

Fair Welfare

BY JAMES HEYWOOD & JONATHAN DUPONT





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About the Centre for Policy Studies

The Centre for Policy Studies is one of the oldest and most influential think tanks in Westminster. With a focus on taxation, economic growth, business, welfare, housing and the environment, its mission is to develop policies that widen enterprise, ownership and opportunity. Founded in 1974 by Sir Keith Joseph and Margaret Thatcher, the CPS has a proud record of turning ideas into practical policy.

As well as developing the bulk of the Thatcher reform agenda, it has been responsible for proposing the raising of the personal allowance, the Enterprise Allowance and the ISA, as well as many other more recent successful policy innovations, such as free ports, fixed-rate mortgages, full expensing, the public sector pay freeze, the stamp duty holiday, and putting the spotlight on how to use market-based solutions to reach Net Zero targets.

About Public First

Public First is a policy, research and communications firm that has worked with many of the world's biggest companies as well as charities, think tanks and Government departments. It is a member of the British Polling Council (BPC) and the Market Research Society (MRS).

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Contents

Introduction	4
Executive Summary	7
1. What people think of the welfare state	16
2. Mythbusting the welfare state	25
A. How we compare to others	25
B. The reality of public attitudes	36
3. How did we end up here?	46
A. Beveridge and its discontents	47
B. The end of contribution	51
4. Returning to a welfare system people support	53
Conclusion	66
Appendix A	67
Appendix B	72
Appendix C	73
Appendix D	77



Introduction

By Robert Colvile, Director of the Centre for Policy Studies

The welfare system is one of the most important manifestations of a social contract between citizens and the state. But that contract has been breaking down.

This project began three years ago, as an investigation of a peculiar phenomenon. In the decades prior to the pandemic, support for the welfare state in the UK had eroded sharply. This had happened with no other policy area, and in no other country that we could identify.

Our investigation, involving focus group and polling work carried out by Public First and YouGov, came to the conclusion that the key issue was fairness. People did not think the welfare system was fair to those in greatest need – or to those who had worked hard and put in. And they had good reason to think so: because in the decades since the Beveridge report, we have systematically stripped contribution, the connection between effort and reward, out of our welfare system.

‘ Our investigation, involving focus group and polling work carried out by Public First and YouGov, came to the conclusion that the key issue was fairness ’

Then, just as we were about to publish the results of our work, the pandemic happened. And welfare suddenly moved sharply up the political agenda. Even as I write, the withdrawal of the furlough scheme and the fate of the £20 Universal Credit uplift have become two of the hottest topics in Westminster.

We believe this report – which summarises a three-year-long research effort by the Centre for Policy Studies and Public First – is in a unique position to shape the welfare debate. Not only is this one of the most comprehensive research projects on public attitudes to welfare in the UK for many years, but the fact that we asked YouGov to repeat the polling work it had carried out pre-pandemic means that we have a unique insight into how views have shifted since Covid struck.

The short answer is: not very much. While there has been a noticeable change in attitudes on one specific topic – the generosity of unemployment benefits – the principles which underpin people’s instincts on how the welfare state should work have not changed.

It is very clear from our research, our focus groups and our extensive polling that voters believe the welfare system has lost sight of two clear and central moral principles – that those who work hard and pay into the system should have their



contribution recognised and rewarded, and that those who suffer from terrible luck should be supported. Terrible luck, in people's minds, almost always means ill health – that is why they support a universal NHS, and want proper help for those with disabilities. However, they have absolutely no sympathy for those that could work and do not, and believe that everything possible should be done to push them into work – and, by extension, to reward and incentivise those who do work.

Strongly linked to these values is a sense that the welfare state is a contract between the citizen and the state – that those who have paid into the system have done so on the understanding that it will be there for them if they find themselves in need.

Many policymakers have been wary of this 'contributory principle' – or, for that matter, of talking in terms of fairness. But the pandemic has suddenly brought contribution back into the heart of policy debate.

**‘ A recent report from the Government’s own
Social Security Advisory Committee recommended
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the contributory benefits system ’**

A recent report from the Government's own Social Security Advisory Committee recommended reversing decades of DWP policy and strengthening the contributory benefits system. The report argued that the contributory principle of 'something for something' has been '*progressively eroded*' and that '*the time has come to restore at least an element of that*'.¹ The Institute for Fiscal Studies argued recently that '*the lack of contributory benefits in the UK has become more salient in the coronavirus pandemic, as a large number of workers have become exposed to substantial losses in income*'.² The Resolution Foundation have stated: '*When the crisis has passed, there is a very good case for reviewing the balance between contributory and means-tested benefits*'.³ These sorts of statements from the established voices of the policy world would have been largely unthinkable when we started our work on contributory welfare three years ago.

The subject is also beginning to attract cross-party attention. Last summer, the Labour Party's Shadow Work and Pensions Secretary, Jonathan Reynolds, expressed his own conviction of the need to revitalise the contributory principle. He said: '*One of the reasons that support for social security has diminished amongst parts of the country is the sense that people put into the system and they don't get anything out of it... I feel if you have made greater contributions to the system, there is an argument that you should receive more out of that system*'.⁴ Frank Field, Former Labour minister and Chair of the Work and Pensions Select Committee, expressed similar sentiments in a policy paper published in September 2020.⁵

The irony here is that there is absolutely nothing new about this agenda. The central maxim of William Beveridge's famous report of the 1940s was that '*Benefit in return for contributions, rather than free allowances from the State, is what the people of*

1 *Jobs and benefits: the COVID-19 challenge*, SSAC/IfG, March 2021. [link](#)

2 Bourquin and Waters, *The temporary benefit increases beyond 2020-21*, IFS, October 2020. [link](#)

3 *Handscomb, Safe harbour?*, Resolution Foundation, October 2020. [link](#)

4 Georgina Bailey, Jonathan Reynolds Interview, Politics Home, June 2020. [link](#)

5 Field and Forsey, *Revisiting Beveridge*, Politeia, September 2020. [link](#)



Britain desire. Over many decades, that central principle has been eroded almost out of existence.

We do not need to rip up the welfare system and start again. We are not, compared to other OECD countries, either miserly or regressive in our approach to welfare. Rather, we need to do what almost every other developed country does, and reintroduce a clear link between contribution and reward, and a clearer sense of fairness within it.

This report contains a series of recommendations to that effect, including on the future of the Universal Credit uplift. We hope they mark the start of a conversation about how we can build a welfare system which rewards those who have done the right thing in the past, that protects the poorest, weakest and most vulnerable, and that enjoys the trust and support of the British public.



Executive Summary

1. The public do not support the welfare system because they think it is unfair

Over the last few decades, public support for welfare spending on the unemployed has fallen sharply, and remains historically low despite a recent rebound. This has not happened in other areas of policy and does not seem to have happened in other countries.

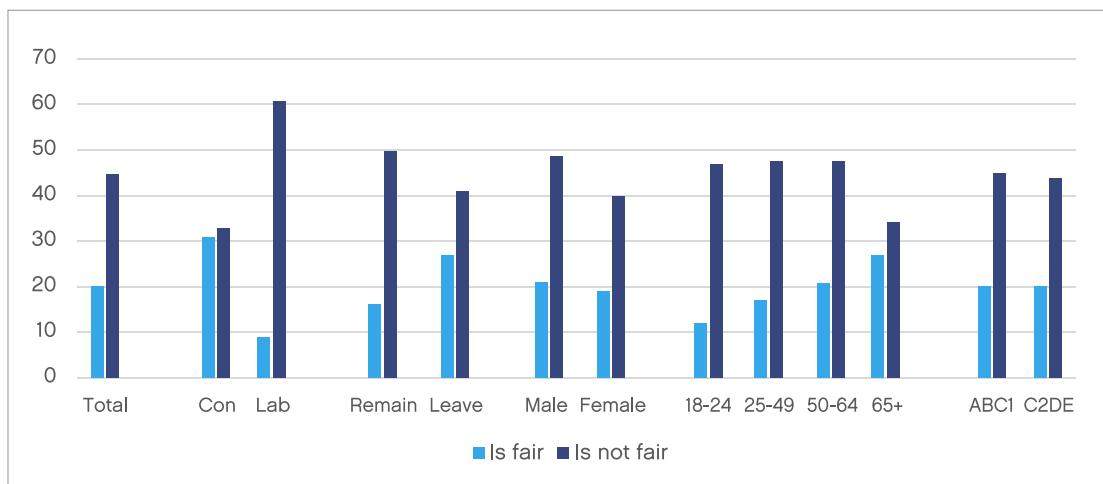
To understand why this has happened, we ran two sets of public polling, one in 2018 and one in 2021, as well as focus groups. What we found is that people talk about welfare overwhelmingly in terms of morality and fairness.

‘Fairness’ in this context does not just mean the level of generosity of benefits – although we did find a clear shift in favour of more generous benefit levels in our 2021 polling, due to the impact of the Covid-19 crisis.

Instead, it was overwhelmingly clear that the public have two, related, concerns about the welfare system and its unfairness:

- It does not sufficiently link effort and reward. They think those who have ‘done the right thing’ – worked hard and saved – are not treated appropriately, while many who currently claim are not looking for work as hard as they could;
- It does not treat those in genuine need – particularly those with disabilities – sufficiently well, making them wait too long for payment and jump through overly bureaucratic hoops.

Do you think the current welfare system is fair?



Source: YouGov polling for CPS, February 2021 (see annex)



2. There are a number of myths about public perception and understanding of welfare

Welfare is an emotive topic. We have found, in doing this research, that most people engaged in policy and government have deeply held convictions about why the public are unsupportive of the welfare system. These are not always accurate, and they lead to policy decisions that have consistently undermined public trust. They can be summarised as:

- *'The public are ignorant. They have been convinced by tabloids that more people get welfare, unfairly, than is the case, and that fraud is far more prevalent than it actually is.'* In fact, the public are surprisingly accurate in their understanding of welfare, including on expenditure. The main difference is that they define fraud more broadly than official statistics do – making it appear as though they overestimate it.
- *'The public think they want contribution but they don't really.'* In fact, there is an international correlation between countries with contributory systems and public support for the welfare system.
- *'The public lack compassion for the poorest.'* In fact, there is a nuanced view of what the welfare state should do including support for those in need.
- *'The pandemic has signalled a shift in favour of higher benefits, after a decade of austerity and bad press about Universal Credit. Voters' views are softening and becoming much more liberal.'* Our research makes clear that the pandemic has not dramatically shifted the public's views. It is true that there has been a shift in views about the basic rate of benefits – though not an overwhelming one.

But this seems to be down to a change in who people think of as 'the unemployed' in the Covid era, and has not been mirrored by any change in views on how the system should work, such as work search requirements and the importance of contribution. For example, of the three options we tested on the Universal Credit uplift, keeping it in place was clearly the least popular – and likewise, people's views on whether the benefit system was doing enough to encourage people to work had not shifted. In other words, voters do see a case for greater generosity for some people, but they are very clear about who those people should be.

- *'It's all about hostility to immigration.'* We found people wanted a contributory system for those born here as well as those who have moved here – and in focus groups their irritation was mostly focused on the former.

In other words, while the public may not always get the numbers perfectly right, they have a reasonably nuanced view of the bigger picture. Their understanding of welfare fraud, for example, is arguably more sophisticated – and accurate – than that of both government and many experts.

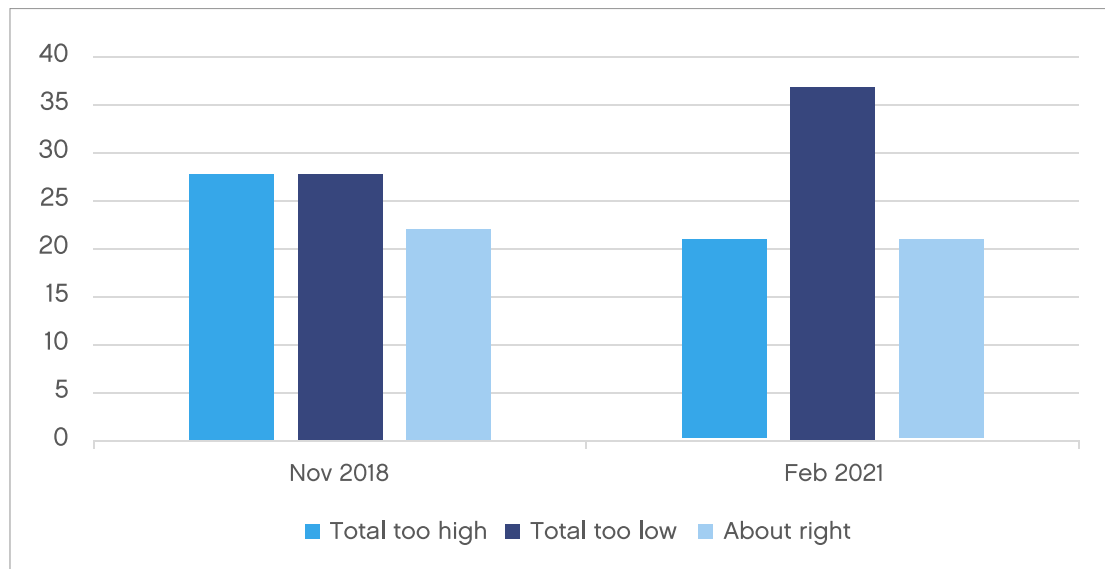


3. There are also a number of myths about our welfare state and how it compares to other countries.

- *'We are ungenerous.'* In fact, the British welfare state is about average in terms of overall generosity. There is a specific issue with 'replacement rates' – the proportion of someone's income which is replaced by benefits when they lose their job – but this is because we are an outlier in having an almost entirely means tested system which ignores contribution almost completely.
- *'We do not redistribute to the poor.'* In fact, we are better at redistributing from rich to poor than most and are relatively generous to those in genuine need. Compared to other systems our welfare state is pretty progressive, due to extensive means-testing.
- *'We have already gone as far as we can in terms of work incentives.'* Not at all – the flipside of the efficiency of our system is that we are relatively bad at incentivising people to work and to save. This is a problem which Universal Credit sought to address, but with only partial success.

There are, however, several negative features which people believe and are true. We are very slow to get money to benefit claimants when compared to other equivalent systems; many people do struggle with monthly payment of benefit when enrolled in the system; and sometimes those in real need are not getting the support they need when they need it.

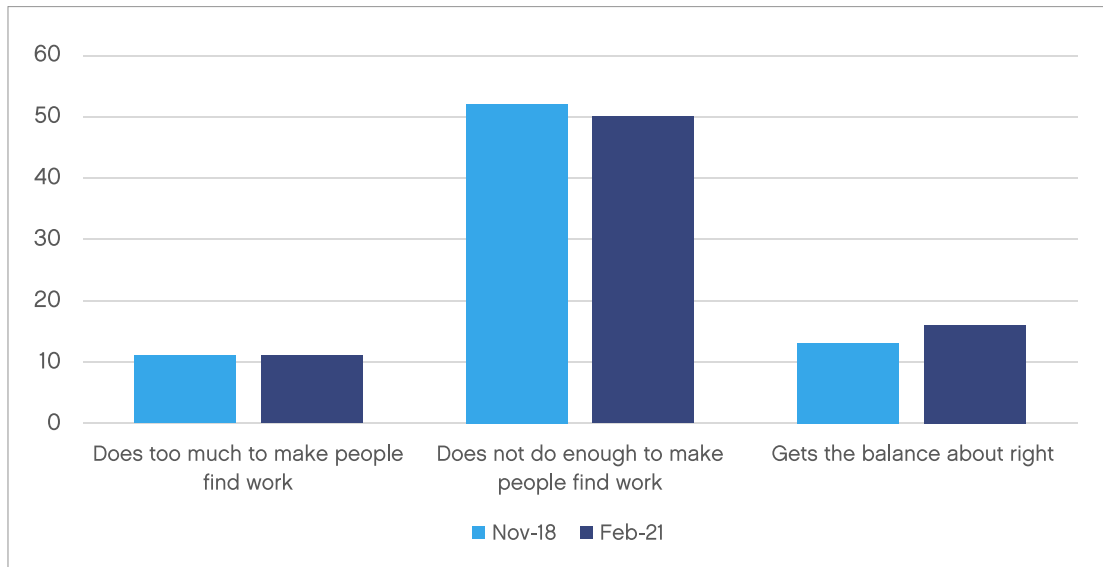
Views on the level of benefits for the unemployment



Source: YouGov polling for CPS, November 2018 and February 2021 (see annex)



Views on work search requirements for benefit claimants



Source: YouGov polling for CPS, November 2018 and February 2021 (see annex)

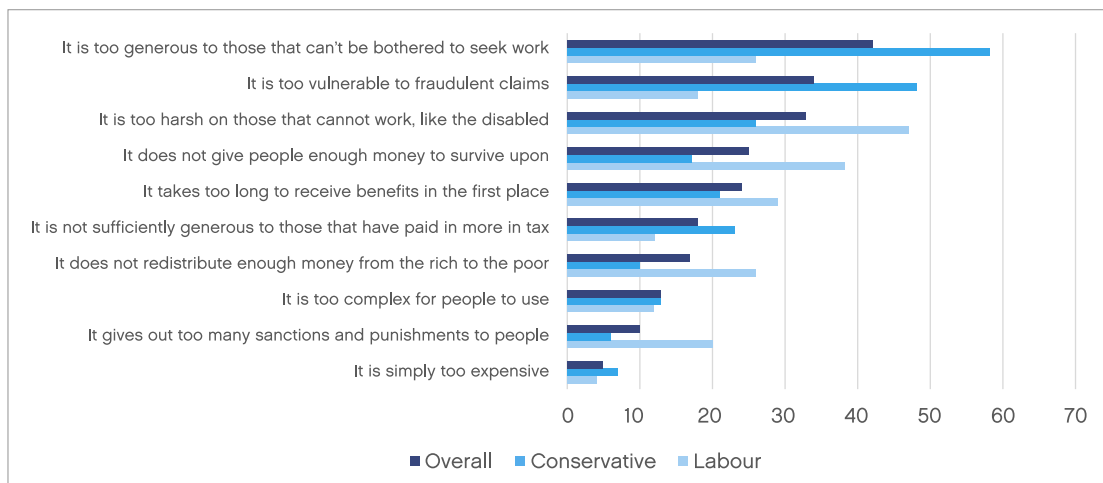
4. The public decline in support for welfare began at precisely the moment when Beveridge's original contributory principles began to be removed.

There are good reasons why the contributory principle did not work as Beveridge originally envisaged. Beveridge was wrong to believe that we could near eliminate means-testing – we are likely to always need something like Universal Credit.

Our current welfare system, however, has tilted too far away from contribution. We need to do more to help people look after themselves when bad luck strikes, and to acknowledge that redistribution is not the only type of fairness that matters.

For example, the experience of the pandemic has shown that our existing welfare system is poorly placed when it comes to cushioning the impact of a sudden loss of employment or fall in income.

What do the public find most unfair about the welfare system?



Source: YouGov polling for CPS, February 2021 (see annex)



5. We therefore need a return to the contributory principle.

Restoring a contributory element to the welfare system would help it better align with the public's sense of fairness – rewarding those who have contributed for longer – while helping create a system that better supports those looking for work and meets the challenges of a more flexible labour market.

We propose the introduction of some contributory elements that will work within the current welfare system, while continuing to provide universal support to those in need and ensuring that if you can't work through ill health, you are protected. This is a case of reform rather than revolution – but reform that addresses the public's central concerns about how the system operates.

