

# CHANGING THE RULES . . .



## The Volunteer Centre's comments on **The Social Security Review — Programme for Change**



— A discussion document —

1985

## CHANGING THE RULES: PART ONE

### 1: SOCIAL SECURITY AND VOLUNTEERING: THE LINK

This paper is intended to help individuals and organisations involved in volunteering to respond to the 1985 Green Paper, "Reform of Social Security" Cmnd 9517-9520 and its sequel. Comments on the Green Paper should be sent by 16 September 1985 to the Central Review Unit, DHSS, Room D406, Alexander Fleming House, Elephant and Castle, London SE1 6BY.

Although Part One of Changing The Rules does not set out the details of the existing or proposed benefits - other organisations are doing this in the documents listed in "Further Reading" - it does aim to describe the changes in general terms and to show how, in combination with other recent policy measures, these will affect volunteering. Part Two, contains a more detailed interpretation of the present and proposed benefits, and of their impact on particular groups and on volunteer bodies.

The review is difficult to interpret - it is at once very general and very technical - but it evidently has profound implications for volunteers, for the people who benefit from their work, and for people who work with them.

- \* The proposals will affect the financial position of many volunteers, especially the poorest, who are already under-represented in voluntary work. In doing so, it may further limit their ability to volunteer if they choose.
- \* The relationship between work and income will be altered (for young people, for instance) and the choice to volunteer may no longer be available to the same extent as at present.
- \* Many people who receive benefits are already helped by volunteers. As their position changes when the review's conclusions are put into effect, so will the demands on volunteers, perhaps dramatically.

"Reform of Social Security" looks at structures and principles; it does not indicate intended levels of benefit. It is a

review of a major aspect of social policy, and should be read in the context of changes of similar scale in other fields, such as community care, the statutory/non-statutory balance, taxation and others. These changes are clearly signalled in the review:

- \* "in building for the future we should follow the basic principle that social security is not a function of the state alone. It is a partnership between the individual and the state..."
- \* "Most people not only can but wish to make sensible provision for themselves. The organisation of social security should encourage that."
- \* "If we wish to encourage individuals to provide for themselves then the social security system - public and private - must not stand in the way." (Vol 1, ch 1)

These are consonant with the declared policy of the government since 1979. The Family Policy Group, cabinet ministers and advisers, included the following among their aims:

- \* "to make proposals that would promote self-respect and a sense of individual responsibility."
- \* "to encourage families... to assume responsibility taken on by the state... for the disabled, the elderly, unemployed 16 year olds"
- \* "to adjust tax and benefit allowances to see if families looking after their elderly might be better rewarded"

A particular aspect of "Reform Of Social Security" is its likely effect on the freedom of choice to give voluntary help. The Charter For Volunteers, set out in Changing The Rules, Part Two states:

- \* "Every citizen irrespective of personal means has the right to make that contribution according to personal talents and capabilities so long as this does not restrict the rights or reasonable expectations of others. No citizen should be prevented from volunteering because of lack of economic resources or other handicap."
- \* "Unnecessary obstacles in law, in systems of taxation or income support should be removed where this will enable

more citizens to undertake action as volunteers."

- \* "Existing and planned public policies should be reviewed to ensure that they take account of the needs and interests of volunteers where appropriate, and that as a minimum they do not unintentionally limit the rights of volunteers." (The Volunteer Centre, 1983)

It is not only the concrete effects for volunteering that give rise to anxiety. There is the possibility of a collision between the values that underlie much volunteering in the last quarter of the twentieth century, and the principles on which the review is based.

- \* For many commentators, it raises the old spectre of a division between the "deserving" and "undeserving" poor, the first entitled to help from the state, the second dependent on charity. It is reasonable to ask whether this is indeed at odds with the growing emphasis on mutual involvement through volunteering as distinct from service giving.
- \* The plans for administering social security seem to require a much greater contribution not only from within the family but from volunteers. Is it either fair or sensible to assume that volunteers will be willing - or able - to meet those demands?
- \* A probable outcome of the review will be to shift the boundaries of employment. In doing so, it will be blurring the distinction, not by ensuring that incomes are adequate for people who want to volunteer, but by stimulating low paid work as an alternative to volunteering.

#### THE PRESENT BENEFITS

Everyone who has had contact with some aspect of social security knows how complex the systems are. It is not possible here to do much more than put names to the main existing categories of benefit. The review itself mentions the notorious two-volume, 16,000-paragraph staff manual for supplementary benefit - so this summary must be treated with caution.

There are three main types of benefit.

- \* National Insurance Benefits are generally payable only if the required number of national insurance contributions have been paid or credited and the claimant can satisfy the other conditions. They provide an income during, for example, sickness, invalidity and retirement.

- \* Non Contributory Benefits are not payable from the national insurance fund and are mainly for people whose circumstances mean that they have extra demands on their income (for example, child benefit).

- \* Income Related Benefits are non contributory benefits that are payable only to people whose incomes fall short of prescribed levels and who satisfy the other conditions applying to each of the benefits; for example, supplementary benefit and housing benefit. There are a variety of benefits within each of these three main types.

These and the proposed new benefits are described in greater detail in Part Two of Changing The Rules

#### PROPOSED NEW BENEFITS

- \* Family Credit

This will replace FIS, but will cover a wider range of incomes and have wider eligibility than FIS. Anybody working more than 24 hours a week will be entitled to claim (a reduction of 6 hours for all but lone parents).

It will use the same basic structure as the income support scheme (see below). Maximum entitlement to benefit at the lowest income levels will comprise a "substantial" premium payable to all families (Vol II, 4.47) plus an allowance for each child, which with child benefit will exceed the allowances in the income support scheme.

Entitlement will be assessed by the Department Of Health And Social Security but the benefit will be paid by employers as an offset to tax and national insurance, or where appropriate as an addition to gross pay. It seeks to eliminate the worst effects of the "poverty trap".

- \* Income Support will partly replace supplementary benefit. It will provide a regular weekly income for claimants, with standard amounts for different groups. It will be based on age; marital status; family responsibilities and client group.
- \* The Social Fund will replace the other part of supplementary benefit, "dealing with the minority of claimants unable to manage without further, specialist support." (Vol II, 2.69)

## PURPOSE AND PRINCIPLES OF THE REVIEW

### Purposes

"Reform Of Social Security" aims to outline a system which:

- is founded on public understanding of the purposes and workings of social security;
- is more relevant to the needs of today;
- is capable of meeting the demands into the next century.

This is seen as necessary, because "to be blunt, the British Social Security system has lost its way." (Vol I, 1.1). Although it has had its achievements, the system:

- cost over £40 billion in 1984/5 and will continue to cost more;
- is by far the largest Government programme;
- does not give resources to those most in need;
- is complex to administer and hard to understand.

The review identifies three main underlying objectives for social security. It must be:

- capable of meeting genuine need;
- consistent with the government's overall objectives for the economy;
- simpler to understand and easier to administer.

### Principles

#### \* The individual and the state

The system of social security provision should be based on clear understanding of the roles and responsibilities of the individual and the state. Social

security, the review says, is a partnership between the two - "a system built on twin pillars".

#### \* Self reliance and independence

Social security should not discourage self-reliance or stand in the way of individual provision and responsibility: "Social Security must be designed to reinforce personal independence rather than extend the power of the State; to widen, not restrict people's opportunity to make their own choices; to encourage, not discourage earning and saving." (Vol I, 6.6). For example, changes in supplementary benefit "will establish a more comprehensive and fairer system which will give people greater encouragement to help themselves - by working and saving - than they receive at present." (Vol I, 9.26).

#### \* Genuine need

There is a distinction implied between genuine need and other need. "No individual should be left in a position where through no fault of his own he is unable to sustain himself or his family." (Vol I, 1.12). The review does not clarify what a need that is not genuine might be, nor indicate how "unable to sustain" or "no fault" would be interpreted.

