Children Scotland takes the view that, if the proposals in 21<sup>st</sup> Century Welfare are to help more young people with a disability and their parents to move into employment, greater levels of support must be put in place for these groups.

Another barrier which limits young disabled people's opportunities for finding work is that many businesses, despite legislation designed to tackle disability discrimination, still lack a basic understanding of disability. In this respect, Action for Children Scotland takes the view that the business culture must change to raise the business community's awareness of the potential contribution which many disabled people could make to businesses throughout the UK. We believe that governments across the UK should, therefore, as part of the Welfare Reform process, seek urgent discussions with the business community, with the CBI, with Chambers of Commerce, with trade unions and the voluntary sector to explore and develop ways in which such change could be facilitated.

Governments across the UK should, for example, take greater action to encourage businesses to offer disabled people work experience by offering financial incentives, and to ensure that appropriate training is provided. Action in these areas could help to make the business culture more aware of disability, and of the difficulties faced by young disabled people in their attempts to enter the job market. Thought should also be given by governments across the UK to highlight to employers the positive aspects of employing young people with disabilities. We believe that this could be progressed through the development of appropriate publicity material, and by supporting seminars for the business community and for trade unions focusing on developing strategies to recruit more people with disabilities.

In addition, we consider that employers encouraging their staff to become mentors to disabled people within the work place could also help to remove such barriers. We believe this would be a valuable help to those disabled individuals who are seeking meaningful employment. Furthermore, schools should ensure that there are built-in opportunities for employers to visit schools to meet young people in their own environment. This will help to reduce the young person's anxiety, and fear of the unknown, in relation to entering employment. It would also give employers an early opportunity to address any concerns they may have about employing young people with disabilities.

**Question 4: To what extent is structural reform needed to deliver customer service improvements, drive down administration costs and cut the levels of error, overpayments and fraud?**

We believe it is essential that sufficient levels of trained Job Centre Plus staff are in post, and available, to advise, and support, claimants to access employment and training opportunities.

**Question 5: Has the Government identified the right set of principles to use to guide reform?**

Action for Children Scotland agrees with SCOWR that welfare reform should be

guided by the following set of principles:

- *Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life*
- *Make respect for human rights and dignity the cornerstone of a new approach to welfare*
- *Radically simplify the welfare system*
- *Invest in the support needed to enable everyone to participate fully in society*
- *Make welfare benefits in Scotland, suitable for Scotland*

**Question 7: Do you think we should increase the obligations on benefit claimants who can work to take the steps necessary to seek and enter work?**

We share SCOWR's views that these obligations should not be increased, and that the UK Government should instead invest "across a whole range of areas to enable everyone to participate fully in society, whether that be in paid employment or other areas of unpaid work such as caring or volunteering".

**Question 12: Is there anything else you would like to tell us about the proposals in this document?**

Action for Children Scotland notes the emphasis in the Consultation Document on claimants moving from benefits into work or work related activities. We recognise that work could potentially offer a significant route out of poverty for many claimants. It is, however, important that greater numbers of sustainable jobs are available for claimants, and it would be useful to have more details about the UK Government's proposals to increase the number of jobs available to claimants across the UK.

Please do not hesitate to contact either myself or Robert McGeachy, Action for children Scotland's Policy and Public Affairs Manager, on 0141-550-9010 if you require more information, or would like to discuss this matter further.

Yours sincerely

Paul Carberry  
Operational Director of Children's Services  
Action for Children Scotland