‘ Our central recommendation is that the system should give more trust and fewer bureaucratic hurdles to those who have a good track record of employment ’

Our central recommendation is that the system should give **more trust and fewer bureaucratic hurdles to those who have a good track record of employment**. For example, for every five years you had worked, you would be able to claim UC or new style Jobseeker's Allowance (JSA) unconditionally for three months, rather than having to jump through bureaucratic hoops to prove you are trying to re-enter the job market. This treats those who have contributed with a level of trust that most people think is right.

This would be embodied via **a new Contribution Card – a return to ‘the stamp’ introduced by Beveridge**.

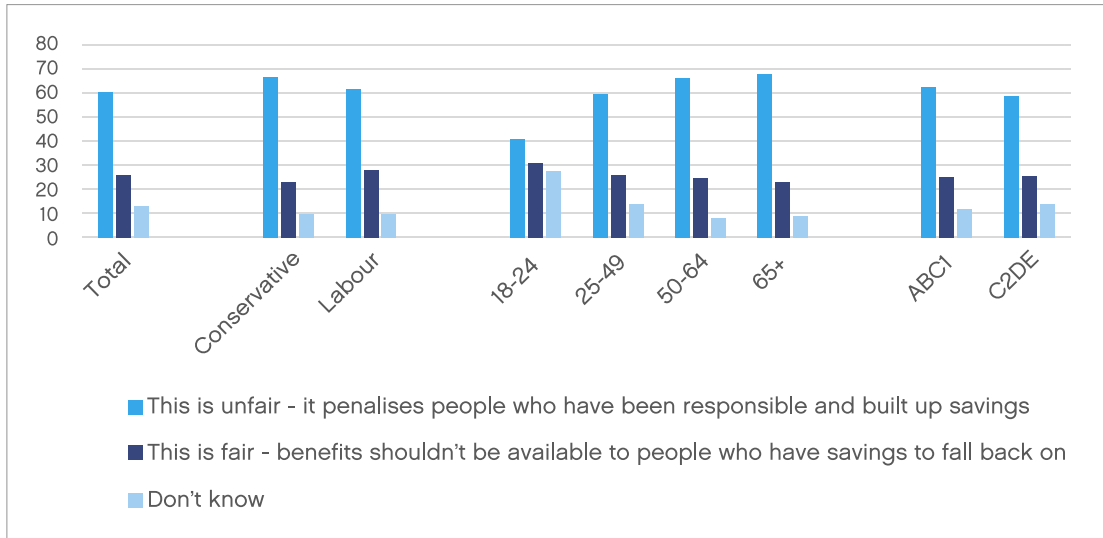
Under the original welfare state, a contribution card was a physical manifestation of the principle that you pay in to get out. We are proposing an online Contribution Card supplemented by an annual statement sent by letter. This would give people particular benefits including **an increased level of JSA or Universal Credit after contributing for five, 10, 15 or 20 years**. After five years, the weekly rate for a single person 25 or over would be £79.70, not £74.70. After 20, it would be £94.70. This may not seem like a huge difference, but it would mean up to a 27 per cent increase in the basic weekly allowance. This would, as in other-countries, be time-limited in order to incentivise people to return to the workplace – in this paper we suggest a year, but the period could be longer. This would also ensure the proposal did not add significantly to the cost pressures facing the Government: we estimate that a one-year contributory uplift could be introduced for as little as £200m-£300m.

This would not just be about cash, however. Indeed, it would not be primarily about cash. It would be about treating those who have put in for years with the respect that they deserve. Treating them as people who have contributed and paid into the system, rather than taking others for a free ride. That is why we also recommend that **those with a good record of employment should receive fewer bureaucratic hurdles, for example by being exempted from the stringent claimant commitment for a period of three months for every five years they have worked, up to a maximum of a year**.

We also propose to **eliminate other penalties within the system for those who have done the right thing, for example by saving** – at the moment, anyone who has more than £6,000 in savings sees their entitlement to most benefits reduced. In addition, among other measures, we propose that **allocation for social housing should take into account contribution (including how long someone has lived in an area) as well as need**.



Voters' views on the savings rules for benefit claimants

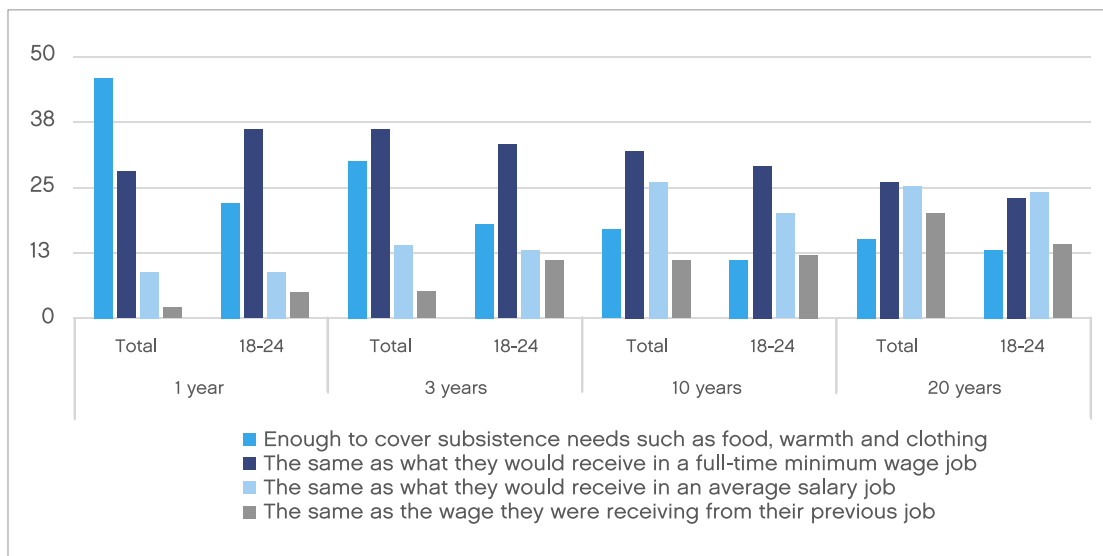


Source: YouGov polling for CPS, February 2021 (see annex)

Our polling makes clear that **this principle of supporting and rewarding work is extremely popular**. We asked people to give very specific recommendations for the level of support that people should receive if they became unemployed at particular stages of their life. We found – as the chart below shows – that people had totally different attitudes to those with shorter and longer employment records: those who had never worked should get only the barest subsistence, while those who had paid in for decades should enjoy something much closer to their former income.

Strikingly, even 18- to 24-year-olds, who have not had time to build up contributions, were supportive of this principle in our polling, showing how it strikes a chord in terms of an innate sense of fairness.

What level of income should someone receive from unemployment benefits if they have previously been working for X years?



Source: YouGov polling for CPS, February 2021 (see annex)

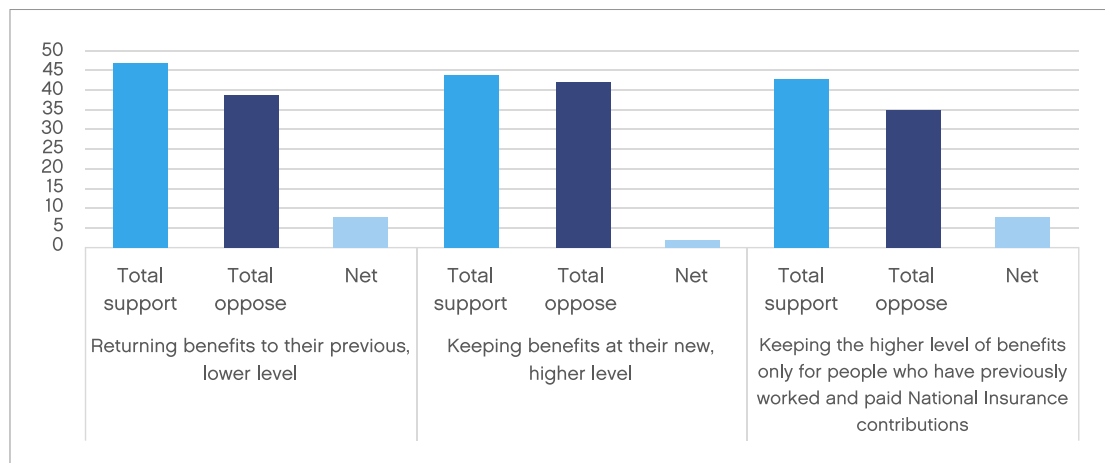


These results suggest that there is a nuanced picture behind the shift in attitudes on the generosity of unemployment benefits which we found when comparing our 2018 and 2021 polling. There is a sense that many of those who have had to fall back on welfare during the pandemic have been in work for years and have lost their jobs through no fault of their own. People do think that some unemployed people deserve more, but there is a clear distinction made about those who have contributed and those who have not.

We would also encourage the Government to **couple the new Contribution Card with stronger work incentives within the Universal Credit system**, as argued in a CPS paper earlier this year, to ensure working people on low pay are properly rewarded for doing the right thing for themselves and their family. A justified objection to the Contribution Card is that it would tilt spending towards the elderly, who are already the primary beneficiaries of the new health and social care settlement. That is why we also need measures to help the low-paid of whatever age – and indeed address the fact that the National Insurance increases have raised the marginal tax rate for those moving from welfare into work, reducing work incentives still further.

We therefore argue that, **rather than retaining the UC uplift, the Government should reduce the taper rate at which UC is withdrawn**. Reducing the taper rate would effectively act as a tax cut specifically targeted at the lowest paid, allowing them to keep more of the money they earn. It could also be implemented right now, to offset the impact of ending the £20 uplift on in-work claimants. **At £2.4 billion, reducing the taper rate from 63p to 55p would also be substantially cheaper than the £6.6 billion annual cost of the uplift**, even if accompanied by measures to help those most affected by the withdrawal of the uplift, such as **a £1,000 increase in work allowances for childless households**. If the uplift is retained, our polling shows net support would be higher if it were tied to a past record of contribution – confirming the central thesis of this paper.

Support for different ways forward on the UC uplift



Source: YouGov polling for CPS, February 2021 (see annex)



The public believe, as our polling shows, that the welfare system should do more to protect the poorest, weakest and most vulnerable. That is why we argue not just for more generosity on the taper rate, but for more humane treatment in other areas. For example, Britain is much slower at getting payments to people than other countries, and there is no good excuse for that. Likewise, many claimants struggle to cope with being paid monthly, and would find it far easier to be given the option of weekly or fortnightly payment.

We therefore also recommend **reducing the time before you can access benefits and giving people the option to receive payments weekly or fortnightly rather than monthly.**

Government should **immediately start piloting more rapid welfare payments, with a goal of rolling this out across-the-board.** We need to move away from the current situation where the UK has a much longer period of waiting than other countries.

Taken together, we believe this is an agenda that builds on the successes of the welfare reform agenda in recent decades, while bridging the gap between public opinion and the elites in Westminster. If there is one thing the Government can do to restore public confidence in the welfare state, it is to make welfare fair again.

Key recommendations:

- Reintroduce a contributory element to the welfare system by increasing the rate of benefits for every five years a person has been working, for a time-limited period after becoming unemployed. The new 'stamp' could also become the framework for other forms of work assistance and retraining.
- Trust those with a good record of employment to do the right thing, offering them benefits with fewer strings attached unless they fail to find work
- Reduce the waiting time before you can access benefits. The aim should be that, by April 2023, Universal Credit and Job-Seeker's Allowance should take no longer than seven days for the first payment to be received in 99 per cent of cases, and no more than 10 days in any case.
- Give people the option of receiving benefits weekly rather than monthly, with weekly as the default
- Remove the requirement that people have to pay down their savings before receiving benefit, which strikes directly against the principle of contribution
- Rather than making the Universal Credit uplift permanent, reduce the taper rate at which it is withdrawn from 63p to 55p, alongside a £1,000 increase in work allowances for childless households, who will be worst-hit by the withdrawal of the uplift
- Consult on restoring the link between social housing need and past contribution



Key polling findings:

- 69 per cent of those expressing a view think the current welfare system is unfair.
- 55 per cent of people agree with the idea of paying higher benefits to people who have worked and contributed longer, with only 24 per cent opposed – a 31 per cent net approval rating.
- For someone with a poor record of working, 46 per cent of people think they should only receive benefits to cover subsistence. For someone with a 20-year record of contribution this falls to just 15 per cent, with 71 per cent of people saying this person should receive at least as much as a minimum wage job.
- Making the £20 uplift in Universal Credit permanent for all claimants was the least popular way forward for that policy. More popular was the idea that a higher level of benefit be retained – but only for claimants with a past record of work and contribution.
- 50 per cent of voters think the system doesn't do enough to make claimants find work. Only 11 per cent think it does too much.
- Our 2021 poll found a 16-point lead for higher benefits for the unemployed. This is a marked shift from our pre-Covid poll, which found equal support for higher and lower unemployment benefits.
- 61 per cent of voters believe the rule which disqualifies people from receiving benefits if they have too much in savings is unfair.



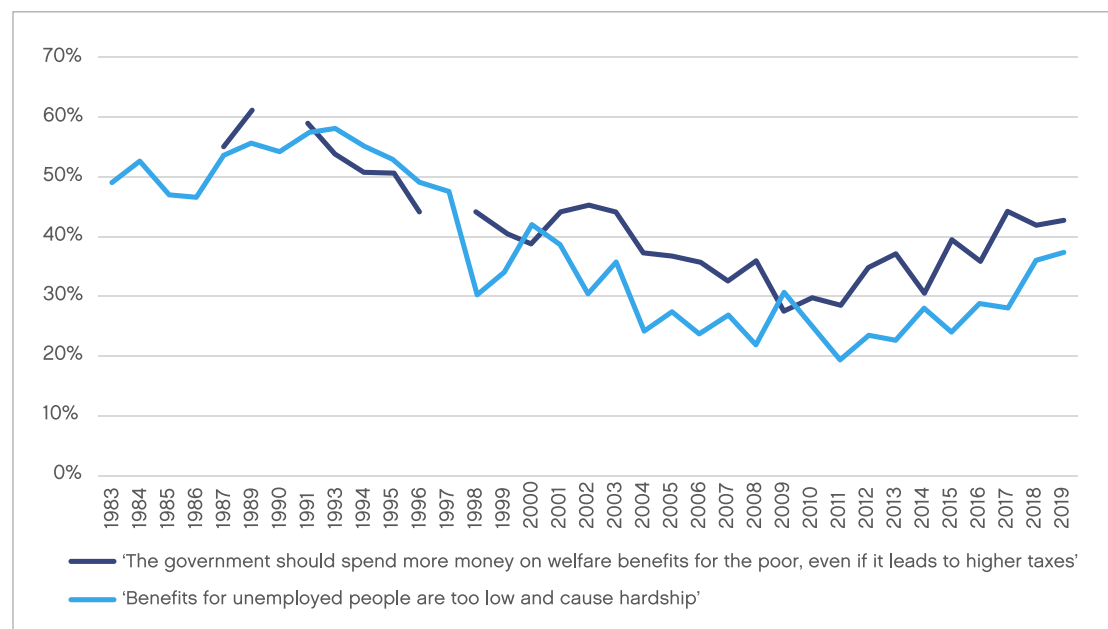
1. What people think of the welfare state

Over the 1990s and 2000s, public support for increasing welfare spending halved.

In 1989, 61 per cent of voters agreed that *'government should spend more on welfare benefits for the poor, even if it leads to higher taxes'*. By 2014 it reached a low point of 30 per cent.⁶ While support for additional spending has increased in the last few years, it still sits well below where it was in at its peak in the 1980s, despite a decade of spending restraint on welfare by Conservative-led governments. This fall has taken place across all age groups. If anything, the young are more likely to be more sceptical of increases in welfare spending than older generations.⁷

This has not happened in other areas of policy. The idea of spending more on health is as popular as ever – witness the recent imposition of a new 'Health and Social Care Levy' on the grounds that it will be more popular than raising existing taxes. The same is true of education. Housing, defence, and policing show no obvious trend.⁸ In general, support for greater public spending seems to act like a thermostat, increasing in times of austerity but decreasing during a splurge, keeping overall spending somewhere around 40 per cent of GDP. Yet for some reason, welfare is an exception.

Public views on welfare over time



Source: *British Social Attitudes Information System (% agreeing with the statement)*

6 British Social Attitudes Survey, National Centre for Social Research, 1983 – 2017

7 Generation Strains, Bobby Duffy, Suzanne Hall, Duncan O'Leary and Sarah Pope, Demos, 2013. [link](#)

8 British Social Attitudes Survey, National Centre for Social Research, 1983 – 2017



Internationally comparable data is sparse, but those records that exist suggest **Britain is an exception**. Similar time series from Sweden show continued support for its welfare system – although recent increased immigration may be eroding this – while US data from the General Social Survey shows no clear trend.

Some campaigners, as part of their efforts to force a U-turn on the Universal Credit £20 uplift, are arguing that Covid has led the public to become much more sympathetic to arguments for higher benefits. The Health Foundation, for example, commissioned polling which found strong support for maintaining the uplift beyond the pandemic.⁹

This, however, seems complacent. While it shows a sharply increased sense that benefits are too low, our polling – carried out by YouGov both before and after the pandemic – does not show the clear public support for keeping the £20 blanket uplift in Universal Credit which some claim exists. In fact, retaining the uplift was less popular than removing it entirely.

What our polling did show, however, was a strong sense of public disillusionment with the welfare system – a sense that was not tied to the level of particular benefits, but to its basic architecture.

As thinkers on both the Left and the Right have long argued, a well-functioning welfare state is a vital safety net that supports the wider dynamic of a market economy. Never has that been shown to be truer than over the last 18 months. For our welfare system to continue functioning well, it is essential that it commands public support – as well as receiving adequate funding and sufficient political attention to adapt to the challenges of the day. This is unlikely to happen if the public's view of the system remains so jaundiced.

A key part of our research for this paper, therefore, consisted of taking the public's temperature – exploring their views about the welfare system in granular and nuanced detail.

As well as looking at other existing data sources, we:

- Commissioned two nationally representative YouGov polls of adults in Great Britain, one in November 2018 and one in February 2021;
- Ran four focus groups of lower middle-class and working-class voters in the East Midlands, Bolton, and Manchester in 2018;
- Reviewed existing polling evidence and other data on attitudes – nationally and internationally;
- Reviewed existing academic literature and datasets.

The result is a report that sets out in unprecedented detail where the public stand and what they want in terms of welfare, including a unique set of pre- and mid-pandemic polling results to directly compare shifts in attitudes since Covid hit.

9 Health Foundation, 'Public perceptions of health and social care in light of COVID-19 (November 2020)', January 2021. [link](#)



The truth that emerges is that the British public have a surprisingly nuanced view of the welfare system – and, indeed, grasp its operation rather better than most in Westminster. Our results do suggest that the pandemic has led to a rise specifically in support for more generous unemployment benefits – but also that this is down to a shifting view of who ‘the unemployed’ are. The more powerful story is of consistent support for a more sympathetic approach to those who can prove a history of hard work and contribution – in other words, for putting fairness and contribution at the heart of the welfare system.