### The Poor Law Commission and the 1985 Review

The social security system must not stand in the way of improved performance of the economy, and the review frequently alludes to existing disincentives to work for benefit recipients. One objective of income support should be "to ensure fairness between the position of claimants on benefit and those with similar levels of income in work." (Vol II, 2.70). "While it is one of the functions of the Social Security system to help the unemployed it is self-defeating if it creates barriers to the creation of jobs, job mobility, or to people rejoining the labour force." (Vol, I 1.12). A recurring theme throughout the review is the reduction of disincentives to work by ensuring that income or benefit is not higher than that of anyone in paid work.

The review quotes the 1832 Royal Commission on the Poor Law which "felt provision for those able to work was corrupting." (Vol III, 3.6). The principle of less eligibility was

developed: "The situation of the individual relieved should not be made really or apparently so eligible as the situation of the independent labourer of the lowest class." (Vol III, 3.6). This meant that the workhouse was intended to provide good care for orphans, the old and infirm but barely adequate care for the able-bodied; it existed only to prevent extreme destitution. Outside the Poor Law, charities brought aid and assistance to "those felt to be sufficiently deserving." (Vol III, 3.8).

### Beveridge and poverty

The review sets out to show that Beveridge's plan for social security was radically changed at the outset and has carried on being changed since, and that consequently it is not relevant or appropriate to call for the preservation of Beveridge.

It quotes the main aim of Beveridge's plan for social security as "to make want under any circumstances unnecessary" and concludes that want in the sense of absolute deprivation has been largely eliminated in the post war period. It argues that there are serious difficulties in using concepts of relative poverty, either in relation to supplementary benefit scales or independent standards. The review does not offer a definition of poverty; it says "such estimates say more about the extent of income differences in the population than about the incidence of poverty." (Vol III, 1.14). Although the review refers to the redistribution of income, it does not suggest this as an aim of social security. Rather, the theme is that resources should be targeted more efficiently on groups of claimants who face the greatest pressures and have the greatest need. To achieve this selective targetting will, of course, require new means tests.

### THE SOCIAL POLICY CONTEXT

The consistent direction of government policy has effects on bodies deploying volunteers. Volunteer organisations are usually concerned with social security to the extent that it affects their volunteers as claimants, the advice or information they give, or the people who benefit from volunteer help. The review's proposals will, of course, affect all these; but in combination with other major policy changes its effects will be fundamental and rapid.

There are some stark examples of this already, such as the severe effect on local volunteer bodies of that aspect of the Care in the Community policy which has discharged thousands of patients from psychiatric hospitals; or the demand on small volunteer groups as a result of cuts in local authority services. Although successive governments have all expressed support for voluntary work, they have invariably given concrete support only where the goals of voluntary work coincide with those of the government. Here is a representative selection of policies and measures.

### Community Care

As part of a policy that has been developing since the 1960s, the government is promoting measures to tilt the balance from institutional to community care for all categories of actual or potential patients or clients of the health and social services, including elderly people, mentally ill people, mentally handicapped people and physically handicapped people.

It is generally recognised that the motives behind community care include the encouragement of independence and a fuller and more normal life as well as cutting costs. The government initiative of March 1985 clearly links voluntary bodies and volunteers with this policy. "Helping the Community to Care" made available £10.5 million over three years through voluntary bodies "and particularly to improving care for elderly people and people who are mentally ill or mentally handicapped by assisting volunteers, families, neighbours and others to care for them more effectively and with greater confidence." (Care in the Community. NCVO). The emphasis is less on the state caring in the community, or on personal self reliance and independence, and more on families and volunteers taking on greater responsibilities.

"Reform Of Social Security" contributes to this policy in the provision by the Social Fund of "reasonable" amounts of money in response to special needs. These might include helping people to re-establish themselves in the community - by, for example, assisting with removal expenses or furniture - and averting the need for institutional care, especially for frail, elderly claimants, by helping them to move into more suitable accommodation, with relatives or in sheltered housing.

## Privatisation

"Privatisation" takes many forms; examples include the privatisation of cleaning in schools, the sale of British Telecom and the encouragement of further private contracting in the Health Service. The government is encouraging privatisation in many areas hitherto controlled and run by the state in the shape either of local authorities or central government. The policy is based on a belief in competition as a means of encouraging efficiency and the best use of resources, and of creating choice.

Another Green Paper is promised for the autumn of 1985 looking at the personal social services in this way. There is already a considerable growth in private care for elderly people, which the Government sees as cost effective. Wage levels are sometimes only half as much as in the public sector (Community Care 4.7.85). Reductions in the quality of food and accommodation and in staffing levels also lead to savings. The substitution of the profit motive for that of public welfare will mean that people will only get the quality of care that they or their relatives are willing - or able - to pay for. The cuts in board and lodging allowances for those coming into homes since the end of April 1985 has meant that private homes have become inaccessible to all but the small minority of pensioners who can afford to pay for them.

There is concern in the voluntary sector about the possible impact of this Green Paper on voluntary organisations. There may be conflict between the organisations' advisory role and services provision role. Both large and small voluntary organisations may be expected to play a bigger part in providing services to various client groups, and more weight may be placed on the role to be played by volunteers (Community Care 2.6.85). If this is the case, the financing of those services is far from settled.

## Personal Taxation

This Review is expected to reduce expenditure on Social Security. Estimates vary from £250 million a year (The Times 19.6.85) to £1.2 billion (Health and Social Service Journal 13.6.85). At the same time, the Government is keen to implement its electoral pledge to make tax cuts. The Government now hopes to do this without unacceptable cuts in the welfare state and essential services (The Guardian 11.7.85) through the expectation of lower

unemployment and savings in other areas of public expenditure, such as defence. However, it is not unreasonable to associate the savings in benefits for people not in employment with reductions in personal taxation for people mostly in employment.

## Special Employment Measures

The Manpower Services Commission's Special Employment Measures (SEMS) (including the Youth Training Scheme, Community Programme and Voluntary Projects Programme) have had mixed effects on volunteer work. Although they have been a welcome source of funds and have sometimes attracted new volunteers, they have also competed for work, in some cases driving out "ordinary" volunteers with unpredictable and insecure schemes.

SEMS have blurred the distinction between voluntary work and paid work, and this trend is likely to continue. It is already common experience that in similar organisations - sometimes in the same organisation - identical work may be being done by people who are paid a wage, people who are receiving a training allowance, or people who are entirely unpaid.

## Public spending

The cuts in other areas of public spending, particularly in local authorities' expenditure as a result of through ratecapping and other measures, have already generated more demand for services to be provided by volunteers both in statutory and voluntary bodies. There will be even more demand for work that cannot be done by the statutory services to be done either by volunteers, or by low paid workers in MSC special employment programmes or in profit making agencies.

## Young people's income

A two-year YTS scheme for 16-year-olds (one year for 17-year-olds) is to be implemented from April 1985. It is part of a plan to ensure that all 16-18 year olds have a guaranteed place on a training scheme, are in a job or in full-time education. 16-18 year olds will no longer "need" to claim social security benefit but the level of income for the vast majority on training schemes will be a proposed £34 per week. In addition, the wages of people under 25 are to be removed from the scope of Wages Councils, with the likely effect that they will be reduced.

## WHAT THE REVIEW MEANS FOR VOLUNTEERING

### THE PRACTICE

#### Voluntary work as charity

Whatever the aggregate effect of "Reform Of Social Security" may be, it seems inevitable that significant numbers of people will simply be worse off. Even if at the same time, other people are also better off, this nevertheless means that:

- there will be more people needing the help that volunteers can give
- volunteering will be less attractive than low paid work (whether in the taxed or "black" economies)
- for more people volunteering will cease to be viable on financial grounds. Volunteering inevitably entails expense to those who participate.