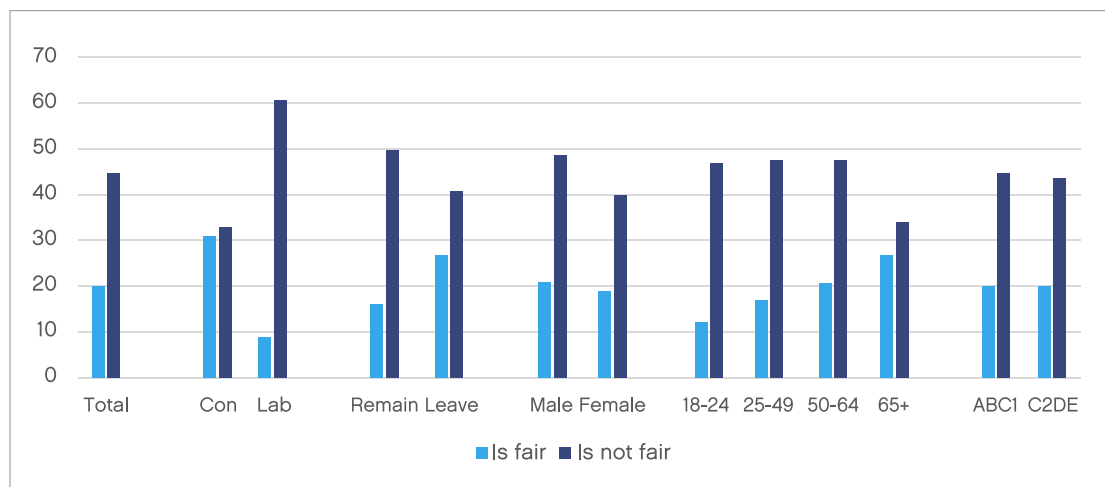
This report therefore sets out a series of relatively affordable policy adjustments which could, we believe, dramatically increase public confidence in the welfare system, as well as addressing a central strand of the public’s concerns about increased immigration in a way that successive Governments so conspicuously failed to ahead of the 2016 EU referendum.

Why have the British lost faith in the welfare system?

Our polling and focus groups show that the key reason support for welfare has declined is that the British public do not see it as fair.

In total, 47 per cent of voters see the system as unfair versus just 17 per cent who think it is fair. Young and old, rich and poor, Labour and Tory – all feel that the welfare system is not working properly.

Do you think the current welfare system is fair?



Source: YouGov polling for CPS, February 2021 (see annex)

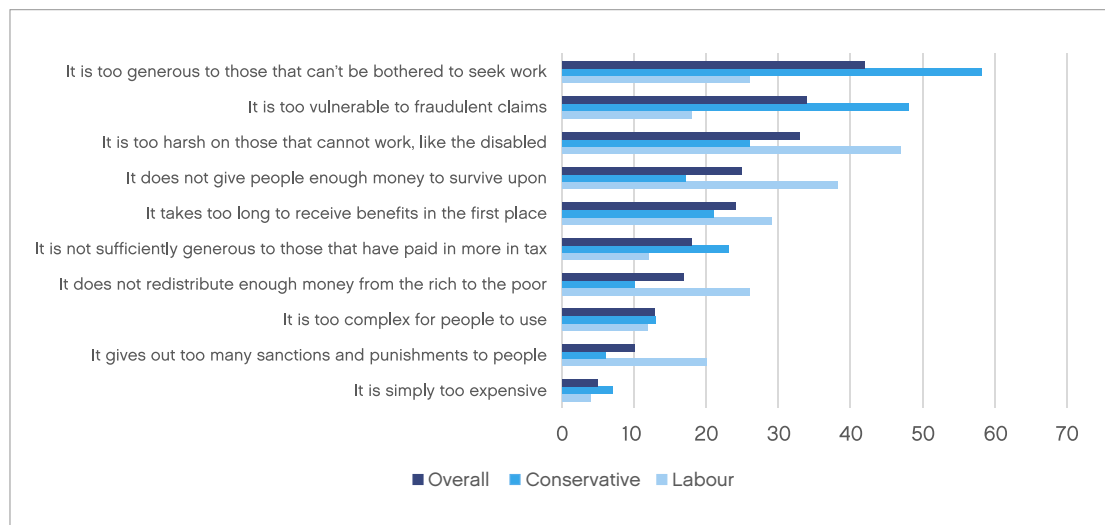
Of course, the concept of ‘fairness’, by itself, does not tell us very much. To one person, the welfare system might be unfair because it gives too much to the undeserving. To another, it might be unfair because the level of benefits is too low for those in need.



However, from our research it is clear that when voters speak of the fairness of the welfare system **they are not thinking in financial terms**. Instead, **their view of fairness is rooted in values and morality** – the extent to which the system rewards or punishes the deserving and undeserving. Or, to adapt the moral framework suggested by the psychologist Jon Haidt, it is an issue rooted in concerns over ‘fairness/cheating’ rather than ‘care/harm’ – that is to say, a sense of what is naturally just.

In particular, the public feel the welfare system should simultaneously force those who can work to work as hard as they should, while supporting those who cannot work through no fault of their own – which was always mentioned in the context of disability. They also feel, strongly, that it is currently failing on both counts.

What do the public find most unfair about the welfare system?



Source: YouGov polling for CPS, February 2021 (see annex)

As the chart above shows, there are significant divisions here on party lines. But across the political spectrum, there is a strong focus on personal responsibility; frustration at the administrative delays, mistakes and bureaucratic overhead involved in claiming benefits; and an overwhelming sense that those who do work should be rewarded, and those who avoid their responsibilities should not.

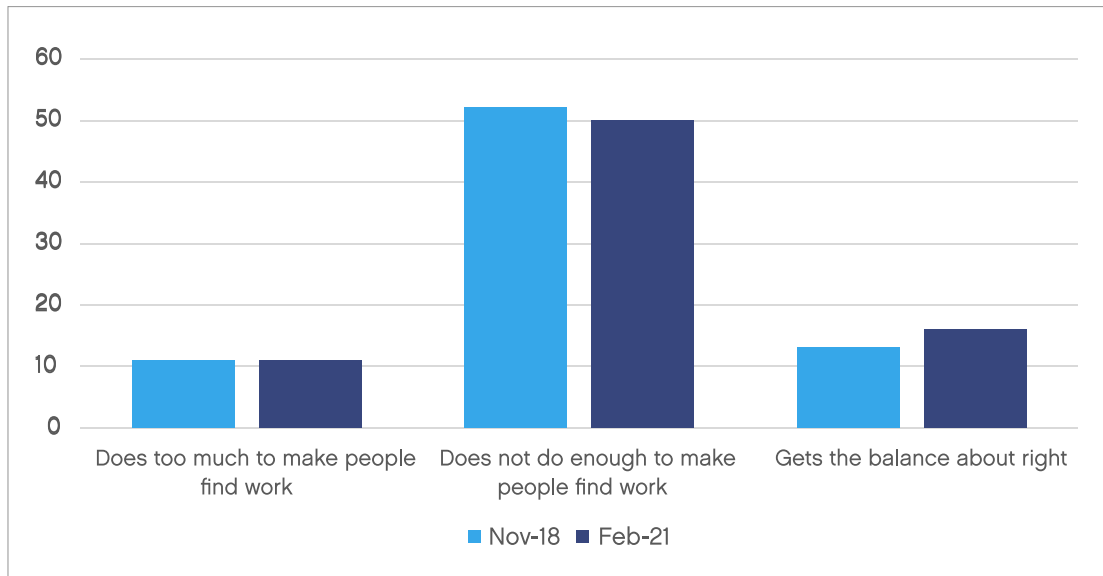
Further research bears out these findings. In particular:

We do not do enough to encourage people to do the right thing

Asked whether *'the benefit system does too much to make people claiming unemployment benefit find work, does not do enough, or gets the balance about right'* only 11 per cent of people we polled said it did too much to push them into work – and 50 per cent that it did not do enough. It is worth noting that this does not seem to be linked to voters' views on whether benefit payments are generous enough – while the proportion of respondents saying payments should be more generous rose noticeably between our 2018 and our 2021 polls, views on whether the system does enough to encourage work have barely shifted.



Views on work search requirements for benefit claimants



Source: YouGov polling for CPS, November 2018 and February 2021 (see annex)

In our 2018 polling, voters were more inclined to cut taxes and lower unemployment benefits than the reverse (see next chapter for further details). As we would expect based on polling trends on this subject over recent years, this has shifted slightly, with the most popular response now being that tax and benefit levels should ‘remain at current levels’ (though note this is still more popular than ‘higher taxes, higher benefits’, despite this polling having been carried out almost a year into the Covid-19 crisis).

We do not do enough to support those who have done the right thing or are in difficult circumstances

In our polling and focus groups, the public were certainly worried that the system is too harsh on those who genuinely cannot work, such as the disabled. This was the most popular response from Labour voters when polled on what was most unfair about the welfare system, and the third most popular across all respondents.

One of the most important issues that emerged from our opinion research was how we treat people’s savings when they have done the right thing and are out of work through no fault of their own. When the current savings rules were outlined to them in our polling, a huge majority of voters agreed they were unfair and penalised people for acting responsibly (61 per cent, compared to 26 per cent saying the rules were fair).

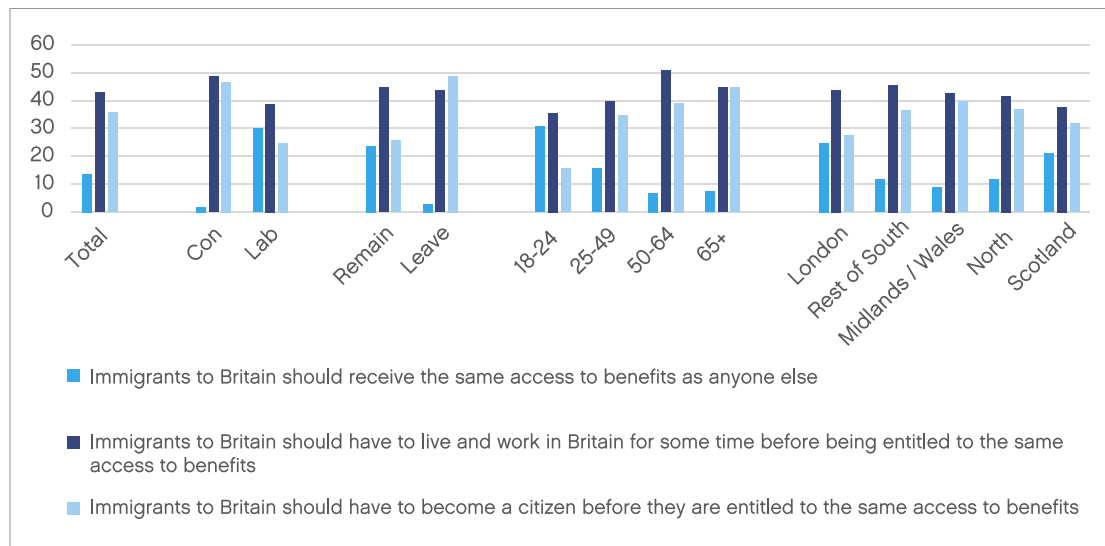
This is intimately tied up with people’s views of immigration – but applies more broadly

In the focus groups, the view was that contribution should be the main determinant of whether you deserved support – whether or not you were new to the country or had been born here.



In the polling, people were roughly evenly split between those who thought contribution was the most important factor (43 per cent), and those who also wanted citizenship to be a consideration (36 per cent). Just 14 per cent thought that migrants who had just arrived should immediately be treated the same as those who had been born here (and in our 2018 polling this was as low as 8 per cent). As might be expected, the groups much more likely to be among this small minority were Londoners, Remain voters, Labour supporters, younger people, and people from higher social grades, though even among these groups this was a minority view.

Views on immigrants' access to benefits



Source: YouGov polling for CPS, February 2021 (see annex)

Among those we talked to, immigration was often seen as a side effect of a broken labour market in which long-term residents could choose welfare rather than unpleasant jobs – but conversely, opposition to immigration was lower if the system took account of how far new arrivals contributed before claiming from the system. **They wanted new arrivals to contribute before being eligible for support and felt this was not currently happening.**

This would suggest that the changes since our initial focus groups were conducted in 2018 should be popular with most voters. Following our departure from the EU, new arrivals will need to spend five years in the UK before they are granted 'settled status' and gain the same access to welfare as UK citizens. This should go some way to assuaging some of the concerns which led many to vote for Brexit, though it is too early to say what the practical impact will be and how public attitudes develop.

However, it remains the case that our welfare system lacks the contributory elements present in most other developed nations and measures such as residence tests and 'settled status' will not fully compensate for this. It is clear from our polling that views on contribution are closely tied to immigration. Until the system starts to specifically recognise contribution, concerns about immigration and welfare will remain.



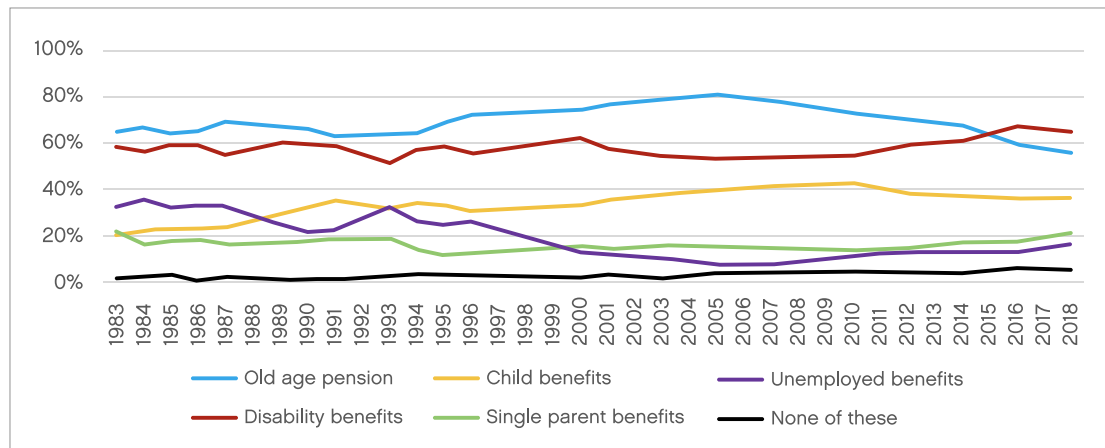
Voters want effort and reward to be recognised – but do not want to sweep away the existing system

In polling and focus groups, the public clearly backed support for those in genuine need (such as the disabled). They also maintain strong backing for some universal support – most notably the NHS, but also pensions and child benefit.

We entirely share the view that we need to help, protect and uplift the poorest in society. As we said above, the concern that the welfare system is failing those who cannot fend for themselves is a powerful one. This particular report, with its emphasis on contribution, focuses primarily on those who can and should work – but we intend, in future work, to say more about how to reform this second strand of the welfare system as well.

What people dislike, however, is when some people are seen as getting more than others despite not deserving it, while others who deserve it are not helped.

Proportion of the public listing each benefit category in their top two priorities, 1983-2018



Source: British Social Attitudes Information System

There is an important point here which should be addressed head-on. Much of the debate about welfare spending concerns redistribution. It sometimes feels as if every pound that does not go on the poorest in society is a waste of money, or a 'subsidy for the rich' – and every alteration to the tax and benefits system must be judged primarily against its impact on the IFS's decile graphs, showing how it will impact on the poorest 10 per cent of society as against other cohorts.

However, giving the biggest boost to the poorest is not the only type of fairness that matters. If the desirability of policy change were always to be judged chiefly by its 'progressivity' then the options for meaningful reform would be severely limited. Indeed, by neglecting consideration of fairness in the sense that is most important to the public, we risk undermining support for the system overall.



Voters have an acute understanding of effort and reward

The idea that work incentives play a powerful role in the welfare system is not lost on anyone with direct, or even indirect, experience of it. Many people we spoke to in focus groups had personal stories of friends, family and work colleagues who didn't work, or worked few enough hours to continue to receive benefits, rather than working full-time or near full-time.

‘You think, would I be better at home and not working?’

People knew exactly how many hours they could do before they faced a drop-off in their benefits that made it simply not worth it – and complained that the system was making ‘fools’ out of them for trying to do the right thing.

‘They think because they get so much in benefits it's not worth them working’

This is why a 2018 Centre for Policy Studies paper, *Make Work Pay*, focused on work incentives, setting out an argument first that tax cuts should be targeted at those moving from welfare into work (where work incentives are at their worst) and that you should, wherever possible, be guaranteed to keep at least half of every

extra pound you earned in order to ensure that it always paid to work. This principle was, according to our polling, hugely popular. We returned to this theme in our work earlier this year on the emergency £20 per week uplift in Universal Credit, arguing that if there is to be a permanent increase in the generosity of the system post-Covid this should be heavily focused on rewarding work through cuts to the taper rate.

Crucially, fairness is seen in terms of contribution

Older workers in particular talk about the benefits system as if it is contributory – about the idea of ‘paying in’, as if their National Insurance contributions and general taxes go into a pot that they then use in difficult times, even though they know that isn't how it works.

‘I'd been working for 29 years in the same company... I went to seek work and talking to the guy who was trying to sort me out and he was, like, “How much have you got in the bank? How many savings have you got?” And I thought hold on a minute, I've saved here, they're my savings... I thought, why should I give it to you?’

This is seen not in monetary terms, but in moral ones.

A postman who earned very little but worked for 25 years before being made redundant was seen as deserving the same support as a highly paid professional.

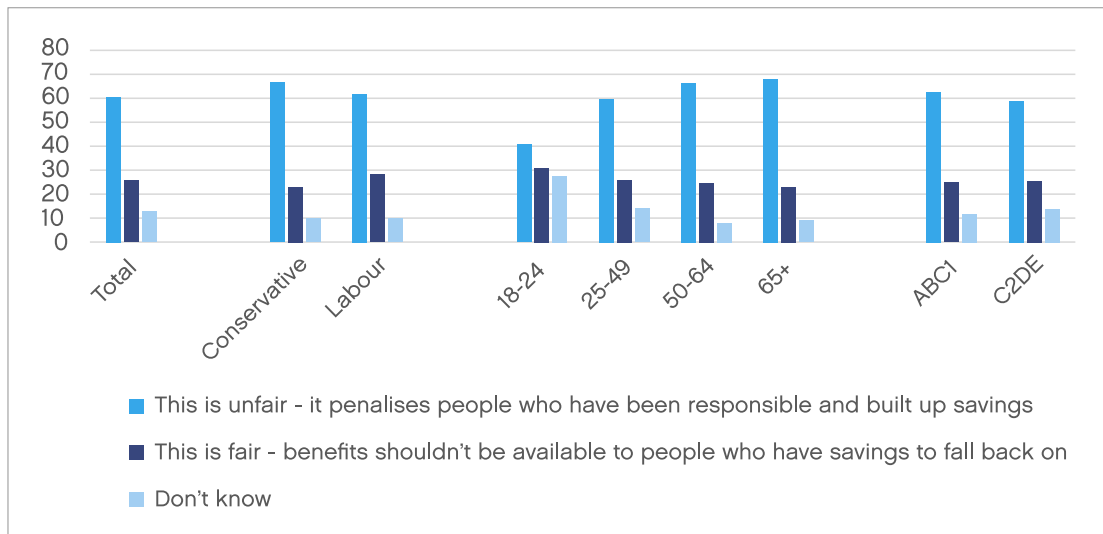
A particular bugbear was the **savings system** – the fact that many benefits are means-tested against savings, so that if you lose your job you have to draw down your personal assets before you can claim support from the state. This, voters felt, was not fair to those who had saved and done the right thing – in fact, it was actively punishing them for having contributed and then tried to save for a rainy day.



‘I’m single and work full time and I get no help whatsoever, so when you’ve got someone saying I’ll have a baby and get my house paid for and my council tax paid for and put my feet up for a few years basically...’

We included a question on this topic in our most recent set of YouGov polling, and the results bore out what we deduced from the focus groups in 2018. Across all party loyalties, age groups and social classes, a clear majority felt the savings rules were unfair after having them explained before being asked their opinion.

Voters’ views on the savings rules for benefit claimants



Source: YouGov polling for CPS, February 2021 (see annex)

It is clear from our research that the public have a sceptical view of the welfare state – and, in particular, of how fair it is. The next obvious question to ask is: are they right? To do that, we need to explain how the welfare state actually operates – and lay to rest a few surprisingly persistent myths.

‘My husband’s mother had to go into care for a short period of time and because she was over the threshold for savings, she had to pay every penny, and it’s not cheap. It’s like it doesn’t pay to save’

‘My ex-partner at the moment has got cancer and it can’t be cured... it was diagnosed a year ago and it’s taken till now to get disability. But when you go to the local pub there’s people dancing and drinking who are living on it day to day. So the people that are giving all this money out are giving it to the wrong people’



2. Mythbusting the welfare state

Welfare is an emotive topic. Most people engaged in policy and government, as well as the general public, have deeply held convictions about how it does and should operate.

Yet it is striking that many widely held views and prejudices about the welfare state are, in fact, inaccurate. This applies on two levels. First, both experts and the public are often wrong about the strengths and weaknesses of the British welfare system, especially in an international context. But more crucially, policy experts in this debate often ascribe to the general public views which they simply do not hold – frequently caricaturing their understanding of how welfare works in order to ignore their opinions and beliefs.

‘The fact the Government felt it necessary to temporarily increase benefit payments during the Covid-19 pandemic has exposed this stark difference between the British welfare state and most European systems, as many countries on the Continent provide much greater income protection as standard through their contributory systems’

We conducted a detailed examination of the state both of the UK benefits system and its overseas counterparts. Drawing on that research, this chapter will first set out some common myths about how the welfare state works – and then, about the public’s attitude towards it.

A. How we compare to others

There is a tendency – as in other areas – to view Britain’s welfare system as inferior to its counterparts. However, on many types of fairness, the UK welfare system actually does quite well compared to other countries. We are relatively generous, and our system is actually markedly efficient at redistributing from the rich to the poor. The flip side of this, however, is that we have relatively weak incentives for work or saving, and our system has much less of a contributory element than those of other countries. The fact the Government felt it necessary to temporarily increase benefit payments during the Covid-19 pandemic has exposed this stark difference between the British welfare state and most European systems, as many countries on the Continent provide much greater income protection as standard through their contributory systems. We also make people wait far longer between claiming and receiving benefits – a marked source of unfairness within the system.



If you were to read much of the media coverage, you might think the UK had one of the most punitive and least redistributive welfare systems in the world. This is untrue. Before we can close the gap between policy design and public concern, there are three common misconceptions about the British welfare state that need to be addressed:

1. '*We are ungenerous.*' In fact, the British welfare state is about average in terms of overall generosity.
2. '*We do not redistribute to the poor.*' In fact, we are very good at redistributing from rich to poor and are relatively generous to those in genuine need.
3. '*We have already gone as far as we can in terms of work incentives.*' In fact, we are very bad at incentivising people to work and to save – a problem which Universal Credit sought to address, with only partial success.

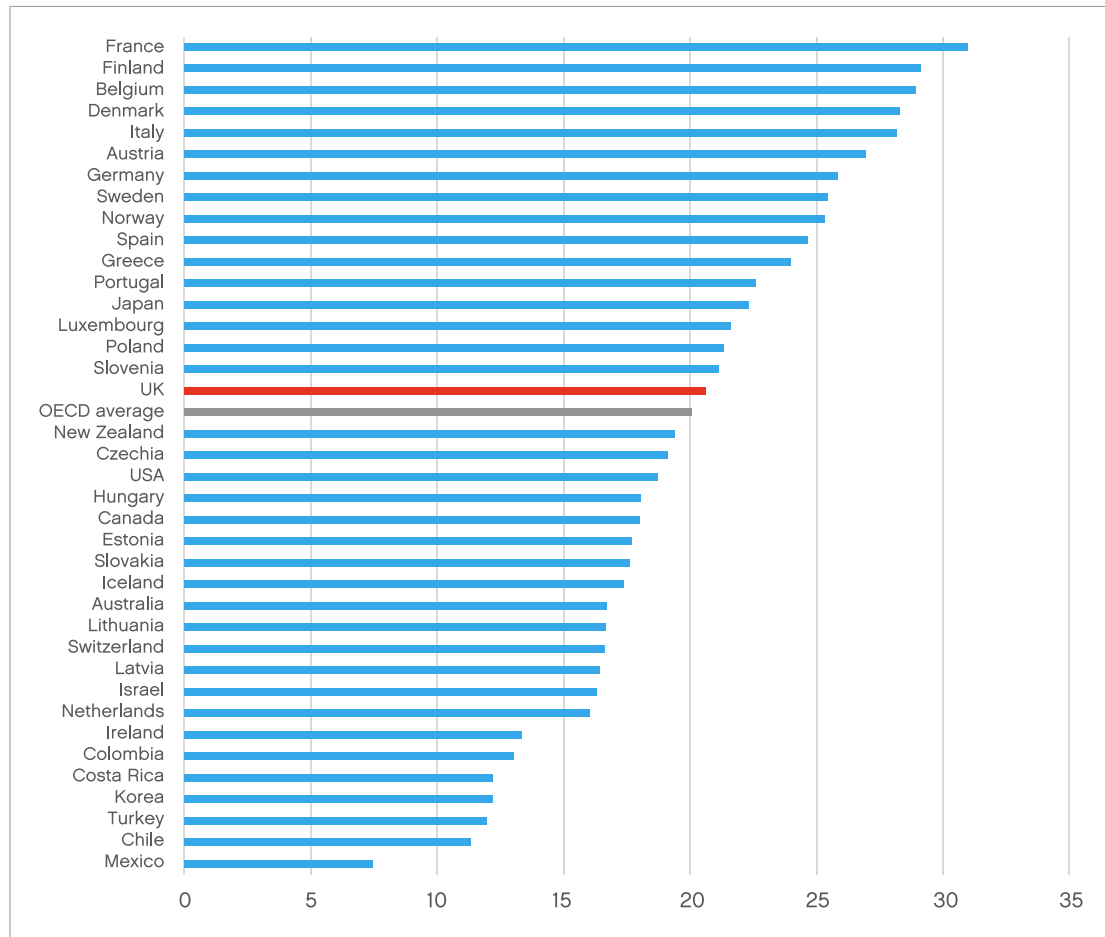
There are however two frequently criticised features of the welfare system which are true – we can be very slow to get money to benefit claimants when they need it, and can sometimes let down people with serious disabilities when carrying out work assessments.



Myth 1: We are ungenerous

There is a common misconception that the UK has a less generous welfare state than our European and other wealthy-country counterparts. This has argument has been prominent in recent months as part of calls from some quarters for the temporary £20 uplift to Universal Credit to be made permanent. Yet this is not correct. The UK spends 20.6 per cent of its GDP on welfare, compared to the OECD average of 20.3 per cent.

Public social spending as % of GDP, 2019 (or latest available)



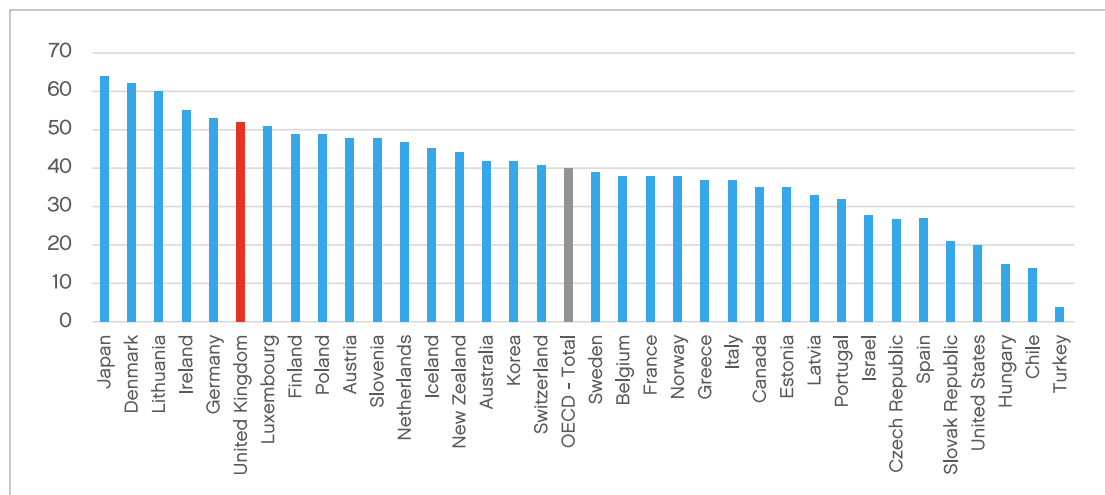
Source: OECD Data

The OECD measures the generosity of a welfare system by calculating the benefits received by a jobless couple, with two children aged between four and six, qualifying for housing benefit.

By that metric, the 'floor' in the UK welfare system – the minimum amount that this typical family will receive – is 52 per cent of median income. That is significantly higher than the OECD average of 40 per cent. We are particularly generous when it comes to subsidising housing costs (though that is partly a result of the UK's high rents), though note that even if housing support is excluded the UK figure is 39 per cent compared to an OECD average of 32 per cent.



Minimum income benefits for typical family, as % of median income, 2020 (or most recent available)



Source: OECD.Stat. Based on a jobless couple with two children and receiving housing support.

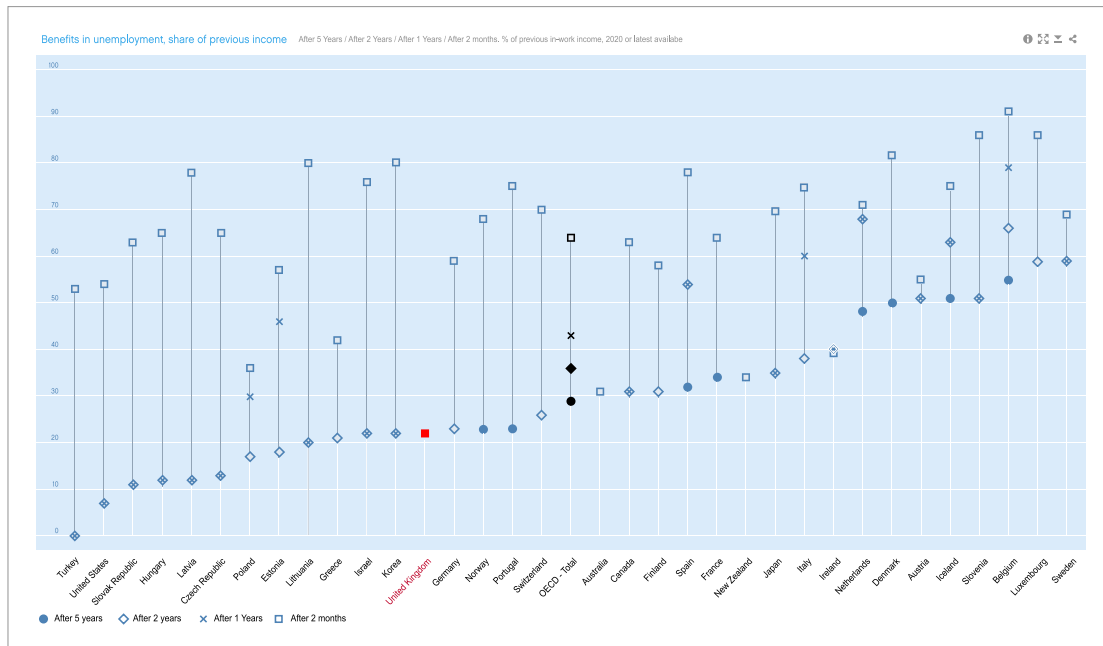
The safety net is significantly less generous for those without children or housing. But it is still in line with the OECD average. A single person with no children and no housing support will receive just 20 per cent of median income from the benefits system compared to an OECD average of 24 per cent. Technically the most recent figure for the UK on this measure suddenly jumps five percentage points to 25 per cent in 2020, above the OECD average, but this is due to the temporary increase in Universal Credit.

The area in which the UK does appear to be an ungenerous outlier is the 'replacement rate', the income most people can expect if they lose their job, measured as a proportion of their previous in-work income. This is especially true if we exclude housing benefits. However, this is mainly explained by the lack of a contributory benefit system in place in the UK compared to most other advanced countries.

As an illustration of this, the UK's overall ranking on net replacement rate rises depending on how long the period of unemployment lasts. For a single person without children and not receiving housing support, the UK's replacement rate for someone out of work for a few months currently ranks lowest in the OECD at 22 per cent, a vast difference with the OECD average of 64 per cent. After a year of unemployment, that same person receives an average of only 43 per cent on average across the OECD, after two years 36 per cent, and after five years 29 per cent – as contributory benefits are gradually reduced or withdrawn, and replaced with much lower means-tested support. Meanwhile, the UK's replacement rate remains as it was at 22 per cent because our system is almost exclusively means-tested from day one. Most other countries have contributory systems which provide a time-limited higher level of income protection. In Germany, for example, there are generous contributory benefits available for the first year of unemployment, after which the benefits available are of a similar level to Universal Credit in the UK.



Benefits available are of a similar level to Universal Credit in the UK



This explains why in the UK the Government needed to introduce higher benefit payments and schemes such as furlough in response to the Covid-19 crisis. The income protection available for someone who becomes unemployed, even if they have been in a decent job and worked all their adult life, is very low relative to other countries, especially for some groups. According to the Institute for Fiscal Studies, when comparing replacement rates for families without children who have access to contributory benefits, the UK ranks bottom out of the entire OECD.¹⁰

This is an important caveat to the claim, made frequently by some commentators in the media over the last year, that the UK has an extremely ungenerous welfare safety net compared to other countries. Sometimes these claims have even been illustrated using charts which specifically refer to replacement rates.¹¹ But what is rarely mentioned is that the reason we are an outlier is the lack of any meaningful contributory benefit system – and not, as is claimed, that UK benefits overall are extremely low compared to elsewhere.

Myth 2: We do not redistribute

How can the UK afford more generous social spending than others, given that it spends only an average amount?

The answer is that the UK welfare state is relatively efficient, at least when it comes to redistribution.

At the moment, around 35 per cent of welfare spending goes to those with above average incomes. This is often criticised – but it is in fact a much smaller total than in other countries, where a still greater proportion of welfare spending goes towards the middle classes compared with the genuinely poor.

¹⁰ Bourquin and Waters, *The temporary benefit increases beyond 2020-21*, IFS, October 2020. [link](#)

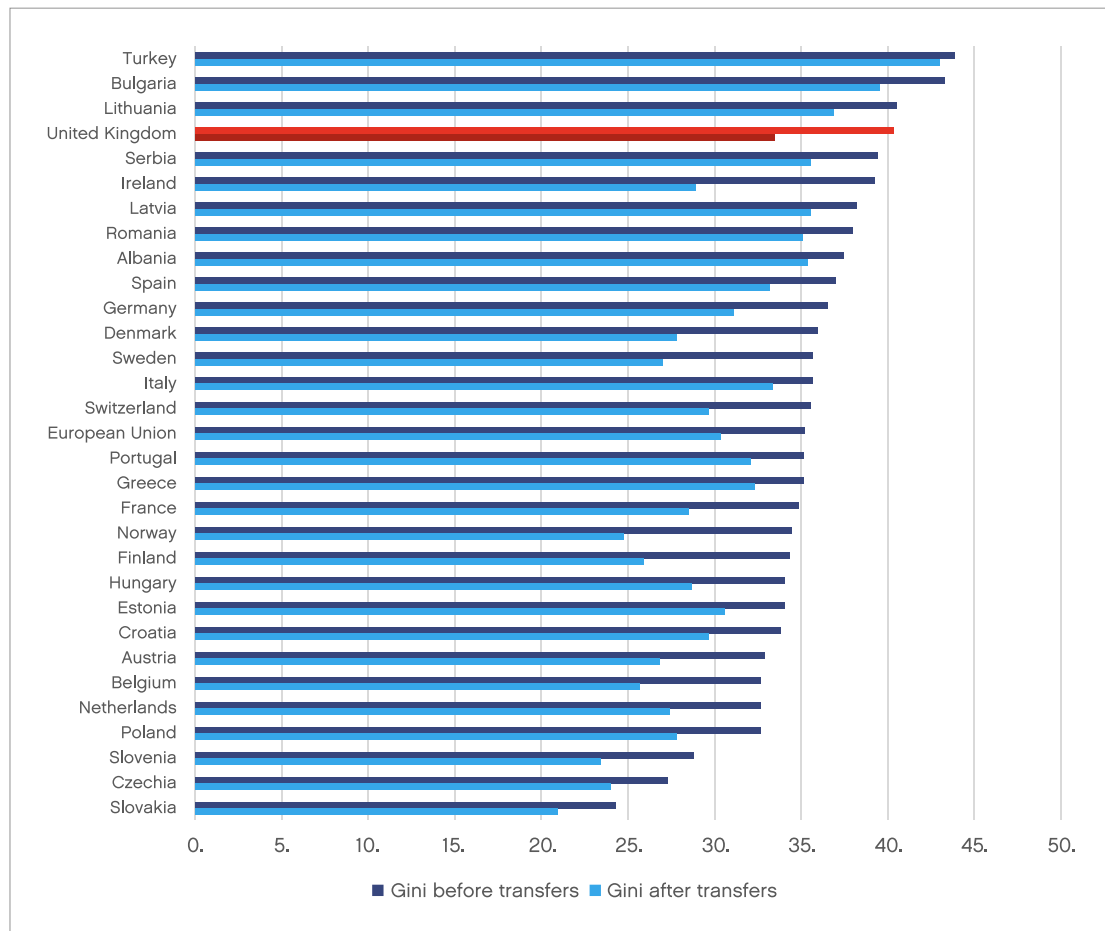
¹¹ George Eaton, 'Why cutting Universal Credit is even worse than you think', *New Statesman*, July 2021. [link](#)



You can see how this works by studying the inequality figures. In terms of raw income, inequality in the UK remains significantly higher than the European average: measured as a Gini coefficient of 40.4 (the fourth highest in Europe) compared to an average of 35.2.

But our tax and benefits system is focused much more tightly on taking from the rich and giving to the poor – meaning that once you track how much money people are actually left with as disposable income, inequality in the UK falls to a Gini coefficient of 33.5, still above the European average of 30.4 but closing the gap significantly.

Gini coefficient before and after social transfers



Source: Eurostat, 2018



Myth 3 – We’ve done too much to push people into work

One of the main criticisms of welfare reforms since 2010, based on an approach pioneered in Wisconsin in the 1990s, was that they did too much to push people from welfare into work, by pushing claimants to seek work wherever possible. This despite the fact that these reforms were both hugely popular and hugely effective, contributing (along with Britain’s flexible employment market) to a collapse in long-term unemployment to its lowest level for almost half a century.