We do not know whether this means that the total volume of voluntary work will decline. But we can say with confidence that as a result of these measures in combination with the ones already described, the old myth of the relatively well-off volunteer doing good to the less fortunate will be confirmed within a short space of years. Providing help to those people who fall outside the new systems of income support, housing benefit, pensions and so forth - but who nevertheless have unmet needs - will once again become a dominant strand in the work of volunteers.

This is not only a setback for the people who fail the "no fault" hurdle, it is a setback in the progress of volunteering towards mutual support and community involvement and away from patronage of the "have-nots" by the "haves".

#### Low incomes

Many groups, including older people, young people, women, unemployed people and black people, may have lower incomes as a result of the review. Volunteers may have to provide basic goods and services, and perhaps money, rather than being able to put their effort into trying to enhance the quality of life.

#### Support and advice

Volunteers may have to provide more information, advice and support than before about social security and alternative sources

of income. Counselling may grow in response to particular needs, such as those of increasingly desperate young people, or of people who want to apply for a funeral grant whilst trying to cope with their bereavement, or of widows who are unable to get a job and cannot support themselves. Such services may in any case become more reliant on volunteers as local authority support to counselling schemes diminishes because of cutbacks in public expenditure.

#### Advocacy

There will no longer be a role for volunteers in appeals or tribunals, for these are to be abolished. However, volunteers could be increasingly involved in enabling people to articulate their needs, by for example organising benefit take-up drives in local communities.

#### New emphases

Volunteers may need to develop new areas of work in response to new problems and needs. For example, more support may be needed for homeless young people, or to prevent deaths from hypothermia among elderly people who have cut back on their heating bills to save money. Again low incomes may cause other problems such as domestic stress, leading in turn to child abuse; volunteers may have to respond to these.

#### Geographical differences

The cumulative effects of these changes in areas of multiple deprivation could lead to extreme situations that require wholly different types of response. This is probable not only in inner cities, but equally in rural areas. The tendency to social polarisation in our society is likely to be reinforced.

#### Relationships and confidentiality

The likelihood that people in need will be more dependent upon volunteers may fundamentally change the nature of their relationships. Volunteer bodies that provide goods or services may find themselves increasingly involved in forms of means testing. This may apply not only to their clients but to their volunteers. If allowances or expenses are to be paid for volunteer work - as with the MSCs Voluntary Projects Programme - schemes will have a new kind of contractual relationship with both volunteers and funders. To find and keep

volunteers in competition with the bottom end of the labour market and SEMs, other projects will be under pressure to convert voluntary work into low paid jobs or to make payments in cash or kind to the poorest volunteers. It is planned to computerise the benefit system and link it to the taxation system nationally. This may result in more accurate and rapid assessment of benefits: but coupled with the emphasis on detecting fraud, it may mean that volunteer projects find themselves under increasing scrutiny and their traditional confidentiality under threat.

## THE PEOPLE

For more detail, see "Impact on Particular Groups" in Changing The Rules, Part Two. It is relevant to note that many commentators believe that large groups of people will be worse off - Age Concern England estimates that, as a result of the pension proposals, this will include 2 million pensioners.

### Elderly people

What effect will changes in the age of retirement have on voluntary organisations and volunteering? Will the fact that people remain in work longer mean that fewer elderly people will have free time to carry out voluntary work? Will the changes to pensions affect the motivation of some elderly people on low incomes to volunteer? A 1981 sample survey of volunteers commissioned by The Volunteer Centre found that 12% of regular volunteers and 12% of irregular volunteers were over 65 years old.;

### Unemployed people

Already a far lower proportion of unemployed people volunteer than of those in work; further restriction on their income will reinforce this trend. Those agencies, statutory, voluntary or profit-making that need work done will respond by offering low wages, perhaps in the form of allowances or expenses - as the Voluntary Projects Programme began to do after the 1985 budget. The Community Programme, due for considerable expansion, has shown beyond doubt that, in return for low wages, people otherwise unemployed are prepared to work in the community. In consequence, the distinction between volunteering and low paid work will be further blurred, and the tendency will be reinforced towards a situation where volunteering is for the employed and low-paid work for the poor.

### Women

Will it become increasingly true that only women with private resources will be able to volunteer? If widows need to work more than hitherto, what are the implications for volunteering? The policy of community care, and the pressure on families to provide more help for longer periods to their members, has already made many women into involuntary carers.

### Black people

Will the changes further alienate black people, who are already estranged from white organisations and their approaches to volunteering? How can volunteering agencies change their way of working so as to respond positively to black people and involve them in appropriate ways in voluntary work?

### Young people

Young people may feel that, if they are treated differently from the over 25 year olds, they do not wish to contribute, as some over 25 year olds do through volunteering. The comprehensive Youth Training Scheme, with its diminished emphasis on community-based projects, may also reduce young people's involvement in the community. Young people in board and lodging accommodation, it seems certain, will only be able to stay in one place for between 2 and 8 weeks, barring them from effective participation in the community, or consistent and responsible volunteering.

### Students

The review will have consequences for many students who need to work in the vacations, or to claim benefit if they cannot find work. It may mean that only students with means can afford to be involved in student community action and other volunteering work in the vacations.

## THE ORGANISATION

### Volunteers' expenses

The supplementary benefit earnings disregard for most people, including many elderly people, young people and unemployed people is £4, and the amount allowed on top of that for expenses is £1 per week. Many volunteers could be financially worse off if they incur greater expenses than this, but are unable to claim them without them being deducted from



their benefit or income support. Volunteers who qualify for the £15 earnings disregard may increase in number.

In spite of the relaxation in 1982 of the rules that limited claimants' participation in voluntary work, problems do persist, for example with long term volunteering and with benefit offices that take an unduly narrow interpretation. Nothing in the review suggests that consideration has yet been given to this.

#### The commercial sector

The trends in, for example, provision for elderly people, coupled with income support, may mean an increased demand for volunteers in private homes. What safeguards can be devised against exploitation for commercial ends? How will volunteer organising agencies respond to this? If private homes pay lower wages than local authorities and recruit non-union labour, what effect will this have on the tension between paid workers and volunteers? Will the private sector cater for relatively well off elderly people and

volunteering organisations provide care in the community for those who lack a pension?

#### PUBLIC DEBATE

The Charter For Volunteers says: "Existing and planned public policies should be reviewed to ensure that they take account of the needs and interests of volunteers..." The review is not, of course, about volunteers; indeed, it is quite evident that it does not even take them into account, and may in fact make matters worse. Furthermore, the review's proposals, in combination with other major policy shifts, seem certain to change the entire basis of consensus on which volunteering in Britain is founded. Regardless of organisational or individual views about the proper way to meet social need, it cannot be right for changes in policy on social security to bring about so fundamental a change in the freewill activity of millions of people without informed debate. Changing The Rules is the Volunteer Centre's contribution to that debate.

## CHANGING THE RULES: PART TWO

Part One of Changing The Rules aimed to show the significance for volunteering of the reform of social security. Some of the potential consequences for volunteers, the people they work with, and the ethos of voluntary work were described, as well as the way in which these effects might be magnified and hastened by combination with other recent changes in social policy.

Part Two goes into greater detail about the present and intended pattern of benefits, and provides a preliminary interpretation of the likely impact on particular social groups.

### THE DOCUMENTS

"Reform Of Social Security" is in three volumes published by HMSO:

Reform of Social Security; Volume I; Cmnd 9517; Price £3.00;

Reform of Social Security: Programme For Change, Volume II; Cmnd 9518; price £5.60;

Reform of Social Security: Background Papers, Volume III; Cmnd 9519; price £10.50;

Housing Benefit Review: Report of the Review Team; Cmnd 9520; price £3.00; also has major significance in the review.

\* Volume I sets out the government's reasons for reforming the social security system, outlining the philosophy and aims of the Review and its three main objectives. It briefly covers the nature of social security today and what it has achieved, and then looks to the next forty years. The middle section focuses in turn on provision for retirement, for children, for income support and for other contingencies. The last section looks at contributions and finances of Social Security and at providing a better service in terms of organisation and delivery, including computerisation.