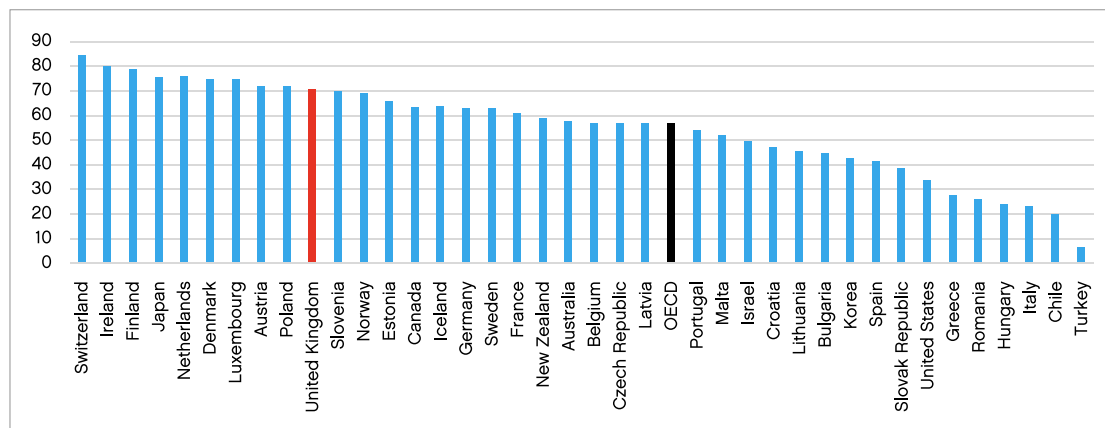
Many on the Left now claim that the screws have been turned too tight, and that the central problem with the British welfare system is that it has become too punitive.

In fact, by international standards, Britain is still not doing as much as others to incentivise claimants back into work.

This is because having such a tightly targeted welfare state comes with a downside. Focusing benefit spending on those who really need it means that we take away benefits relatively quickly as people move up the income scale. This, of course, deters them from moving up the income scale at all – because they discover that as they work longer hours, they only get to keep a fraction of what they earn.

This can be measured by something called the participation tax rate (PTR), which represents the amount of earnings benefit recipients are likely to lose as they climb the income ladder. The UK’s figure of 71 per cent compares unfavourably to the OECD average of 57 per cent.

PTR for recipients of safety-net benefits, % of gross earnings (OECD, 2018)



Source: OECD.Stat

In a major paper in 2018, *Make Work Pay*, the Centre for Policy Studies examined the intersection between the tax and welfare systems. We pointed out that those on Universal Credit still see an effective marginal tax rate of at least 63 per cent – which increases to 75 per cent when earnings exceed the thresholds for income tax and National Insurance, and can be even higher when other benefits such as council tax support are taken into account. This cliff edge will only have increased with the recent increases to National Insurance in order to fund health and social care.

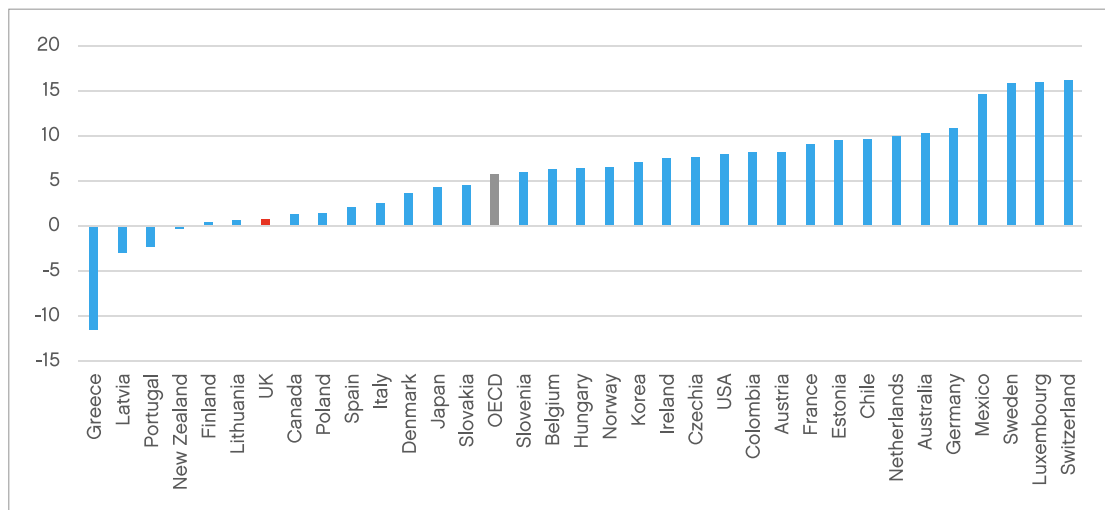


Charging higher marginal tax rates for cleaners than CEOs is, as we pointed out in that 2018 paper, the very opposite of making work pay. That is why we urged the Government to cut the ‘taper rate’ at which Universal Credit is withdrawn, in order to make it more attractive for people to work longer hours. Indeed, before the arrival of Covid-19, the UK labour market had done a remarkable job at increasing employment rates, but we were much less successful at getting people to climb further up the employment ladder once they had made that initial step of entering work.

The other major structural problem with the UK’s welfare system is the way in which it fails to incentivise people to save – and, in fact, discourages it.

The UK’s household savings rate has traditionally been significantly lower than its peers’. One contributing factor to this is that, across much of the welfare state, you are unable to access benefits if you have savings.

Household savings ratio, 2019 (or most recent available)



Source: OECD Data

The savings rules have been a particular problem during the pandemic. The sudden flow of people from paid employment into the claimant population have, on average, had higher levels of savings than the typical benefit claimant in normal times. Many have been surprised to find their savings mean they cannot access Universal Credit, despite having paid into the system for many years.¹²

As noted above, our polling suggests there is a strong sense across all age groups and voting types that these savings rules within the welfare system penalise people for saving money for a rainy day.

¹² Brewer and Handscomb, *This time is different – Universal Credit’s first recession*, Resolution Foundation, May 2020. [link](#)



Truth 1: We don't pay people quickly enough

Among countries with established welfare systems, a large number make payments on a monthly basis, as in the UK, imitating monthly wage payments when in work. There is, however, a wide variation, with a number of exceptions whereby in some countries welfare is distributed as a daily or weekly payment.

However, the UK is particularly harsh in terms of the waiting period to obtain your first payment. This of course can be crucial, since if you do not have savings, and especially if you have a family, then delays can really prove difficult. Surveys show that 34 per cent of owner occupiers, 63 per cent of private renters, and a staggering 83 per cent of social renters say they do not have any savings at all.¹³ A Resolution Foundation survey last year found that more than half of those coming onto Universal Credit during Covid had less than £1,000 in savings, and for pre-existing claimants this figure was even higher at 72 per cent.¹⁴

‘Almost half of all new claims to UC now involve requests for advance payments, which suggests large numbers of people are struggling with the transition to monthly payments and experiencing hardship’

Paying claimants monthly in arrears means that, once the processing period is taken into account for payments to be made, they may not receive their first payment until five weeks after their claim starts.

Almost half of all new claims to UC now involve requests for advance payments, which suggests large numbers of people are struggling with the transition to monthly payments and experiencing hardship. Almost 40 per cent of claimants in a survey last year who did not opt for an advance payment also said the main reason was because they saw it as ‘like a debt’, rather than that they did not need it because they had enough to get by until their first payment.¹⁵

Just as we want to be fair to those who have been responsible and saved, we also want to treat those who have not saved fairly and ensure they have the money for the basics that they need. When people lose work, or see their relationship break down, they may not be able to or have time to build sufficient savings, so getting people that all-important first cash boost has to be a priority for the system.

The Trussell Trust claimed in 2017 that the lengthy waiting period for benefits had in part led to an increase in people using food banks. The Universal Credit system originally made people wait up to 42 days for their first welfare payment. In the 2017 Autumn Budget, the initial seven-day waiting period was scrapped, shortening the overall wait to five weeks. A survey by Citizens Advice in June 2020 found that 53 per cent of people claiming Universal Credit due to Covid

13 English Housing Survey 2016/7 Tables. *Annex Table 2.5: Savings, by tenure, 2016-17*

14 Brewer and Handscomb, *This time is different – Universal Credit's first recession*, Resolution Foundation, May 2020. [link](#)

15 Brewer and Handscomb, *This time is different – Universal Credit's first recession*, Resolution Foundation, May 2020. [link](#)



had experienced hardship during the wait for their first payment.¹⁶ The Work and Pensions Select Committee recently conducted an inquiry into the wait for a first payment, concluding that the Department needed to consider options such as a 'starter payment' to ease claimants onto the system, and numerous previous Select Committee reports have called for the wait to be significantly reduced.¹⁷ For JSA and income support, the UK currently has a target of between 10 and 14 days.

This, as the table below shows, still makes us a major outlier. Some countries, like Germany, do not have a waiting period at all – but it is uncommon for payment to arrive in less than a week.

Delay before first welfare payment

Germany	There is no waiting period for payments.
Belgium	In most cases payments are immediate.
Norway	Three-day waiting period.
Finland	Five-day waiting period.
United States	A complicated network of systems, involving over 600 government welfare programs at the federal, state, city and county levels. However, food stamps are available after seven days if you apply for expedited relief.
Sweden	Seven-day waiting period.
Japan	Seven-day waiting period.
France	Seven-day waiting period.
Italy	Eight-day waiting period.
New Zealand	Seven-to-14-day waiting period.
Ireland	Seven-to-14-day waiting period (see link).
UK	DWP target for income support/Jobseeker's Allowance is between 10-14 days, but this is not always achieved. For Universal Credit it is normally five weeks.

Truth 2: Many people struggle to cope with monthly payments

The argument for monthly payments is that it mirrors the way most people in work are paid, thus preparing claimants for working life and ensuring they learn to manage their finances properly.

Yet the monthly assessment periods coupled with the innovation of using 'Real Time Information' (RTI) in Universal Credit also means that claimants who are receiving income from both employment and benefits end up with bizarre fluctuations in their income. Under the old tax credits system, awards were calculated annually, but under UC income is assessed month to month in order to better reflect income throughout the year.

While this is in many ways a positive step, it means that someone who is paid weekly can end up with their monthly benefit income being significantly adjusted in some months. A claimant would receive four weekly pay packets in eight months of the year, but five pay packets in the other four months.

UC is tapered away at 63p in the pound, so benefit entitlement can change substantially from month to month, making it difficult to budget. Increasing numbers

¹⁶ Press Release, 'Coronavirus claimants facing further hardship in wait for Universal Credit', Citizens Advice, June 2020. [link](#)

¹⁷ *Universal Credit: the wait for a first payment*, Work and Pensions Select Committee, October 2020. [link](#)



of people on low pay are also in 'zero-hour' or 'gig economy' jobs where their pay may change substantially in certain periods.

All of this is particularly problematic in some cases where an assessment period with unusually high employment income can lead to UC entitlement being withdrawn altogether, meaning the claimant is required to reapply for UC the following month.

Research by the Department for Work and Pensions as part of the initial development of the UC programme found that 42% of all working age benefit recipients said moving to monthly payments would make it harder to budget, compared to just 10% who said it would be easier. The former figure included a majority (53%) of Jobseeker's Allowance claimants and a majority (54%) of housing benefit recipients. It also included a majority of single parent claimants (55%). Younger claimants were much more likely to find monthly payments a daunting prospect, with 57% of 20-24 year olds saying it would make it harder to budget.¹⁸

‘Those on low incomes also spend a much higher proportion of their income on essentials such as food and heating, meaning they are less able to simply adjust their outgoings to reflect the pattern of their income’

When asked why they thought monthly payments would make things harder for them, the vast majority (80 per cent) chose 'I might run out of money before the end of the month', with more than one in four also saying it would mean they might struggle with unexpected expenses.¹⁹

There is, of course, an obvious counterargument to this, which is that people in work have to budget based on their pay packets, and there is no reason benefit claimants should not have to do the same. However, people on Universal Credit are by definition living on a low income. They are much less likely than people in steady work to have any kind of financial buffer at their disposal to deal with unexpected costs or to cushion themselves in high-spending months. (As mentioned above, 86% of people for whom benefits are their main source of income do not have more than a month's worth of income in savings,²⁰ and two thirds of those in the bottom income decile report that they have no savings at all.)²¹

Those on low incomes also spend a much higher proportion of their income on essentials such as food and heating, meaning they are less able to simply adjust their outgoings to reflect the pattern of their income. Among the bottom income quartile, the proportion of household consumption spent on 'essentials' has actually been rising, from 52% before the last recession to 59% in 2018.²² In our YouGov polling, working class respondents (social grades C2DE) were more likely to say that their utility bills and grocery bills have been rising in recent years.

18 Tu and Ginnis, *Work and the welfare system: a survey of benefits and tax credits recipients*, DWP, 2012, pp60-61. [link](#)

19 Tu and Ginnis, *Work and the welfare system: a survey of benefits and tax credits recipients*, DWP, 2012, p63.[link](#)

20 Corlett and Clarke, *Living Standards 2017*, Resolution Foundation, February 2017. [link](#)

21 Smith and Pacitti, *A problem shared?*, Resolution Foundation, August 2019, p17. [link](#)

22 Smith and Pacitti, *A problem shared?*, Resolution Foundation, August 2019. [link](#)



Truth 3: We sometimes let down those with serious disabilities in work assessments

There is also a separate issue, as mentioned above, surrounding the treatment of those with genuine disabilities – and public concern that they are not being treated with sufficient compassion. This is a vitally important topic, which we hope to address in a subsequent paper: the necessary corollary of recognising contribution, after all, is to also recognise that there are many who cannot contribute through no fault of their own.

B. The reality of public attitudes

In the course of carrying out this research, we have engaged with many policy experts and presented them with the findings of our polling and focus groups. To our surprise, many of them countered with statements about the public's understanding of and attitudes towards the welfare system which were demonstrably false. Indeed, it is not entirely ridiculous to suggest that ordinary voters have a *better* understanding of the welfare system than many of those tasked with running and shaping it.

There were five arguments in particular which need to be rebutted:

1. *'The public are often ignorant – they've been convinced by tabloids that the welfare system is too generous and riddled with fraud.'* In fact, the public are surprisingly accurate in their understanding of welfare.
2. *'The public think they want contribution but they don't really.'* In fact there is a solid international correlation between countries with contributory systems and public support for the welfare state.
3. *'The public lack compassion for the poorest.'* In fact there is a nuanced view of what the welfare state should do, in which support for those in need is balanced with reciprocity towards those who do the right thing.
4. *'The pandemic has signalled a shift in favour of higher benefits, after a decade of austerity and bad press about Universal Credit. Voters' views are softening and becoming much more liberal.'* Our research makes clear that the pandemic has not dramatically shifted the public's views. While we did find a rise in support for higher unemployment benefits, this shift seems to be down to a change in who people think of as 'the unemployed' in the Covid era, and has not been mirrored by any change in views on how the system should work, such as work search requirements and the importance of contribution. Voters do see a case for greater generosity for some people, but they are very clear about who those people should be.
5. *'It's all about hostility to immigration.'* People do not think newly arrived migrants should have the same access to benefits as UK citizens – but they are actually even more critical of those that grow up in the UK and do not contribute.



Myth 1: The public don't support the welfare system because they are ignorant

One of the most common claims about the welfare state is that the public are sceptical about welfare because they have been duped by tabloid headlines.²³

But this accusation does not stand up to scrutiny. Several studies have found little correlation between the number of negative newspaper stories on welfare spending or fraud, and wider public opinion. Much of the recent rise in cynicism towards welfare has been concentrated among the young and Labour supporters – who are hardly the most avid readers of newspapers like the Sun or Daily Mail.²⁴

‘Even at the height of the unemployment spike during the last recession JSA spending only reached £6.3 billion, compared to the roughly £100 billion going on the state pension every year’

It is true that the public do not have a clear view of how the welfare system works. When we asked people that question, the number saying they were slightly or completely unclear was almost twice as high (53 per cent) as those that felt very or fairly clear (34 per cent), though the gap between these figures has fallen six percentage points since our 2018 poll. This lack of clarity was broadly consistent among all demographic groups, though older age groups are more likely than the young to say they understand the system.

One notorious example of this is that if you ask the public which they think is the larger item in the Government's budget out of Jobseeker's Allowance and the state pension, a significant proportion (29 per cent in one survey and 40 per cent in another) will point to Jobseeker's Allowance.²⁵ In reality, even at the height of the unemployment spike during the last recession JSA spending only reached £6.3 billion, compared to the roughly £100 billion going on the state pension every year.²⁶

However, overall spending on working-age welfare is substantially higher than this. When you add together JSA, Housing Benefit, council tax support, Universal Credit, and other benefits for working-age claimants such as Employment and Support Allowance, Disability Living Allowance/Personal Independence Payments, extra spending for children in non-working households, you end up with a total spend for working-age welfare of around £100 billion (in normal times, pre-Covid), versus around £120 billion for pensioners.²⁷ Even allowing that some of the working age spend will be, for example, housing benefit and Universal Credit top-ups for those in work but on low pay, the gap is not as wide as many seem to think.²⁸

23 See, for example: Attitudes towards welfare and welfare recipients are hardening, David Binder, 2017. [link](#)

24 Generation Strains, Bobby Duffy, Suzanne Hall, Duncan O'Leary and Sarah Pope, Demos, 2013. [link](#)

25 Ipsos MORI for Royal Statistical Society & King's College London, 'Perceptions Are Not Reality', July 2013. [link](#)

26 Benefit Expenditure and Caseload Tables, DWP, 2020. [link](#)

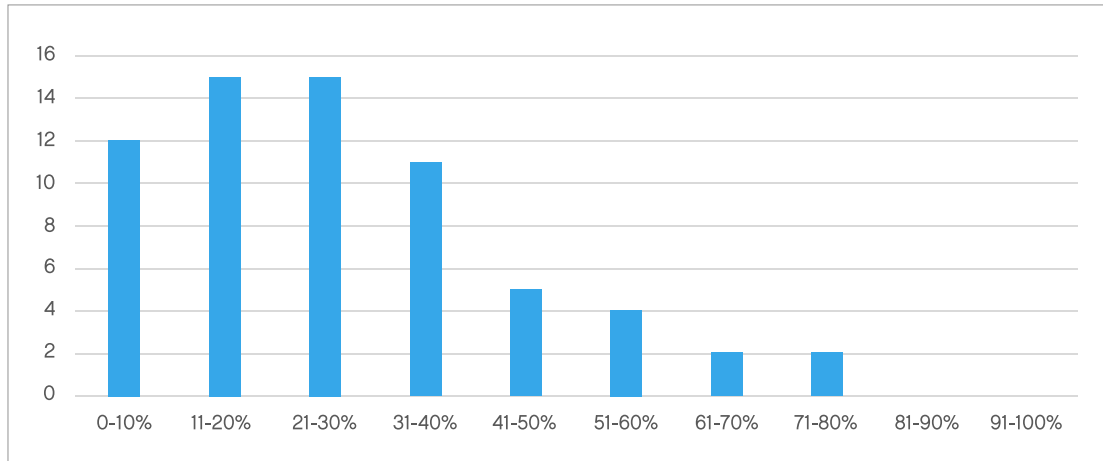
27 Benefit Expenditure and Caseload Tables, DWP, 2020. [link](#); Robert Joyce, 'Benefits spending: Five charts on the UK's £100bn bill', IFS/BBC, March 2019. [link](#)

28 Benefit Expenditure and Caseload Tables, DWP, 2018. [link](#)



In addition, the public's overall estimates of spending on welfare are fairly accurate. In our polling, the public seemed to have a reasonably good idea of the proportion of government spending that goes towards welfare: if anything, there is a slight tendency to underestimate just how large the welfare state is.

**What proportion of government spending do you think goes on welfare benefits?
(Actual: 28%)**



Source: Perceptions are not reality, Ipsos MORI, 2013

In fact, our polling suggests Labour voters in particular tended to underestimate the proportion of government spending devoted to welfare. A majority of those Labour voters who expressed a view estimated that it made up less than 20 per cent of total spending.