\* Volume II examines the Social Security system area by area in more detail (eg provision for retirement, supplementary benefit) giving the historical background, the case for change and a more detailed account of the proposed reforms.

\* The third volume includes six separate papers. These are:

- Low incomes and Social Security.
- Social Security Expenditure: past growth and projected future growth.
- An historical perspective of Social Security.
- Public attitudes to Social Security (results of a survey).
- The existing Social Security system.
- The Review Process.

The Housing Benefit Review is touched on only briefly in this paper, as other organisations specifically concerned with housing will be preparing their own analyses. This fourth volume, however, also has a section in volume II.

### THE REVIEW PROCESS

The Review sets out the government's proposals for a new and better structure for the British social security system. "It represents the most fundamental examination of our Social Security system since the Second World War." (Vol I, preface). It is based on a review carried out since 1983 by several different groups, including: an Inquiry into the Provision for Retirement (Nov 1983); Review of Housing Benefit (Feb 1984); Review of Benefits for Children and Young People; and Review of Supplementary Benefits. Volume III lists the members of these review teams. Only two of the twenty two members were women. One was clearly from the voluntary sector. None of the members was black.

This process included consultation, and there is further opportunity for debate and comment until 16 September 1985. Later in the year a White Paper setting out the final conclusions will be published. The aim is to implement the major reforms in April 1987. The date of uprating of social security benefits that year will be for the first time April instead of November, to synchronise tax and benefit changes. To provide a smooth transition there will be two upratings at eight month intervals after the one in November 1985.

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much more than put names to the main existing categories of benefit. The review itself mentions the notorious two-volume, 16,000-paragraph staff manual for supplementary benefit; so this summary must be treated with caution.

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\* NON CONTRIBUTORY BENEFITS are not payable from the national insurance fund and are mainly for people whose circumstances mean that they have extra demands on their income (for example, child benefit).

\* INCOME RELATED BENEFITS are non contributory benefits that are payable only to people whose incomes fall short of prescribed levels and who satisfy the other conditions applying to each of the benefits, for example, supplementary benefit and housing benefit. There are a variety of benefits within each of these three main types.

#### NATIONAL INSURANCE BENEFITS

##### Short-term national insurance benefits

\* Unemployment benefit payable for up to 312 days to people who previously worked for an employer but who have lost their job.

\* Sickness benefit payable for up to 28 weeks to people who are not eligible for statutory sick pay (SSP) from an employer. It is also payable for up to 20 weeks to those who have received the maximum (currently 8 weeks) SSP entitlement.

\* Maternity allowance payable for 18 weeks.

##### Long term national insurance benefits:

\* Retirement pension payable for life to men over 65 and women over 60 who have retired or can be treated as retired from work.

- basic pension
- earnings related pension (SERPS - State Earnings Related Pension Scheme). SERPS is based on contributions on earnings between the lower and upper earnings limits. On retirement it provides a pension of a quarter of the average revalued earnings on which it is based.

##### \* Invalidity benefit

- Invalidity pension payable after 28 weeks of statutory sick pay and sickness benefit if the claimant is still incapable of work.
- Invalidity allowance payable with invalidity pension if incapacity began before the age of 60 (men) or 55 (women).

##### \* Widow's benefit

- Widow's allowance payable for the first 26 weeks of widowhood plus extra amount for each dependent child.
- Widow's pension payable at full rate if she is 50 or over when widowed (without children) or when her title to widowed mother's allowance or widow's allowance ends. It is payable at a lower rate if she is between 40-50 when these circumstances arise.
- Widowed mother's allowance payable so long as she has a dependent child under 19 for whom child benefit is payable.
- Widowed mother's allowance (personal) payable for up to three years where there is a non dependent child aged 16-19 living at home (where child benefit is not payable).

#### NON CONTRIBUTORY BENEFITS

These are met from general government revenue.

\* Child benefit: a weekly allowance, payable for every child up to age 16, or age 19 if still in full time, non

advanced education. It is subject to a test of residence. It is usually paid to mothers.

- \* Maternity grant: a lump sum payable to a woman expecting a baby.
- \* One parent benefit: a weekly payment in addition to child benefit, payable to a person bringing up a child alone.
- \* Attendance allowance: a weekly payment for persons, over age two, who need a lot of care and attention because they are severely disabled (physically or mentally).
- \* Invalid care allowance: a weekly payment to people of working age, except some married and other women, who look after a person receiving an attendance allowance.
- \* Mobility allowance: a weekly benefit for people aged between 5-75, unable or virtually unable to walk.
- \* Severe disablement allowance: a weekly benefit, introduced in November 1984, for those who do not have enough national insurance contributions to qualify for invalidity benefit, given certain qualifying conditions.
- \* Non-contributory retirement pension: a weekly pension for people aged 80 or over who do not receive a national insurance retirement pension or whose pension is less than a prescribed amount.

#### INCOME RELATED BENEFITS

Contribution conditions do not apply but the amount of benefit payable depends on the claimant's income.

#### \* Supplementary benefit

- Supplementary allowance is payable to people below pension age who are unemployed, or unable to work, for example, through sickness or because of bringing up a child as a lone parent. There is an ordinary rate and a long term rate. The latter is payable to claimants who have been in receipt of supplementary benefit for 12 months or more or when a claimant or partner is age 60 or over.

- Supplementary pension is payable to people over pension age at the higher, long term rate. Weekly additional amounts are payable in some circumstances, eg help with heating. Single lump sum payments can be made for special needs.

#### \* Housing benefit: a single scheme of housing assistance run by the local authorities, fully implemented in April 1983:

- rent rebates for local authority tenants.
- rent allowances for private tenants.
- rate rebates for all householders liable for rates.

People receiving supplementary benefit qualify for help to meet all their housing costs. Others receive benefit according to family size, the amount of rent and rates payable and their income. In both cases non dependents in the household are expected to contribute.

Claims for housing benefit are received, determined and paid by the local authority in the area where the claimant lives. Housing benefit supplement is available to some households whose incomes are reduced below the supplementary benefit needs level once they have paid their rent and rates. It is authorised by the DHSS and paid by the local authority.

#### \* Family Income Supplement (FIS)

This is a weekly benefit payable to low paid working families with children, including lone parents. Claimants must normally be gainfully employed for at least 30 hours a week (24 for lone parents). It is paid in addition to child benefit and one parent benefit.

In addition to these, there is a wide range of other income related services and non cash benefits.

#### THE MAJOR PROPOSALS

##### Supplementary benefit

Radical changes are considered necessary by the government to deal with the current problems. It is proposed to abolish the supplementary grant system and replace it

with a system that clearly separates the two roles:

**INCOME SUPPORT:** A regular weekly income for all claimants.

**A SOCIAL FUND:** To deal with special needs.

### Income support

Income support will provide regular income with standard amounts for different groups based on the elements of:

- age and marital status.
- family responsibilities.
- client group.

General points to be noted are:

- \* This will mean that the householder/non-householder distinction and the ordinary/long term rate distinction will both end.
- \* There will no longer be separate payments for water rates. Claimants will be expected to budget for this out of their normal income. This will in turn be taken into account in setting the level of income support.
- \* Claimants will have savings of £3,000 disregarded, then a weekly income will be assessed on the next £3,000, with a capital cut-off of £6,000.

### The Social Fund

The three forms of benefit will be abolished and replaced by the Social Fund:

- Regular weekly additions for example for diet, laundry, bath, age, and blindness
- Single payments to meet one-off pressures, for example for furniture, bedding.
- Urgent needs payments to deal with acute cases of financial hardship resulting, for example, from lost money or natural disasters.