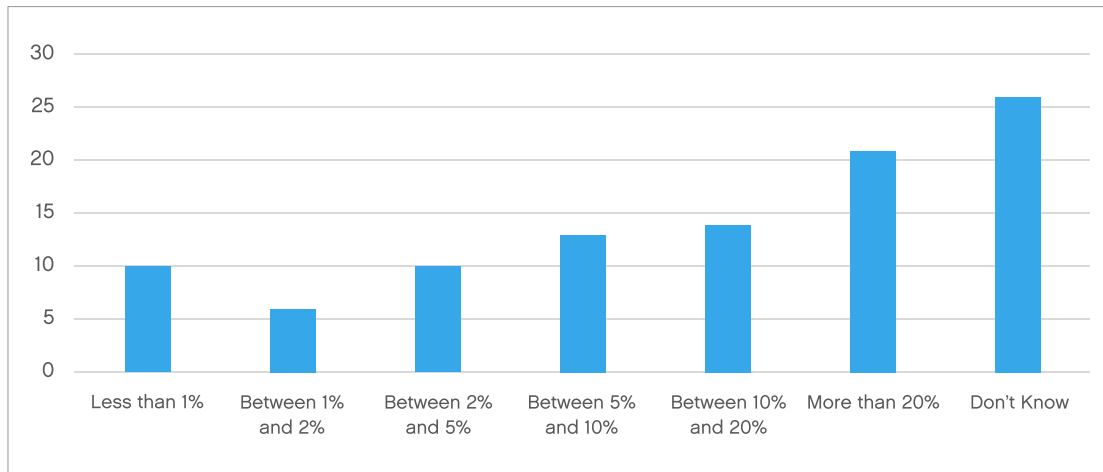
But the gap between policymakers and the public is most clearly seen when it comes to welfare fraud – the most common example cited of how the public get things wrong. Polling by Ipsos Mori found the public estimate that 24 per cent of the welfare budget is lost to fraud,²⁹ whereas official estimates of the level of fraud suggest it is closer to 1.2 per cent.³⁰ In our own polling, nearly half (48 per cent) believed that at least 5 per cent of welfare claims were lost to fraud. Again, it is worth noting that despite signs that there has been a gradual rise in people saying benefit levels are too low, our polling suggests the average estimation of the level of fraud has risen slightly since our first poll in 2018.

²⁹ Ipsos Mori, *Perceptions are not reality*, July 2013. [link](#)

³⁰ Fraud and Error in the Benefit System 2017/18 Preliminary Estimates, 2018. [link](#)



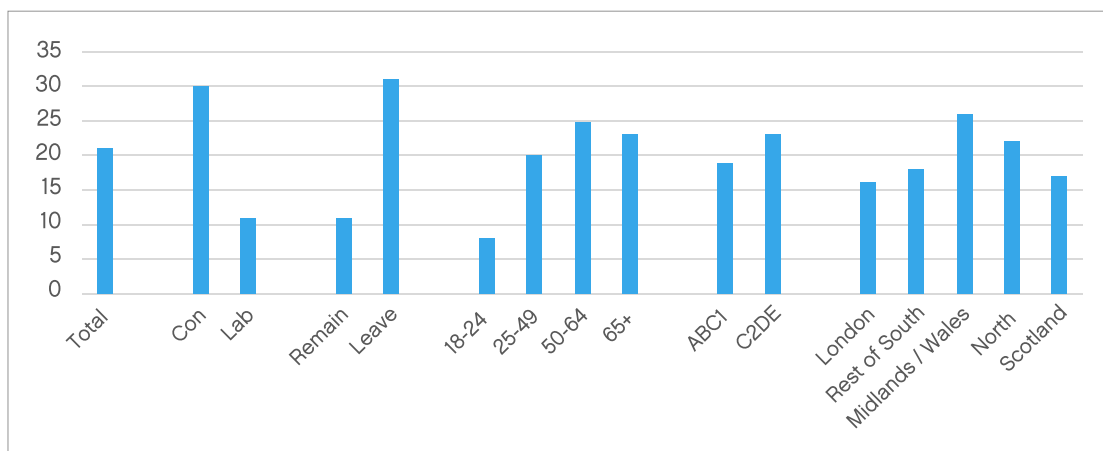
What proportion of welfare claims do you think are made up of 'welfare fraud'?



Source: YouGov polling for CPS, February 2021 (see annex)

It is also worth noting which groups are more likely to give higher estimates of the prevalence of fraud. Our polling suggested that voters who are older, voted Conservative, voted for Brexit, are from a working class social grade, and who live in the Midlands and North tend to think fraud is higher.

Proportion of respondents estimating that fraud accounts for more than 20 per cent of welfare claims



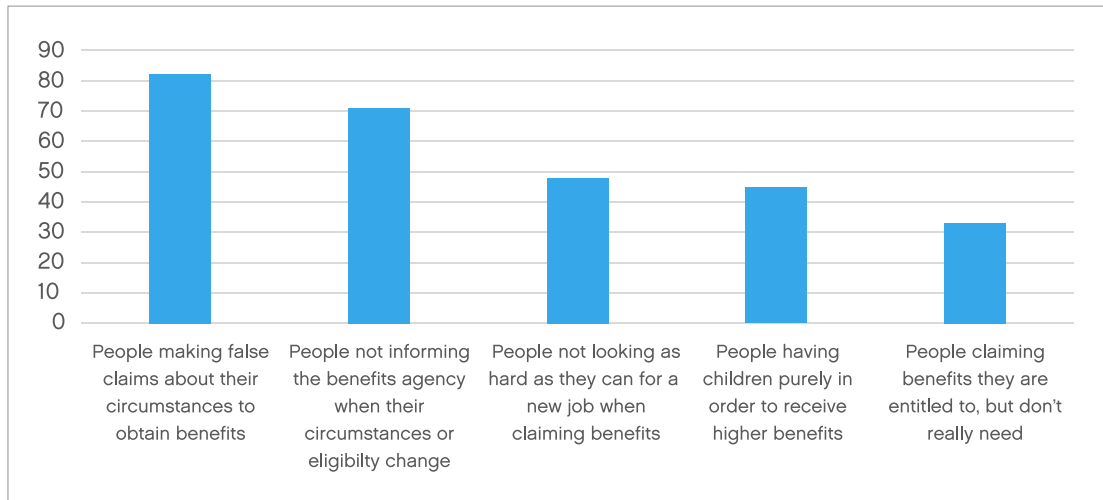
Source: YouGov polling for CPS, February 2021 (see annex)

But when you dig deeper, it becomes very clear that the gap between public estimations of fraud and the official figures is not down to ignorance, but the fact that **the public have a much broader sense of what fraud actually is.**



That Ipsos MORI polling, for example, found that many voters believed that choosing to have more children in order to claim benefits was a type of fraud.³¹ In our own polling, a majority of those expressing a view argued that it was welfare fraud to claim benefits while *'not looking as hard as you could for a new job'*. A third of respondents claimed that it was fraud to claim benefits that you didn't really need to. These results are almost identical to the results for the same question when asks in our poll three years ago.

What voters think of as 'welfare fraud'



Source: YouGov polling for CPS, February 2021 (see annex)

On other definitions of fraud, the public are if anything underestimating the level in the system. While the headline level of 'fraud overpayments' for all benefits is just 1.4 per cent,³² the National Audit Office reports that between 2010 and 2015 a quarter of recipients (24 per cent) were sanctioned for breaking the terms of their claimant commitment.³³ This is exactly the same figure as the proportion of the welfare budget that the public believes is being lost to fraud.

Myth 2: The public lack compassion

In our conversations with welfare experts, one made a claim that was simultaneously shocking and snobbish: that C1 and C2 voters (lower middle class and skilled working class) could be expected to be less supportive of those on welfare because they often lacked the compassion of A and B voters (professional workers).

Needless to say, this is not obviously true from our polling – ABC1 and C2DE groups were quite similar in their responses to questions.

However, there is a wider view that the public as a whole lack sympathy with those on welfare – that, perhaps driven by the tabloid newspapers mentioned above, they have wrongly stigmatised its recipients.

31 Generation Strains, Bobby Duffy, Suzanne Hall, Duncan O'Leary and Sarah Pope, Demos, 2013. [link](#)

32 Fraud and Error in the Benefit System 2019-20, Preliminary Estimates, 2020. [link](#)

33 Benefit sanctions, National Audit Office, 2016. [link](#)

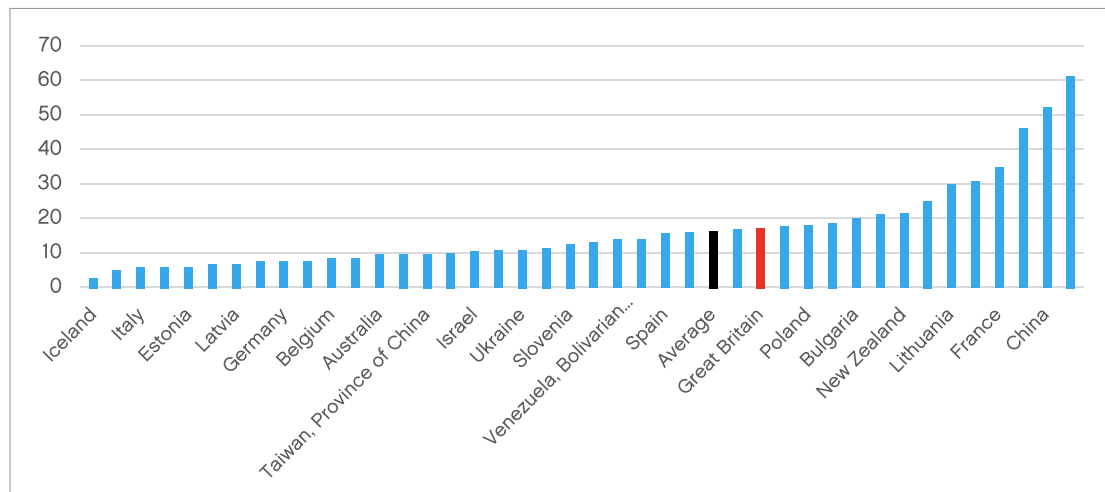


In fact, our focus groups – of those C1 and C2 voters – found very significant levels of compassion and a nuanced view of the welfare system. They accepted that a mark of civilised society was:

- Support for those unable to work;
- Support for those who suffer because companies go out of business or because of changing economic conditions (in normal times, around 13 per cent of jobs are lost each year as companies go bust and the underlying structure of our economy evolves)³⁴; and
- Support for those in work but who still need financial assistance.

Their views are backed by polling data. In a major international survey in 2009, only 17 per cent of the UK population agreed with the proposition that the Government should spend less on benefits for the poor – only a fraction over the international average.³⁵

'The Government should spend less on benefits for the poor' (net agree, ISSP, 2009)



Where the public are more sceptical, however, is in terms of overly generous benefits for the unemployed. In 2009 – the last time this international work was done – the UK saw one of the lowest rates of net agreement (53 per cent) with the statement that *'The Government should provide a decent standard of living for the unemployed.'*³⁶

Their view is overwhelmingly that **if you can work, you should**. Unemployment is clearly viewed as a temporary state, in which the Government should ensure you are able to buy necessities, rather than one in which you should have access to the same lifestyle you had when in work.

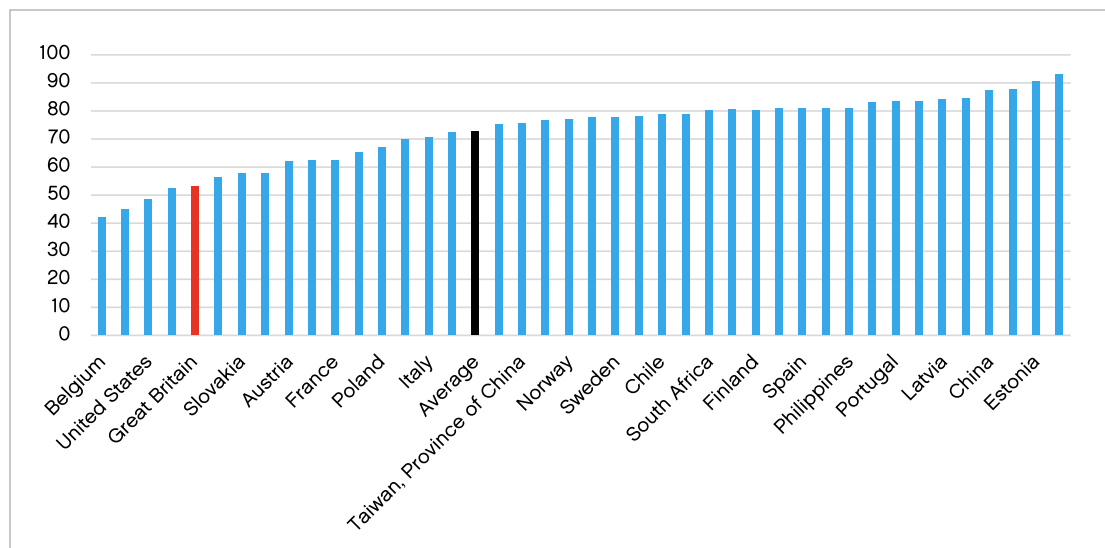
34 Job Creation and Destruction in the UK: 1998-2010, Michael Anyadike-Danes, Karen Bonner and Mark Hart, BIS, 2011. [link](#)

35 International Social Survey Programme, dataset available here. [link](#)

36 International Social Survey Programme, dataset available here. [link](#)



'The Government should provide a decent standard of living for the unemployed' (net agree, ISSP, 2009)



Myth 3 – The public don't actually want contributory welfare

Our public opinion research makes it very clear that there is a genuine desire for a system which does more to recognise those who have paid in, and where people feel they can trust the system to treat people fairly. As will be further set out in the subsequent chapters of this paper, both our polling and our focus groups show support for taking a person's record of contribution into account within the welfare state.

For example, we found that the level of income people think benefits should provide for different hypothetical claimants rose depending on how long the claimant had previously worked. For someone who has only worked for one year, 46 per cent of people think they should only receive benefits to cover subsistence. For someone with a 20-year record of contribution this falls to just 15 per cent, with 71 per cent of people saying this person should receive at least as much as a minimum wage job.

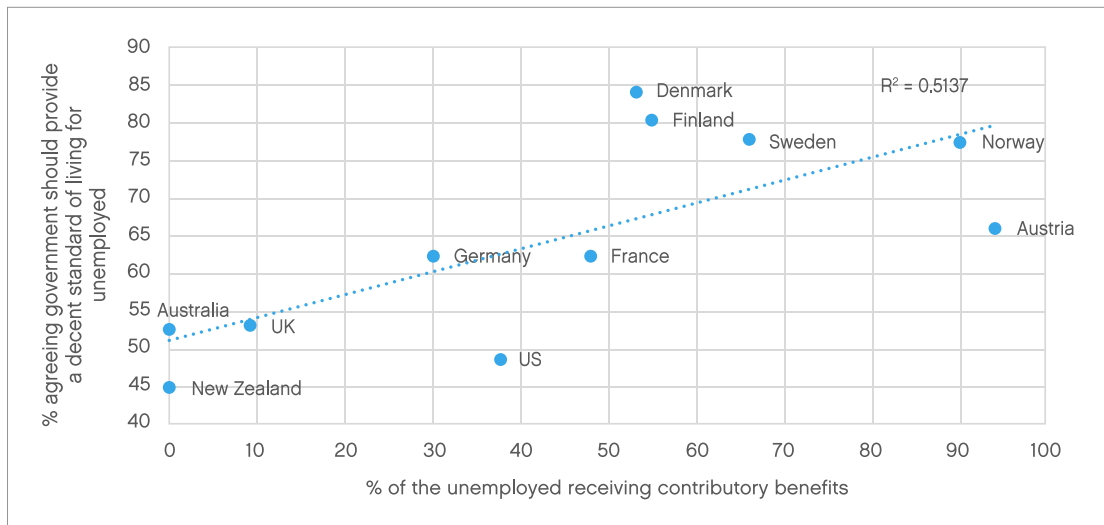
In our focus groups, many people spoke passionately about their feeling that the system was not fair for people who had done the right thing. This was tied to sentiments that the system was too open to be 'gamed' or for people to claim benefits they did not need or deserve – in other words, that there was a pay-off for those who do the wrong thing.

More broadly, focus group participants (and older people in particular) tended to speak in terms of having 'paid in'. Some even talk as though their national insurance payments should be going into a specific pot which they have a right to draw on in certain circumstances. Some who had found the system inadequate when they needed it would quote their record of working to illustrate the unfairness ('I'd been working for 29 years...').

It is not just in Britain where people do not think it is right for the state to give people a good standard of living unless they have first contributed. This seems to



be an innate human view. Across nations, if you plot the relationship between the share of welfare that is contributory, and public support for the welfare system, there is a clear correlation.³⁷ And it seems clear that once people are given the welfare system they ask for, they are happier with welfare in their country as a whole.



Myth 4 – Public opinion on welfare has softened significantly as a result of the pandemic and a decade of spending cuts and Universal Credit controversies

Since its decision to temporarily increase Universal Credit by £20 per week during the pandemic, the Government has come under constant pressure to make this measure permanent. Part of the case that has been constructed for this campaign is that the public are now in favour of higher benefits, and that their views on welfare in general have mellowed. The Health Foundation commissioned polling which found strong support for maintaining the uplift beyond the pandemic.³⁸

This can be seen in the context of a crisis which followed a decade of welfare cuts and widespread coverage about the consequences of Universal Credit on particular groups, both in terms of overall support and conditions and delays on that support. Already in 2018 when we began this project, the view of many policy experts we spoke to was that – because of Universal Credit’s rollout – the public’s view on welfare had begun to change (though it is worth noting the BSA numbers suggest support for higher benefits is still comfortably below where it was a few decades ago, before attitudes shifted markedly in the 1990s and 2000s).

In our original polling in 2018, 50 per cent thought that unemployment benefit was too high or about right compared with 28 per cent who thought it was too low. Across the population, 52 per cent said they would rather taxes remained static or were lower, and unemployment benefit maintained or reduced accordingly. Just 19 per cent supported higher taxes to support the unemployed.