In their place the new Social Fund will have three objectives:

- \* To concentrate help on those claimants having greatest difficulties in managing on their income.
- \* To allow a varied response to need.
- \* Not to prejudice the efficiency of the Income Support Scheme.

The Social Fund will be administered separately by specially trained DHSS officers who will make their decisions based on casework, liaison with other bodies and discussion with claimants. The current appeal system in this area will end and dissatisfied claimants will have to query a decision with the local manager. The Social Fund will have a fixed annual budget; so once it has run out, there will be no more available until the following year.

The Government sees the Social Fund as becoming more flexible, forming closer relations with health and social services. It will help with maternity and 'reasonable' funeral expenses for people on low incomes. It will also deal with budgeting, for example by paying a fuel debt or replacing a major household item and then taking it back on a weekly basis from the claimant's benefit. There will be help for crises, for limited amounts and based on a test of resources; this help will be available to those not on benefit. (This replaces the 'urgent need' payment).

### Housing Benefit

Housing benefit currently goes to one in three householders. Over half are pensioners, and one quarter are families with children. All householders on supplementary benefit currently receive 100% rent and rates rebate providing no non-dependent members are contributing to their housing costs. Claimants not on supplementary benefit undergo an income test in relation to their needs. If their income is equal to their needs, they are granted 60% of their rent and rates costs, with six different 'tapers' if income is more or less than their needs. (A taper is a formula for grading the level of grant according to different circumstances.)

The Housing Benefit Review was asked to look at the issues involved and to ensure that a new scheme be as simple as possible, that resources be concentrated on those most in need, and that the administration be improved.

There are six main proposals in the review:

- The rules for the new income support scheme should be used to assess entitlement to housing benefit.
- Households on income support, and all others on similar levels of income, should be eligible for the maximum level of assistance with their eligible rent and rates.
- All households should pay a contribution towards the cost of domestic rates.
- For households above income support levels, benefit should be reduced by a simple formula or taper, related solely to income.
- There should be more safeguards against excessive or unnecessary benefit expenditure.
- "Local authorities should continue to administer the scheme but more comprehensive management control and information systems should be developed." (Vol II, 3.43).

The reduction of the six current tapers to a single income related taper will increase by about half the rate at which help is withdrawn as income rises.

The total amount likely to be got from rate rebates is said to be £57 million according to the Association of Metropolitan Authorities (AMA).

#### Family Support

The government is committed to giving financial support to those who bear the extra responsibility of bringing up children. The targeted support for families with children will not come through child benefit or one parent benefit, neither of which will change, but through Family Credit.

Under this proposal, anybody in work who has children and a low income will be able to apply to the DHSS for Family Credit. The basic entitlement will be assessed by reference to rates related to those in the income support scheme. It will be reduced in proportion to the amount by which income exceeds this minimum level. This weekly entitlement would then be notified to the employer and paid as part of the wage

earner's normal net pay. The employer would recoup the cost from the contributions or tax paid to the government. Where employers pay low wages or where the worker has a large family the employer will be involved in this scheme.

Free school meals and free welfare foods will not be available to those on Family Credit as they were to those on FIS. The implication is that the rates of family credit will be high enough to cover this, thus allowing families to choose how they spend their money.

Family Credit seeks to:

- prevent families being worse off in work than unemployed
- ensure that children in all low income families are properly supported.
- reduce the disincentive of the poverty trap.

#### Provision for retirement

- The position of pensioners relative to other groups

The review argues that the position of pensioners in real terms and relative to the rest of the population has improved greatly in recent years. For example, their average personal disposable income per head has increased from 41.1% of the average for non-pensioners in 1951 to 57% in 1971 and 69% in 1984. About half of all pensioners are owner occupiers. Pensioners are no longer the largest group in the bottom quintile of incomes.

This improvement has come about partly through increase in the national insurance basic retirement pension and partly through more widespread occupational pensions. But many pensioners still have relatively low incomes. There has, therefore, been a shift in the groups most at risk of want. Beveridge identified unemployed people and low wage earners with large families as the two groups containing the largest numbers of individuals at risk of poverty before the second world war. After the war, however, elderly people became most at risk. Now the situation seems to be largely reversed. As a result, pensioners do not benefit in the Review proposals from the principle of targeting on groups in particular need.

## - Abolition of the State Earnings Related Pension Scheme (SERPS)

SERPS will continue for men over 50 and women over 45. For people under these ages SERPS will be phased out over 3 years, but all pension entitlements earned will be honoured and enhancement will be offered to blur the cut off point.

The Government believes that occupational and personal pensions are the right way to provide additional pensions above the basic National Insurance pension so that everyone has a personal additional pension saved for through employment. This will give people greater choice in the sort of pension provision they make. The government will ensure that some provision is indeed made, and that people do not go for short term increased wages now. A minimum of 4% of earnings, at least 2% of which are to be paid by the employer, is to go into a pension. The government will also ensure that minimum benefit conditions are met by the schemes, and will look for safeguards for employees.

Although these arrangements should apply to as wide a range of employees as possible, there will be some exceptions:

- casual labourers.
- people on low incomes through part time work.
- young people aged 16-18.
- full time volunteers.

There will be a minimum level of earnings below which employers will not have to make arrangements for employees and the government is to examine further how to deal with people employed only for short periods.

Excluding 16-18 year olds will reduce the costs of employing young people and reinforce the impact of the lower National Insurance rates for the lower paid introduced in recent budgets.

The rationale for abolishing SERPS is that working people will pay for their own pensions rather than for current elderly people's pensions; it will thus save money. It will also encourage freedom and individual choice. But young middle-aged people will be paying the pensions of current elderly people as well as their own occupational pension scheme until SERPS is phased out completely.

## Pension age and flexible retirement

The government will abolish the current earnings rule which states that entitlement to state pension is lost if earnings exceed a certain amount within five years of pensionable age. This will encourage pensioners to continue to work past retirement age.

The review suggests a retirement decade offering the choice of retiring at any age between 60 and 70, so that pensions would be lower or higher depending on the age chosen. "However, a central or pivotal age point would be needed to fix the relationship between pensions and other benefits." (Vol II, 1.77)

## MANAGEMENT OF SOCIAL SECURITY AND THE CHANGE

The government proposes to set up a new Social Security Management Board responsible for the planning, control and delivery of social security services. It will include members of government together with outside people who have experience of running large businesses, particularly those providing financial and personal services. It will ensure that the changes are carried through effectively and on schedule and that opportunities are taken for securing better and more economical services.

Current work in improving the quality of service to the public will continue: for example, clearer leaflets, better telephone access and easier access to advice and information. Local offices are also trying to form a better partnership with voluntary and statutory agencies, in order to provide better advice and information and a better coordination of services (Vol II, 6.8).

## IMPACT ON PARTICULAR GROUPS OF PEOPLE

This analysis is both provisional and selective in the way it identifies those effects of the review related to volunteering. Other organisations with specific interest in benefits will be producing more comprehensive information.

### ELDERLY PEOPLE

#### Pensions

Only half the workforce is currently in occupational pension schemes, and some

occupations such as agriculture have few pension schemes at all. Private schemes are unlikely to offer all the benefits of SERPS, so its abolition is likely to reduce pensioners' incomes. Paul Burgess (Community Care 4.7.85) has commented that everyone may end up paying more for less when SERPS is abolished, because the new approach will be providing more profits for the pension industry, because 4% of a wage is not very much; and because private pension schemes do not necessarily take the best 20 years' earnings into account, do not provide for inflation proofed pensions and do not have special arrangements for people who experience sporadic unemployment.

### Income support

The age related rates of income support will give all pensioners a general premium once they are 60. There will then be a higher pensioner premium for those aged 80 and over, in recognition of the likelihood of continuing health problems or their need for special support in the community. But the principle of targeting benefits only at those clearly in need is likely to mean lower incomes for elderly people generally.

Many pensioners may in future feel less certain of their income. The level of income support and of the age premium will determine whether elderly people are poorer. Ninety per cent of pensioners benefit from the present system of regular weekly additions for diet, laundry and so on, but these will be abolished. The government feels that their special needs will be met by age related differences in income support.

### Housing benefit

The housing benefit proposal most affecting pensioners is that all households should make a contribution to the rates; this means that the rate rebate will always be less than 100%, probably 80%. This is intended to link local authority expenditure and rating policies, and to increase local accountability. Some estimates suggest that three and a half million pensioners on the breadline will become even poorer if the proposal goes through that all households should pay at least 20% of their rates (Community Care 13.6.85). Many of the proposals appear to mean a reduction in benefits for elderly people. Pensioners will continue to be able to earn a flat rate

disregard of about £5 a week but not, as now, allowing for work expenses. An extra £1 on top of the present £4 disregard per week is supposed to cover work expenses.

### Lower incomes

Many pensioners, especially older pensioners and homeowners, are less likely to have an occupational pension. The proposals overall may mean that many more pensioners will be worse off than they are now. Sally Greengross, deputy director of Age Concern, claims that two million pensioners could lose out through these proposals (Community Care 13.6.85).

## UNEMPLOYED PEOPLE

### Special Employment Measures (SEMs)

There is every indication that the numbers involved in SEMs will increase and that only those in receipt of benefit will be eligible for a place. This has the effect of prejudicing the opportunities of certain groups, such as women. The SCPR survey in 1984 showed that the Community Programme (CP) in any case benefits mainly unemployed white males. Many CP participants currently rely on supplementary benefit to raise income levels, as well as to obtain waived charges for dental care and prescriptions. If the level of income support is finally equivalent to current average CP rates, it could well be that participants find they will be less well off in CP than they were out of work in 1985. The development of SEMs in this way is consistent with the lowering of wage levels to enable people to "price themselves back into work".

### Unemployment benefit

The present arrangements for unemployment benefit - a contributory benefit - will remain the same. But only one in three unemployed people are currently in receipt of this (New Society 7.6.85). There will be no change in the requirement to be "available for work" as a condition of receiving benefit.

### Long term unemployed people

The abolition of rates of benefit based on length of claim will benefit long term unemployed people. Single claimants, however, will not receive a premium rate unless they have children.



### Savings and earnings disregard

Unemployed claimants with savings will be better off as a result of the increase in the cut-off for capital disregard from £3,000 to £6,000, with a nominal deduction being made between these two figures. Couples who have been unemployed for two years and lone parents will gain from the increased earnings disregard of about £15 per week for them jointly. This is aimed at encouraging part-time work. However, couples who have been unemployed for less than two years and all single unemployed claimants will have broadly the same disregard as at present; a slight increase will be made to allow for work related expenses.

### Unemployed families with children

Unemployed people who have children and are on income support will receive a new flat rate family premium in addition to children's scale rates. This will be regardless of age or time in benefit. The scale rates may be restructured and more evenly spread: 0-8; 8-13; and 13+ instead of 0-10; 10-16; and 16-17. The government invites views on these proposals.

Lone parents will have a higher rate at once instead of after a year. They will, regardless of age or time on benefit, receive the over 25 rate for single claimants, the family premium and their lone parent addition on top. This should improve their position and will be particularly beneficial to lone parents under 25.

Families on income support will continue to get free welfare foods and free school meals. This may increase the stigma experienced by the children involved, since children of families receiving Family Credit will no longer receive such benefits. One area of reform that counteracts this tendency is the abolition of the weekly additions and exceptional needs payments. Families will have to budget for these or, if in difficulty, apply to the Social Fund for a grant (which they will probably have to repay). This will particularly disadvantage those with the least resources and support.

### Mortgages

Unemployed people with a mortgage will also experience changes. The government wishes to reduce the present disincentive to owner occupiers to return to work; it hopes that the building societies will help borrowers in

short term difficulties, or that insurance can be arranged to cover inability to keep up payments due to unemployment. The government will be discussing this with building societies, with the aim of reducing the cost to the social security system in this area. This will bring unemployed claimants on income support into a similar situation to that of low wage earners claiming housing benefit, who are not eligible for help with mortgage interest payments.

### Income support and housing benefit

Unemployed people on income support will have to pay their water rates, 20% of their rates and other residual housing costs out of their basic income support. How far the level of income support compensates for this will affect whether these claimants are worse off than at present.

If they are worse off, or if they have been unemployed for a long period, they will be affected by the introduction of the Social Fund. Money for items previously covered by exceptional needs payments or weekly additions will no longer be available. A grant made from the Social Fund will be deducted from benefit week by week. Those whom the DHSS feel are in this position because of poor budgeting, rather than overall lack of income, will receive help with budgeting from the special DHSS officers. There will be no opportunity for appeal to an independent tribunal if the claimant disagrees with the decision. It seems likely that unemployed claimants, particularly without children, will be worse off (Social Work Today 17.6.85).

### WOMEN

#### Equal treatment

There are some changes in the review that will affect women in particular. There are others that will affect more women than men because of the nature of their subject: for example, changes to rules governing lone parents. The review does, however, emphasise the equal treatment of men and women; for example, the exclusion from income support of a person who is in full time work and in a couple will apply where either of that couple is in full time work. Equal treatment will remove anomalies but, depending on how it is applied, could also act against the interests of women.

## Pensions

The government wants the same pensions paid for contributions paid at the same rate and up to the same age. In providing for this, insurance companies will have to treat both sexes in exactly the same way - a major departure for them. The changed pension arrangements will affect more women than men, especially in the older age ranges, simply because women outnumber men. Equal treatment also implies equal ages for the payment of pensions. Choice of an age point of 65 for eligibility for income support within a "retirement decade" of 60-70 will in effect raise the age of retirement for women.

## Child benefit

No changes are proposed to the basis or structure of child benefit, but concern is expressed in the review that such benefit is not targeted at low income families and does not recognise the costs of bringing up children. The value of child benefit in real terms has already been cut and there is no commitment to maintaining its value in future. It will continue to be a flat rate benefit generally paid to the mother.

## Family credit

The review will abolish Family Income Supplement which is currently payable to women. The new Family Credit system will be paid by employers; this may significantly reduce the money given to women and their children. Studies by the Child Poverty Action Group and others have shown that many men do not pass on the benefits of increased wages, tax allowances or credits to their partners. The economic independence of women will be diminished by this proposal.

## Maternity grant

The maternity grant of £25, which is universal, is to be abolished, thus saving £18 million; it had, however, lost much of its value in cash terms. It will be replaced by a higher grant payable to low income families whether in or out of work. The new grant will be part of the Social Fund, although special arrangements are being considered for low income families having their first child, and will be paid automatically to mothers in families receiving benefit under income support or family credit; the amount is likely to be

£75. Consequently, large numbers of women will no longer be eligible for a maternity grant.

## Maternity allowance

Maternity allowance, which is dependent on contributions, will be targeted more at pregnant working women by basing entitlement on recent work and contributions. This may reduce the number of women eligible for the allowance. The primary purpose of the new allowance is said to be to enable and encourage women to give up work in good time in the interests of their own and the baby's health; it is not to be regarded as an entitlement paid for by contributions regardless of when it is taken. Another change is that women will be allowed to choose the period for which they receive the allowance, so long as they include the weeks before and after the expected week of confinement. So, for example, women could take less time before and more time after their pregnancy than is now possible. No changes are proposed to maternity pay.

## Widow's allowance

Currently, widows' benefits are paid to almost half a million widows a year, at a cost of just under £800 million. This is to be reduced because:

- \* Many more married women and widows work: over 60% in 1981, although mainly part-time; and 25% of these women contribute more than 30% to the family budget.
- \* There are more lone mothers who are divorced than are widows.
- \* In 1983 93% of occupational schemes provided a widows' pension if the husband died while still working.