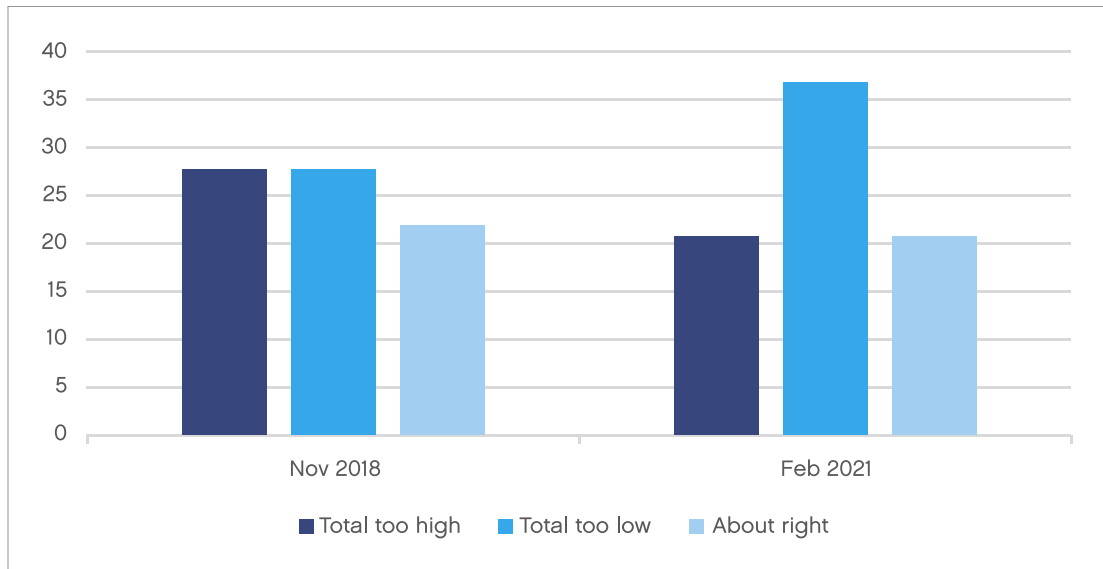
³⁷ Data from ISSP, 2009, as above

³⁸ Health Foundation, ‘Public perceptions of health and social care in light of COVID-19 (November 2020)’, January 2021. [link](#)



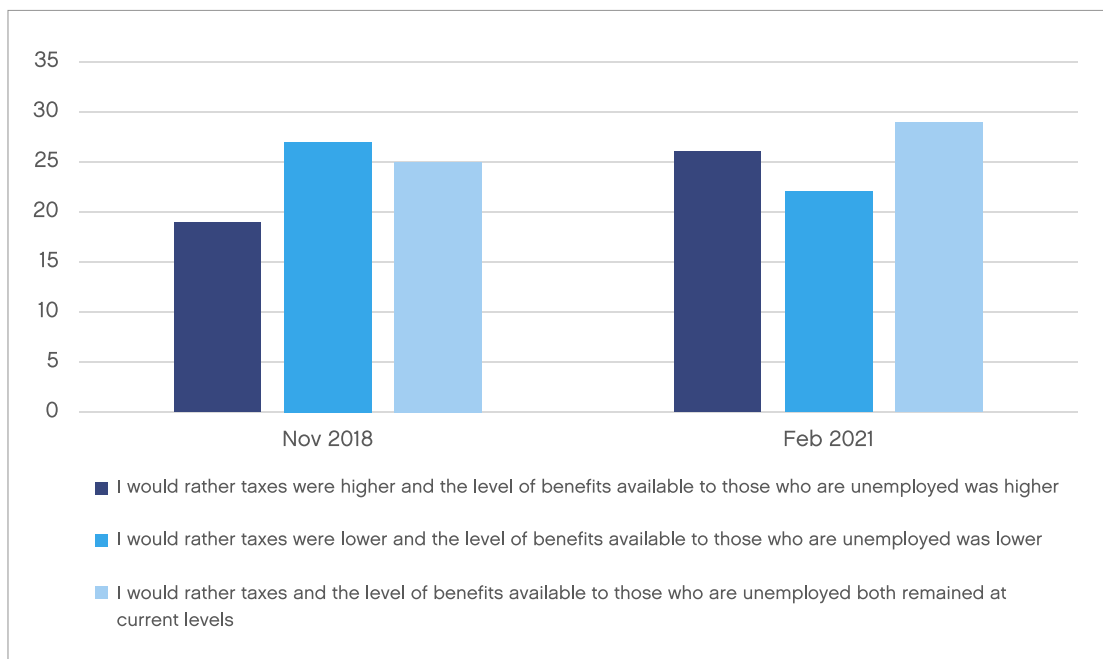
It is undeniable that there has been a clear shift in views in our 2021 polling compared to those 2018 results. There was a 16 percentage point lead for 'benefits for the unemployed are too low' over 'too high', compared to 2018 when this was a dead heat. Among Conservative voters, a massive 27 point lead for 'too high' in 2018 has become a narrow two point lead in 2021. On the question about higher/lower taxes to pay for higher/lower benefits, 'lower taxes and lower benefits' has gone from being the most popular response in 2018 to the least popular in 2021. This is a change in attitudes which it would be churlish to ignore.

Views on the level of benefits for the unemployed



Source: YouGov polling for CPS, November 2018 and February 2021 (see annex)

Views on levels of taxation to pay for unemployment benefits



Source: YouGov polling for CPS, November 2018 and February 2021 (see annex)



The coronavirus pandemic is undoubtedly a key factor here, and this is understandable. Millions have been forced onto Universal Credit after losing work because of Covid. But the conclusion from our research is not as simple as ‘people now want higher benefits and have become more liberal on welfare’. Rather it is that people’s perception of who currently constitutes ‘the unemployed’ has probably shifted, now factoring in those people who have worked before and are probably desperate to work again after the pandemic. We know from our polling that in general the public believe this to be a group who deserve a more generous safety net.

‘Attitudes on issues such as conditionality and the contributory principle have not shifted despite the notable shift in attitudes on overall generosity’

Our polling does not show any softening of the public’s overall attitudes to the welfare state and the principles which should underpin it. Attitudes on issues such as conditionality and the contributory principle have not shifted despite the notable shift in attitudes on overall generosity. This suggests that the latter does not signal a general ‘softening’ or ‘liberalisation’ of public attitudes. People are no less keen to ensure benefits are going to those who need and deserve them.

As an indication of this, our polling suggested that permanently keeping the £20 uplift in Universal Credit for all claimants was the least popular way forward for that policy. More popular was the idea that a higher level of benefit be retained but only for claimants with a past record of work and contribution. We return to this issue of the £20 uplift later on in this paper.

Myth 5 – Concern about welfare is driven by anxiety about immigration

As discussed in the previous chapter, it is simply not true to say that people’s worries about the welfare system are driven by their worries about immigration – indeed, there is just as strong a case that concern about immigration is driven by concern about its impact on the welfare system.

Many European countries have contributory welfare systems – whether you were born or moved there, you need to pay in before you are entitled to a range of benefits. The people we talked to – and polled – thought the same system should apply here.

Our polling showed that almost no one subscribed to the view, common among welfare professionals, that newly arrived migrants should simply be given access to substantial parts of the UK welfare state. But in our focus groups, voters did not make a major distinction between contribution for those born here and contribution for recent immigrants. **They wanted it for everyone.** Indeed, they were much more hostile emotionally towards people ‘like them’ – from similar backgrounds, and with (in their view) similar job prospects – who did not sufficiently contribute.

What people want is a fair system for all where contribution is rewarded.

While the public may not always know the exact numbers, their view of the bigger picture is basically accurate: not everybody works who could, and this number is probably significantly bigger than those caught by official measures of ‘fraud’. And if we want to ensure that the benefits system commands public confidence, the best way to do this is to embed a greater sense of contribution – of connection between effort and reward – within it. It is to this issue that we now turn.



3. How did we end up here?

With over 600,000 copies sold, the Beveridge Report has a good claim to being the most-read Government report ever produced. Published at the height of wartime in 1942, it set out a comprehensive plan for restructuring Britain's post-war welfare state. While its influence can be overstated – as the report itself summarises, Britain had had state pensions since 1908, and unemployment and health insurance since 1912 – it has come to be taken as a defining blueprint for British welfare.

Yet today, very few people realise that what Beveridge proposed, and what was initially implemented, is very different from the welfare state we have today. And the core difference revolves around the principle of contribution.

Beveridge put it plainly and simply: **'Benefit in return for contributions, rather than free allowances from the State, is what the people of Britain desire.'**

By this he meant three things:

- Welfare should be an insurance against absolute poverty, rather than ongoing redistribution;
- You should not be penalised for saving or seeking to make extra provision to look after yourself; and
- The role of means-testing should be minimised, and should be reserved for the small minority of people who genuinely can't look after themselves.

In Beveridge's own words, what he proposed was *'first and foremost a plan of insurance – of giving in return for contributions benefits up to subsistence levels, as of right and without means test, so that individuals may build freely upon it'*.

The core of Beveridge's system was therefore a national minimal level of subsistence provided through compulsory social insurance – to which individuals would add via their own personal provision.

Yet if you survey the current welfare system, that principle of 'benefit in return for contributions' is almost entirely absent.

Appendix A gives a fuller overview of the current benefits system in the UK. But a brief summary gives a flavour. Universal Credit takes no account of past record of contribution, and gives no reward to those who have worked for longer in the past.



Housing benefit and carer's allowance are means-tested rather than contributory. And allocation for social housing is based purely on need rather than taking into account how long someone has lived in a particular area or been on the waiting list. (Polling by MHCLG has found that this allocation system is hugely unpopular.)

Jobseeker's Allowance and Employment and Support Allowance do have contribution-based versions. If you have worked for six months of the last two years, you are eligible for 'new style' (contribution-based) JSA/ESA. But these contribution-based benefits are time-limited, and pay out at the same rate as the non-contributory version. For most claimants there is no real advantage to these benefits over the means-tested versions, and indeed many would still need to claim Universal Credit anyway to top-up their income with additional elements. The only advantage to them is that you can still get them if you have savings or if your partner works, but even then you can only get JSA for six months. During the Covid-19 pandemic, the £20 a week increase in Universal Credit was not mirrored in the contribution-based benefits.

‘Of the main working-age benefits in Britain, not one places significant weight on your past record of contribution’

To summarise, of the main working-age benefits in Britain, not one places significant weight on your past track record of contribution. Indeed, in some ways those who have worked hard and paid in are actively penalised, not least by being forced to use up their savings before they can get state support.

Meanwhile, National Insurance is theoretically a contributory system on precisely the principles the public supports: the idea is that you are paying in as you work in order to support yourself in later life. But in practice, the current National Insurance system is just an abstract line on a PAYE payslip – income tax with a nicer name. The only significant contributory thresholds are at two years in work (when you get entitlement to contributory Jobseeker's Allowance) and 35 years (when you get full access to the new State Pension).

Britain, in short, has one of the least contributory welfare systems in the developed world – and, not coincidentally, one of the least popular. So what changed since Beveridge's original vision?

A. Beveridge and its discontents

Britain's welfare system in the post-war period effectively ran on the contributory principle. Through much of the 1960s and 1970s, around four-fifths of welfare spending was contributory, either through the state pension (which required the recipient to have worked for a set period) or other elements.³⁹

In particular, Beveridge had wanted to limit the hated household 'means test' for National Assistance. In Orwell's phrase, the means test was 'an encouragement to tittle tattle', with every pound of income and expenditure susceptible to government investigation.⁴⁰ He also wanted to keep the level of support under his new system of 'National Insurance' relatively modest, so that space would be preserved for a thriving private insurance market.

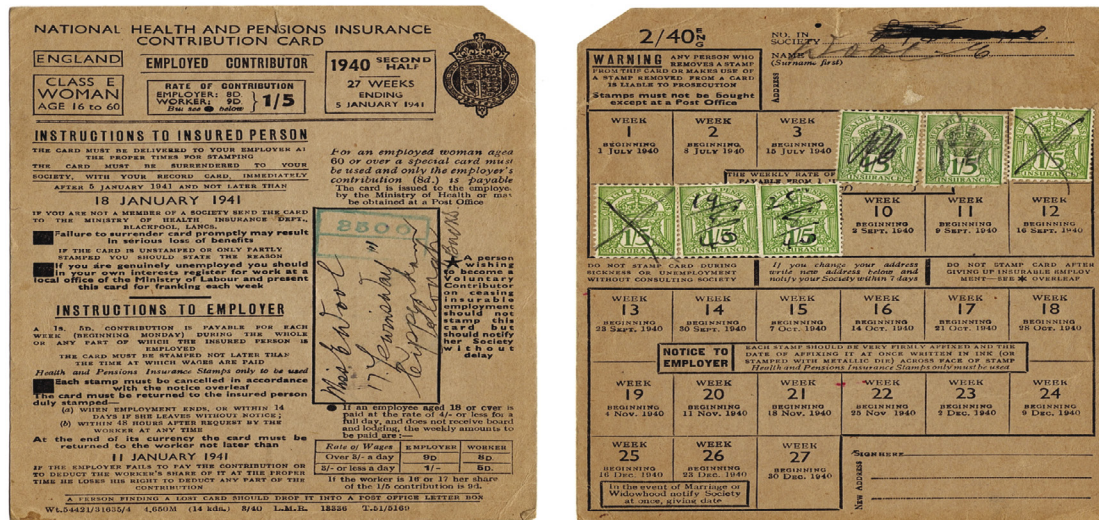
39 Benefit Expenditure and Caseload Tables, DWP, 2019

40 The Five Giants: A Biography of the Welfare State, Nicholas Timmins, 2017



Extending a scheme introduced in 1911, employers would purchase special stamps as a proof of employment, which would in turn be fixed to each worker's Contribution Card. Our focus groups, indeed, found that there is a folk memory of 'the stamp' – the moment when your card was marked to show that you had paid in and could draw out.

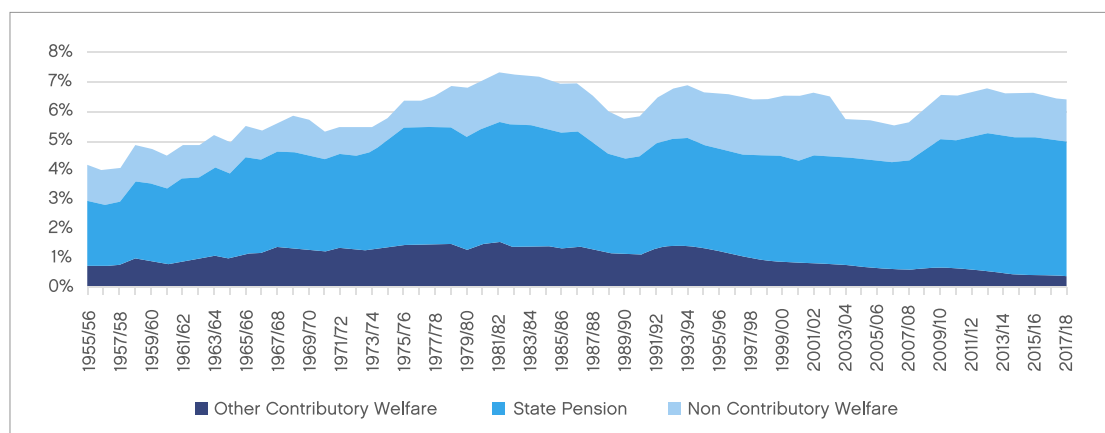
Originally, contribution rates would be set in a manner to ensure that the fund could cover the cost of subsistence – food, clothing, heating – and could be largely self-financing. However, from the beginning, Beveridge accepted that the Treasury would have to top up the scheme, and would be entirely responsible for the payment of means-tested benefits to the poorest.



The contribution card created by Beveridge's system

To start with, Beveridge's scheme seemed to make a big difference. By 1948, the number of recipients of means-tested benefits was nearly half the number in 1938. At the same time, low unemployment, the creation of the NHS and a significant increase in housebuilding helped reduce the demand for welfare transfers in the first place.⁴¹

UK welfare spending as % of GDP

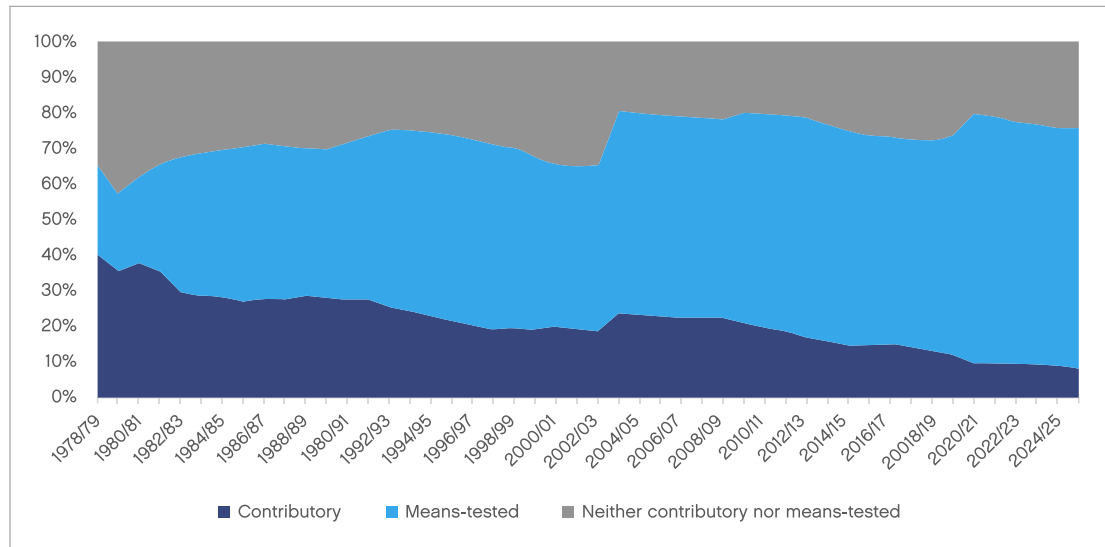


41 The Five Giants: A Biography of the Welfare State, Nicholas Timmins, 2017



Even if you exclude the (contributory) state pension, contributory welfare represented a growing share of welfare spending, while means-tested benefits made up just a quarter of non-pensioner benefit spending in the late 1970s.⁴² The belief was that while you needed to have some support for those in real need, in general people needed to put into the system before they took out. Yet in the years that followed, it fell sharply. Purely contributory benefits fell from over 40 per cent of spending in the 1970s to less than 10 per cent today, while purely means-tested benefits now make up around 70 per cent of all non-pensioner welfare expenditure. Why did this happen?

Contributory benefits as a proportion of non-pensioner welfare spending, 1978-2025



Source: *Benefit Expenditure and Caseload Tables, DWP, 2020, (includes forecasts)*. Benefits classed as 'neither' include things like disability benefits and child benefit.

By the middle of the 1970s, four tensions had emerged.

The problem of pensions

While Beveridge had designed his system to be largely self-financing, with a 20-year phasing-in period, political pressure demanded that his new, more generous pensions should be paid straight away. This converted the scheme to a pay-as-you-go system – making it vulnerable to later changes in demographics – and made unaffordable some of the other generous elements Beveridge had intended, such as training provision.

The problem of rent

As Beveridge himself discussed at length, the most obvious complication to his scheme was the 'problem of rent'. Rental costs varied massively, not just across the country but between different families. No benefit could really be said to cover 'subsistence' if it did not include rental costs – but nor did Beveridge feel you could subsidise someone's choice of a larger or more desirably located house.

⁴² Department for Work and Pensions, Benefit expenditure and caseload tables. [link](#)



In the end, the best he could do was suggest a regionalised form of what we would now describe as housing benefit, while complaining that ‘no scale of social insurance benefits free from objection can be framed while [failures in the housing market] continue’. In practice, politicians largely sought to solve Beveridge’s ‘problem of rent’ with a massive increase in the supply of housing, both private and social. This held down rents and house prices.