The widows' allowance, payable to virtually all widows for the first 26 weeks, with an allowance on top for children, will be replaced by a single lump sum, probably £1,000 on bereavement. This is a net decrease.

The widowed mother's allowance will be brought forward to the time of bereavement but the rules of entitlement will not change. In certain circumstances, however, it will not be extended to women whose children no longer qualify for child benefit.

### Widows' pension

The major change is in the widows' pension. The full rate will be retained for those aged 55 or over (when widowed or when losing entitlement to widowed mother's allowance) instead of 50 as now. However, the age related pension will be reduced and will be payable to those aged 45-55 instead of 40-50 as now. The age of eligibility for both the full and the part pension is therefore raised by five years. This means benefits will be concentrated on older widows or those with children.

### Lower incomes direct to women

In general women's income from child benefit, the new Family Credit Scheme, the new maternity allowance rules, and the changes to widows' allowances and pensions will be reduced.

## BLACK PEOPLE

### A colour blind review

No specific reference is made in the review to how the proposals might affect black people. There is no analysis of changes for black people, in the distribution of low income, although there are such analyses for pensioners, unemployed people and other groupings. The review is, in effect, colour blind. It makes the implicit assumption that the social security system now and in future operates equitably in making decisions about income; and the reforms are intended to target resources on those most in need. Such a policy should work in the interests of black people, since it is well known that they suffer disproportionately from unemployment, poor housing and low incomes. In contrast with the clearly-stated policy of equal treatment for men and women, however, there is no recognition that unequal treatment of black people may be happening now or that positive measures are needed to ensure that it does not happen in the future.

### Specific groups

Black pensioners, young black people and black women may be worse off, and even more so than their white counterparts. Are black pensioners proportionately less likely to have occupational pensions and so be harder hit by the abolition of SERPS? What is the age structure of the black population in Britain, and will the age point of 25 for

different levels of income support affect proportionately more black people?

## DISABLED PEOPLE

### A coherent system

"The present review of social security has not included benefits specifically for disabled people." (Vol I, 3.9). The government wishes to adopt a more coherent system. The "invalidity trap" has already been ended, and the severe disablement allowance has been introduced. But up-to-date information is required on the extent of disablement and its effects, so the government has initiated a survey, on the basis of which this set of benefits will be reviewed.

### The earnings disregard

People with disabilities will gain from the change in earnings disregard to £15 or so from first day of benefit if they are on a disablement related premium. This will be of particular relevance to people in sheltered employment.

### Sickness benefit

The new statutory sick pay scheme is to be extended from 8 to 28 weeks, the entire duration of sickness benefit. Most people will then look to their employers for their sick pay up to 6 months of absence. Those who are not eligible for statutory sick pay will be on sickness benefit and then invalidity benefit.

### Children with disabilities

Families that include children with disabilities who qualify for attendance allowance or mobility allowance will receive a double family premium.

### Disabled pensioners

Under the income support system, pensioners with disabilities (defined by receipt of benefits related to disability) will receive the higher pensioners' premium from age 60, instead of 80.

### Older disabled claimants

The proposals to base the standard personal allowance on age will improve the position of those over 25 who are presently categorised

as non-householders. This includes people who may be sick or disabled, pensioners living in other people's households, or older claimants living with ageing parents. This conforms with the encouragement of care in the community.

#### Income support

Under the income support scheme there will be a premium rate for those with serious health or disablement-related pressures. This rate will be automatic for those receiving benefits for severe disablement or long-term incapacity, and for blind claimants. The premium will also be given to those who have been receiving benefit for 28 weeks and have been exempt on grounds of ill health from the requirement to be available for work. The entitlement for those with short term health problems (ie those not included above) will be based on age and family responsibilities.

#### Better off or worse off?

Until the rates are known, it is hard to gauge the effect on people with disabilities. Volunteering organisations that employ or have as clients people with disabilities will need to be aware of the results of the government survey on the current effects of disability and the subsequent proposals.

### YOUNG PEOPLE

#### Unemployed young people

Current government policies are seeking to prevent unemployment among young people under 18 by guaranteeing them a place either in full-time education or the Youth Training Scheme. At one time it was thought that this might be used as justification for removing the right to supplementary benefit from all 16-18 year olds. But no changes in the eligibility of unemployed young people for benefit are proposed in the Review, although the level of benefit will change. There may be more pressure on young people to take jobs on lower wages, which along with changes in the role of Wages Councils, is one of the explicit aims of the government.

#### Income support

Young people will be significantly affected by the change from Supplementary Benefit to Income Support. At present, there is no dividing line of age for claimants, but in future there will be higher rates of income

support for those over 25 years old and a lower rate for those under 25. There will be no distinction between householder and non-householder status as there is at present. However, account will be taken of claimants under 25 who have family responsibilities. The reason for this change, says the government, is that the majority of young claimants aged 18 are not fully independent, whereas the great majority of claimants over 25 are. Young people who are not on income support will have the income related taper applied to them sooner than those over 25.

#### Housing benefit

Housing benefit will help with the rent and rates of young people on income support if they are householders, but this will not cover 20% of the rates or any extra costs of being a householder. This will have to be met from their lower rate of income support. Where a young person is living with older people, the latter's housing benefit will be reduced because the young people will still be expected to contribute to housing costs. The emphasis will be on young people continuing to live with their parents for longer and being increasingly dependent on them. Apparently the aspiration towards "self-reliance" is not considered appropriate for young people under 25.

#### Pensions

The new arrangements for pensions will not apply to 16-18 year olds. The government feels that this will reduce the costs of employing them.

#### Young couples and young parents

Young couples with children will receive a new flat-rate family premium regardless of their time on benefit. They will also receive extra sums for each child, the amount being dependent upon the age of the child. They will be eligible for all the child related benefits of the over 25s but they will receive the lower under 25 rate for themselves. It is not clear, however, whether young couples under 25 will receive an under 25 rate for partners or two single rates. Resources and needs of partners will be aggregated and a new rule introduced stating that exclusion from income support for people in full-time work will apply where either of a couple is in full-time work. As a result of all these changes, young couples living apart from parents will face all the cost of over 25 householders but will have to manage on

one income or the lower rate of income support.

### Students

The review team's aim is that students' sole channel of support should be through the educational system, rather than the housing benefit scheme or the income support scheme. There will be a consultation paper on the student grant system. This could mean, for example, that students might not be able to claim any benefit or even work during their vacations.

### Lower status and low income

Young people are clearly not one of the target groups that will be helped by the review's proposals. Combined with the 1985 regulations on payments for board and lodging accommodation, they mean that unemployed young people "will be among the major losers." (Paul Lewis, Youthaid, Community Care 13.6.85).

## VOLUNTEER ORGANISATIONS AS EMPLOYERS

### Pension payments

National insurance contributions are to change in accordance with the changes in SERPS. There will be one rate of national insurance contribution for everyone, except those older employees still fully covered by SERPS. On current forecasts, the rate will be 16.5%, including both employers' and employees' contributions, rather than the present 19.45% contracted-in rate. This reduction is expected to offset the minimal occupational or personal contribution required under new arrangements - the increase (if the pension contribution of 4% is split equally between employer and employee) will be less than 1% of liable earnings.

However, people who are now contracted out, and their employers, will pay more on earnings between the lower and upper earnings limit but less on earnings below the lower earnings limit.

The changes will be phased in over three years, 1987/88-1989/90. The cost of the change will be shared between employers, employees, the public and private sectors and the Exchequer. It is expected that the total effect on private sector employment costs will be small.

The minimum requirements will not provide so good a pension for employees as SERPS did. Therefore, if voluntary organisations who were paying SERPS want to continue to provide pensions for their employees at the same level, it will cost them more.

It had not yet been decided how the new pension arrangements will accommodate casual workers and people who work intermittently; this could affect volunteering organisations in which staff do not stay in post for long periods. The government will also be looking to see whether differences between tax and contribution liability can be removed to help employers. Voluntary organisations will have to pay at least 2% towards a private or occupational pension plan for their employees who earn above the minimum wage level. Can voluntary organisations afford this? Will this additional financial cost further increase the use of part-time staff by the voluntary sector? What advice will need to be given to staff about pensions if there is no scheme in the organisation? Will the voluntary sector develop its own pension scheme?

### Computerisation

Some volunteer organisations may be concerned about the possible implications for them of the computerisation of the social security system. This is to be introduced over 10 years, and will be compatible with the computerisation of the tax system. The government will be looking for new links between the two systems, and will be expecting the two chains of offices run by DHSS and the Department of Employment to work more closely together. The changes are designed to save £1,000 million and to provide a quicker, more efficient, and more flexible service.

The PAYE computer system, which will be fully operational by 1988, will use the national insurance number as its identifying reference number. The DHSS systems will also use it as the identifying reference number for contributors and beneficiaries. When the two systems inter-relate, this will enable "wider, quicker, easier, access to records on all aspects of the social security system" (Vol I, 6.28) and local office staff will be able to deal with the whole of an individual's business on the spot.

Volunteering organisations may wish to comment on the implications of all this for confidentiality. Access to personal records

would be available to a much wider range of people, although subject to the limitations of the Data Protection Act 1984 further safeguards are to be devised to minimise the risks. The Department will also give attention to the increased vulnerability to internal fraud. In addition, the potential for human error will be much greater. How long will it take to trace and correct mistakes and what will happen when the computers break down? There may be concern among volunteering organisations about the kind of information they are required to give DHSS or the Department of Employment about employees or volunteers.

#### Family credit

Volunteer organisations may be involved in the new Family Credit payments. Where organisations pay low wages or where the employee has a large family, they will be likely to pay Family Credit. This will mean extra administration, extra training for administrative staff, and the necessity for the organisation to know more about the employee's individual, personal circumstances.

## FURTHER READING

### 1: Social Security Review: The Documents

"Reform of Social Security" is in three volumes, published by HMSO:

Reform of Social Security, Volume I; Cmnd 9517; price £3.00;

Reform of Social Security: Programme For Change Volume II; Cmnd 9518; price £6.60;

Reform of Social Security: Background Papers, Volume III; Cmnd 9519; price £10.50;

Housing Benefit Review: Report of the Review Team; Cmnd 9520; price £3.00 also has major significance in the review.

### 2: Select Bibliography

Changing the Rules, Part Two: a more detailed interpretation of the present and proposed benefits, their impact on particular groups and volunteer bodies. The Volunteer Centre: £2.50

Photocopies of the following articles are available from The Volunteer Centre information service; please send the photocopying charge with your order. The books listed are available for consultation at the Centre only. Please contact Angie Perry if you wish to visit the library.

#### Articles

"A one-sided approach"; Community Care, 25.7.85. 20p

An examination of the effects the review will have on housing.

"Who wants the welfare state?"; New Society, 19.7.85. 20p

An examination of public attitudes towards the welfare state.

"Fowler Review: little to encourage all those in the caring sector"; Charity, July 1985. 10p

Charles Kennedy, SDP/Alliance MP for Ross Cromarty and Skye, looks at some of the likely effects of the Review on voluntary organisations.

"Social Security Review"; London Voluntary News, June/July 1985. 20p

A summary of the Green Paper with initial responses from some voluntary organisations.

"Ennals attacks Green Paper"; Social Work Today, 15.7.85. 10p

Lord Ennals, opposition spokesman on social services in the House of Lords, comments on the review.

"Burying Beveridge"; Community Care, 11.7.85. 15p

Ruth Lister, Director of CPAG, discusses the effects the Government's proposal for social security reform would have on families with children and on young people.

"Social Security Benefits Review"; Municipal Review, July 1985. 10p

The Association of Metropolitan Authorities gives its response to the review.

"Green Paper: Blueprint for welfare privatisation?"; Community Care, 4.7.85. 10p

"No room in the inn"; Open Mind, June/July 1985. 10p

Examines the effects of the board and lodging allowance changes on homeless people.

"Fowler's new state charity"; New Society, 28.6.85. 10p

An examination of the new social fund proposed in the Green Paper.

"Norman's failed conquest"; Health and Social Services Journal, 20.6.85. 10p

Many agree that the welfare system needed to be reviewed, but few seem to think that the review makes the right suggestions for its future.

"How the other half wanders"; Social Work Today, 17.6.85 10p

The new regulations look set to create a generation of homeless, disenfranchised young people.

#### Books

CAMPAIGN FOR SINGLE HOMELESS PEOPLE: Desperate measures: The DHSS supplementary benefit regulations for board and lodging. CHAR 1985.

SCOTTISH COUNCIL FOR COMMUNITY & VOLUNTARY ORGANISATIONS: Facing the facts: Scotland and the Social Security Review. SCVO 1985

LISTER, Ruth, ROLL, J. and SMITH, ROGER: What future for social security?

A preliminary commentary on the Green Paper on the Reform of Social Security. CHILD POVERTY ACTION GROUP 1985.

## CHARTER FOR VOLUNTEERS: A PROPOSAL

The Volunteer Centre proposes that this charter should be voluntarily adopted by all organisations that are concerned directly or indirectly with the work of volunteers, and by volunteers themselves. Recognising the wide variation in practices and standards, this represents a statement of aims; for the present only partial adoption may be feasible in some circumstances.

"Volunteers" and "volunteering" generally refer to: work undertaken on behalf of self or others outside the immediate family, not directly in return for wages, undertaken by free choice, not required by the state or its agencies.

1. Volunteering to produce social benefit is legitimately:

- \* an expression of humanitarian concern
- \* a means by which the individual makes a personal contribution to, and takes part in, life in the community
- \* a means of enhancing the quality of life for the whole of society
- \* a means of enabling society to meet its obligations to its members
- \* a means of expressing the interests of individuals and groups

It may take place in many different fields, such as social welfare, the arts, sport and political life. To volunteer should be the right of every citizen.

2. The right to volunteer may also be expressed informally between family members, neighbours or members of mutual help groups. It may take place in the framework of a voluntary or statutory agency.

3. Volunteers, while they generally give their time and work without pay, are entitled to consideration and treatment at least as good as that of paid workers in other respects. The organisation for which they work should recognise an ethical contract which requires at the minimum proper management, clear expectations, training where it is appropriate, indemnity against reasonable risks, and reimbursement of necessary expenses.

4. All citizens who voluntarily contribute within an organised framework have the right to be consulted on all major decisions that will affect what they do. Existing and planned public policies should be reviewed to ensure that they take account of the needs and interests of volunteers where appropriate, and that as a minimum they do not unintentionally limit the rights of volunteers.

5. Every citizen irrespective of personal means has the right to make that contribution according to personal talents and capabilities so long as this does not restrict the rights or reasonable expectations of others. No citizen should be prevented from volunteering because of lack of economic resources or other handicap.

6. Volunteering is not the prerogative of the majority or of any racial group in society. All racial groups develop arrangements to support disadvantaged members within their communities and provide volunteers for initiatives which serve all races.

7. Unnecessary obstacles in law, in systems of taxation or income support should be removed where this will enable more citizens to undertake action as volunteers. Where, for reasons of physical, mental, legal, or other restriction, individuals do not have the full liberty of other citizens, they should be enabled to give and receive from society as volunteers.

8. Citizens who volunteer have the right to expect that they will not be exploited and that the true social value of their contribution is recognised and respected by the authorities concerned.

9. Both volunteers and paid workers should recognise the particular tasks that each is best able to perform. Each should acknowledge the value of the other's contribution; should support it, and should not attempt to undermine or replace it. In particular, codes of practice should recognise the collective interests of paid workers in trades unions or professional associations vis a vis the collective interests of volunteers.