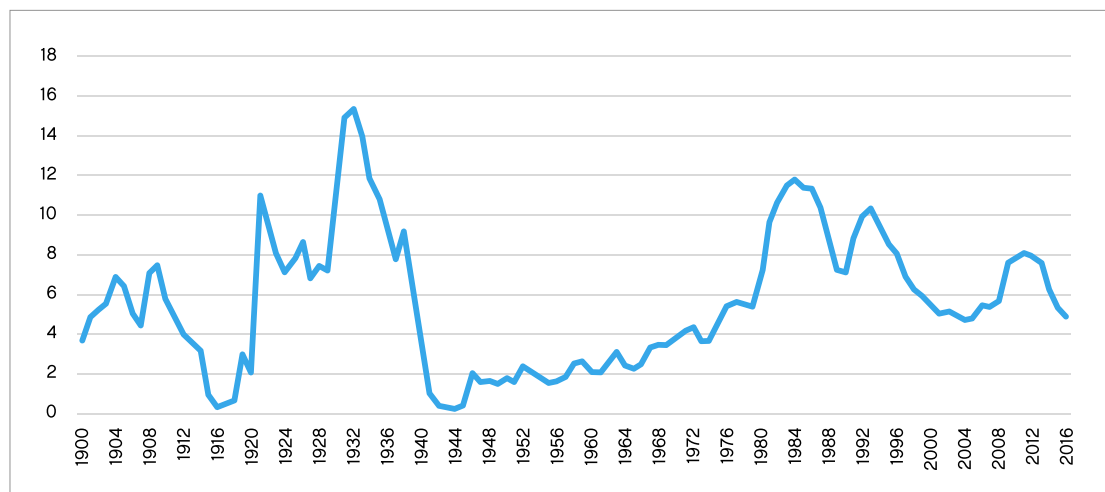
One increasing area of disagreement was what the purpose of council housing should be: should it, like the NHS, be a universal service forming, in Bevan’s phrase, ‘the living tapestry of a mixed community... [where] the doctor, the grocer, the butcher and the farm labourer all lived in the same street’? Or should it focus on those who most needed support, and could not find affordable shelter in the market?

To start with, council houses were generally seen as being not for the very poorest, but instead ‘the respectable working classes’⁴³ – but over time this shifted more towards a needs-based model. While councils had previously sought to take into account ‘local connections’ or how ‘deserving’ potential social tenants were, this jarred with the increased attention on rights-based welfare and the needs of migrants and the very poorest.⁴⁴

The problem of unemployment

A core assumption of Beveridge’s scheme was that macroeconomic policy could and would maintain high levels of employment. The scheme therefore also failed to address one of the most significant tasks for a welfare system: helping the unemployed retrain and find new work, while incentivising job searches. It assumed that there would not be a period of high involuntary unemployment, which meant it could be more contributory. After all, when unemployment was just 2 per cent people (rightly) felt that if you wanted to work, you could work, and so welfare was based on this. But as unemployment rose, and some people, particularly in certain areas, genuinely struggled to find work, the contribution element began to be seen as unfair on some who were just unlucky.

Unemployment rate⁴⁵



43 A very brief history of council housing, Jonn Elledge, CityMetric, 2018. [link](#)

44 Making Housing Affordable, Alex Morton, Policy Exchange, 2010. [link](#)

45 Bank of England, A Millennium of Macroeconomic Data. [link](#)



The problem of changing labour markets

Easily the most dated elements of the Beveridge report are its assumptions around women, marriage and family. Beveridge largely assumed that married women would stop working and receive any welfare assistance through their husband. If they were to keep working, married women should be given their own special National Insurance class and paid less than men.

‘In 1950, a report by Seebohm Rowntree concluded that poverty had been virtually eliminated. Yet by the 1960s, a redefinition of the poverty line saw a significant expansion in the numbers’

More generally, Beveridge’s report completely failed to envision, let alone prepare for, a world of rising female employment, divorce and single parenthood. Given that family is often a source of extra want – as Beveridge himself argued – this meant that the means-tested safety net of National Assistance was unlikely to ever really fade away. While of course the same principles of contribution apply to all, Beveridge’s initial system was simply unworkable by the 1970s.

B. The end of contribution

There were therefore significant problems with the Beveridge settlement by the mid- to late 1970s. Rather than reform the system but try to keep the same principles intact, the answers that the politicians of the day came up with pushed the system away from individual contribution. From the mid-1970s, the share of welfare spent on contributory elements began to decline.

This was driven by two philosophical shifts on top of the points above:

The redefinition of poverty as relative rather than absolute

Beveridge had deliberately designed his scheme only to meet subsistence needs, with subsistence in turn defined by the expectations of the 1940s. By the 1960s and 1970s, however, a more expansive concept of relative poverty had emerged – that it was not enough to have money to cover your basic nutritional, clothing or health needs if you still fell far enough below the average that you could not take part in the everyday experiences of society.

In 1950, a report by Seebohm Rowntree concluded that poverty had been virtually eliminated. Yet by the 1960s, a redefinition of the poverty line saw a significant expansion in the numbers. The publication of Abel-Smith and Townsend’s ‘The Poor and the Poorest’ in 1965, alongside the formation of campaigning groups such as Shelter and the Child Poverty Action Group, helped spread the narrative that Beveridge had not ended want.

A focus on outcomes for groups rather than individuals

Another trend that undermined the contributory nature of the welfare state was a shift from focusing on how it treated individuals to how it treated certain groups. For those on the Left, there was underlying prejudice in the lack of support for recent migrants (who had not built up a record of contribution) and women (particularly single parents). For those on the Right, there was an increasing view that the welfare system acted to entrench the privileges of the industrial working class and the trade unions.



From the mid-1970s, therefore, the tide turned away from contributory welfare. The flat rate of contribution and the associated contribution cards were abolished. National Insurance was instead to be claimed through PAYE alongside income tax and linked to ability to pay. Instead of workers having a concrete reminder of their contribution, National Insurance and the contributory principle became abstract concepts.

Policies that diluted the contributory principle

- In the 1970s, a range of new means-tested benefits were created, including Attendance Allowance, Invalidity Benefit, Child Benefit and the Family Income Supplement. The role of National Assistance – now Supplementary Benefits, and later Income Support – continued to grow. In 1973, spending on pensioners and invalidity benefit was prioritised over the unemployed and sick, breaking the Beveridge commitment to a flat minimum income for all.
- The earnings-related supplement for unemployment benefits was abolished as part of the wider Thatcher savings agenda.
- In the 1990s, entitlement to contributory Jobseeker's Allowance was limited to six months, and more stringent requirements to actively seek work were attached to it.
- The extent and scale of means-tested tax credits increased significantly, from 0.2 per cent in the 1990s to a peak of to 1.8 per cent of GDP when New Labour left office.⁴⁶
- The 'problem of rent' became even more severe, with the proportion depending on means-tested housing benefit increasing by a factor of six.
- In recent years, the Coalition Government limited contributory Employment and Support Allowance to 12 months.
- The recent creation of the new State Pension has meant that, in the Institute for Fiscal Studies' description, 'it will be very difficult to spend 35 years of working-age life in the UK and not get full entitlement to the new single-tier pension.'⁴⁷ In other words, the state pension – a vast part of our welfare spending – has seen its contributory element wither almost to nothing. In fact, there has been a deliberate policy to align the rate of the new State Pension with means-tested Pension Credit.

46 'Welfare spending: tax credits', OBR. [link](#)

47 The social security system: long-term trends and recent changes, Andrew Hood and Laura Oakley, The Institute for Fiscal Studies, 2014. [link](#)



4. Returning to a welfare system people support

In the first three sections of this report we established that:

1. Public support for the welfare system is historically and internationally low. In our recent YouGov polling, just under 70 per cent of those expressing a view said the current welfare system is not fair.
2. This is substantially because they do not think welfare links effort and reward – in terms of how it treats people’s savings and their work history – and that it does not sufficiently help those in real need (such as those with disabilities or those trying to get their first payment).
3. The public have a relatively good understanding of the welfare state, and a nuanced view of what it should achieve. The introduction of Universal Credit has not dramatically changed their views of what the welfare system should do, and they remain supportive of a more contributory system.
4. When you look at the UK relative to other countries, it is clear that we are relatively generous and redistributive, and have fewer contributory elements than other countries. Partly because of this, our work and saving incentives are poor. We are also worse at paying people quickly than other countries and have issues around how we treat disabled claimants.
5. These deficiencies have been starkly exposed by the Covid-19 pandemic, with the Government having to move quickly to provide the sorts of income protection many other countries provide through their contributory systems. Despite these efforts, many have fallen through the net. Many others coming into contact with the system for the first time have been shocked how little they are entitled to after working and paying in all their lives. Some have found their hard-earned savings disqualify them from support.
6. This hasn’t always been the case. We had a contributory system. At the point that we abandoned contributory principles support for the welfare system started to decline.

So how can we restore public confidence in the system? There is a clear answer: **to remove unfairness in the welfare system**, in particular by doing what we can to restore that crucial link between effort and reward. Given the bureaucratic upheaval surrounding the introduction of Universal Credit, and the many competing priorities for the Government’s scarce resources in the wake of the Covid-19 pandemic, it would greatly help if this could be done in such a way as to not involve significant changes to the architecture of the current welfare system, and without spending amounts which the state simply does not have.



Restoring the contributory element via a new Contribution Card

In our focus groups, we found that the public supported the idea of a reward for contribution – but believed that this should be based on years of contribution, not overall income. It was not a matter of how much you had paid in, but the fact that you had paid in at all.

We also found that there was a strong folk memory of ‘the stamp’ – the embodiment of a clear link between effort and reward.

‘The core of the proposal would be that you get more generous entitlements as you work longer – and fewer bureaucratic hurdles within the system’

There are many ways in which the welfare system could be made more contributory. But our central initial recommendation is to bring back ‘the stamp’ via **a new Contribution Card – a 21st century, online version of the original.**

This would build upon the successes of the Universal Credit system, retaining just as strong a safety net for those in need but also making it clear that you will get better treatment from the system – not just in terms of financial reward, but in how you are treated – if you have shown that you have done the right thing.

The core of the proposal would be that you get more generous entitlements as you work longer – and fewer bureaucratic hurdles within the system. **As the headline measure for our Contribution Card, we propose that it would pay out an increased level of Jobseeker’s Allowance or Universal Credit after contributing for five, 10 years, 15 years and 20 years.**

After five years (these would be cumulative rather than consecutive), the weekly rate for Jobseeker’s Allowance or the UC standard allowance would be £5 higher than the standard rate. After 10 years it would be £10, after 15 years £15, and after 20 years £20. It would probably be necessary to set a time limit (say of 12 months, for example) on this extra benefit entitlement for non-disabled claimants, as is the case with other contributory benefits both here and in other countries, to avoid an undesirable impact on work incentives for those who struggle to get back into work.

Your record of contribution would be stored online, available for inspection. In addition, an annual statement would be sent out informing you of how long you had paid in for and what benefits you were now entitled to.

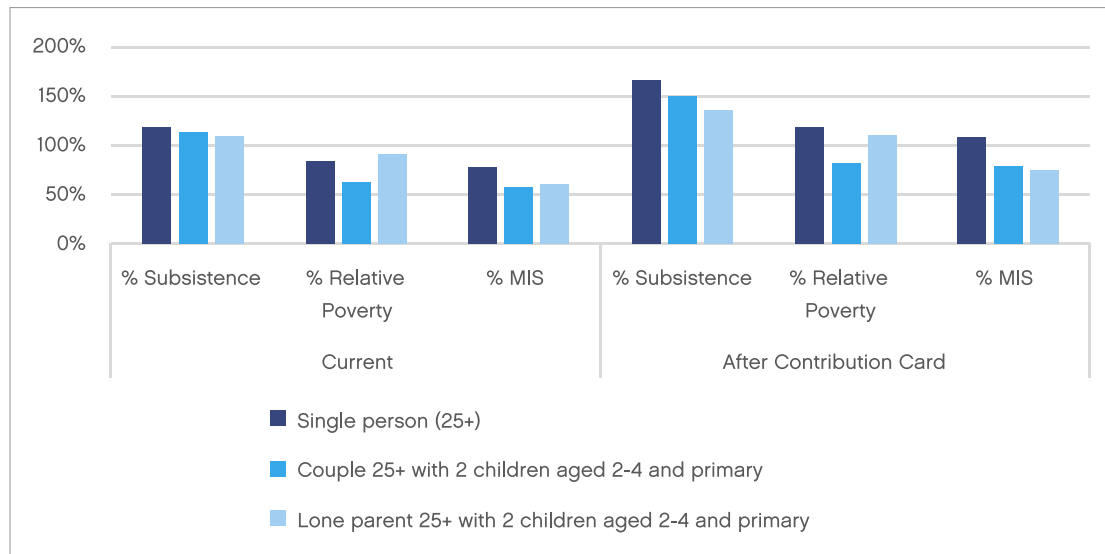
By layering this additional contributory element onto our current means-tested system – largely Universal Credit – we can support a kind of fairness that our current welfare system is neglecting, at a relatively low cost.



Across family types, the Contribution Card would ensure higher incomes for those who have worked for longer – and for many, it would help take them out of poverty altogether.

In Appendix B, we provide detailed calculations of the impact of these recommendations, but this chart shows the effect on disposable income (compared against the Minimum Income Standard set by Loughborough University to define ‘an acceptable standard of living’ and used to set the required level of the original Living Wage).

Impact of Contribution Card on income after 20 years of contribution (unemployed)



Source: Public First calculations (see Appendix B)

However, one of the guiding principles of the Contribution Card system is that the benefits received are not just – or even primarily – financial. Yes, you get more money under the system. But you also get treated with greater trust and respect.

For example, under the current system, Universal Credit and JSA claimants are required to show that they are looking for work throughout. Even if someone is claiming contribution-based JSA, they are still expected to sign a claimant commitment which, as standard, requires them to spend 35 hours per week looking for work. This is the same regardless of whether you have paid into the system for one year, five years, 10 years or 20 years. It assumes that all people need to be watched over and assessed.

We propose that for every five years you have worked, you should be able to claim unemployment benefits unconditionally for three months (up to a maximum of a year), rather than having to jump through bureaucratic hoops to prove you are trying to re-enter the job market.

This might seem overly generous. But these are people who have worked hard, and done the right thing. All the evidence from their careers would suggest that they will re-enter the job market. So why demean them by forcing them to attend meetings at the job centre or furnish evidence that they have been spending a given number of hours on the employment trail? If, of course, they failed to find new work through their own efforts, then the existing system of sticks rather than carrots would spring into action. This new approach would also save Government costs on expensive processes.



This change would be implemented by changing how the Claimant Commitment is drawn up when someone claims Universal Credit. This treats those who have contributed with a level of trust that most people think is right – rather than forcing those who have lost their jobs after years, through no fault of their own, to be treated just the same as those who have never held down a full-time job and subjected to the same poking and prodding to ensure they are trying to get back in to work.

It is important to be clear that these claimants would still be offered the same support currently available to them through Jobcentre Plus and work coaches. This sort of tailored advice and sign-posting to useful services and training can be invaluable for some claimants in trying to quickly move back into work and we would not wish for claimants to lose that support.

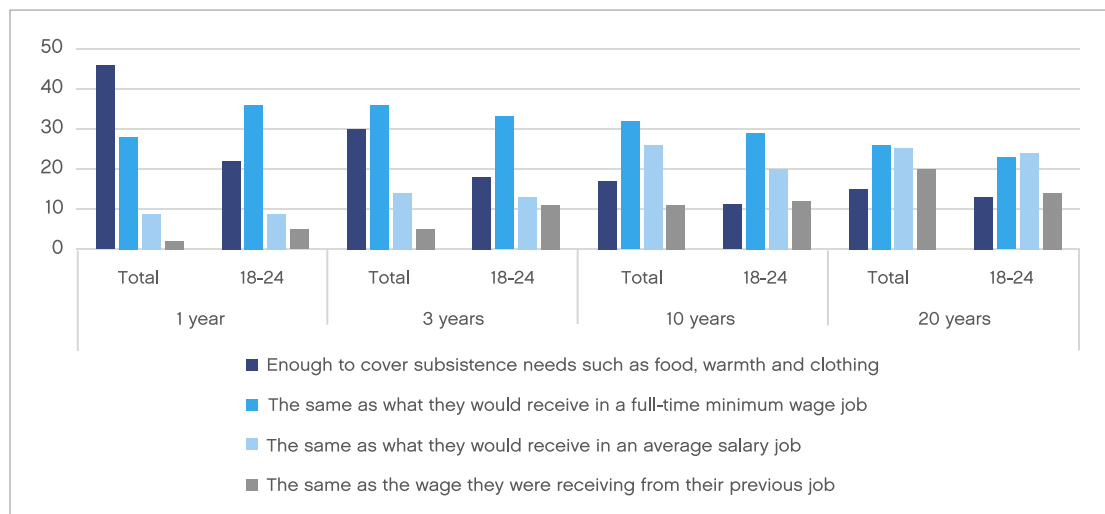
Over time, the Contribution Card could be used to offer other benefits such as disregards of partner's income for those who have worked longer, providing more transferable allowances, access to loans or grants for retraining in mid-career (especially suited to those who lost their job because of changes in the employment market rather than due to their own performance), or the chance to connect with dedicated career coaches.

This reform is both practical and popular

When we asked the public what support those who have worked for just one year should receive the public were relatively stingy: by far the most popular level of entitlement was subsistence, with 52 per cent in favour compared to just 22 per cent who believed they should receive the equivalent of the minimum wage, and just 3 per cent the wage they were receiving in their old job.

By contrast, when we asked about people who had worked for three years, or 10, or 20, the answers became steadily more generous – even if the minimum wage remained the most popular answer. **This was true of the youngest as well as older voters.**

What level of income should someone receive from unemployment benefits if they have previously been working for X years?



Source: YouGov polling for CPS, February 2021 (see annex)

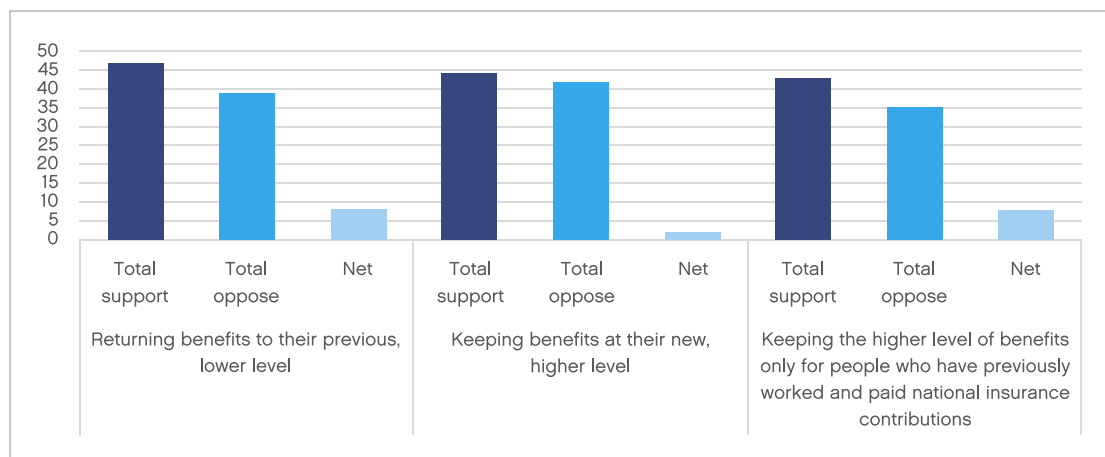


In short, there was significant support for paying a higher rate of benefits to those who have worked for a longer time.

Indeed, the general proposition that we should pay a higher rate of benefits to people who have worked for a longer time, and paid in more in National Insurance, was supported in our polling by 55 per cent of the public, with only 24 per cent opposed.

In our most recent set of polling we also surveyed opinions on potential policy options for the future of the £20 per week uplift in Universal Credit introduced during the pandemic. We asked respondents whether they would support or oppose three different approaches: getting rid of the £20, keeping it in place, or keeping it in place only for claimants who have previously paid into the system. The option with the highest net approval (excluding 'don't knows') was the third option, with 55 per cent support among those expressing a view. Note that the least popular option was simply retaining the £20 uplift, which supports the view taken by the Centre for Policy Studies in a recent paper that retaining it indefinitely would be the wrong approach and a poor use of resources.⁴⁸

Support for different ways forward on the UC uplift



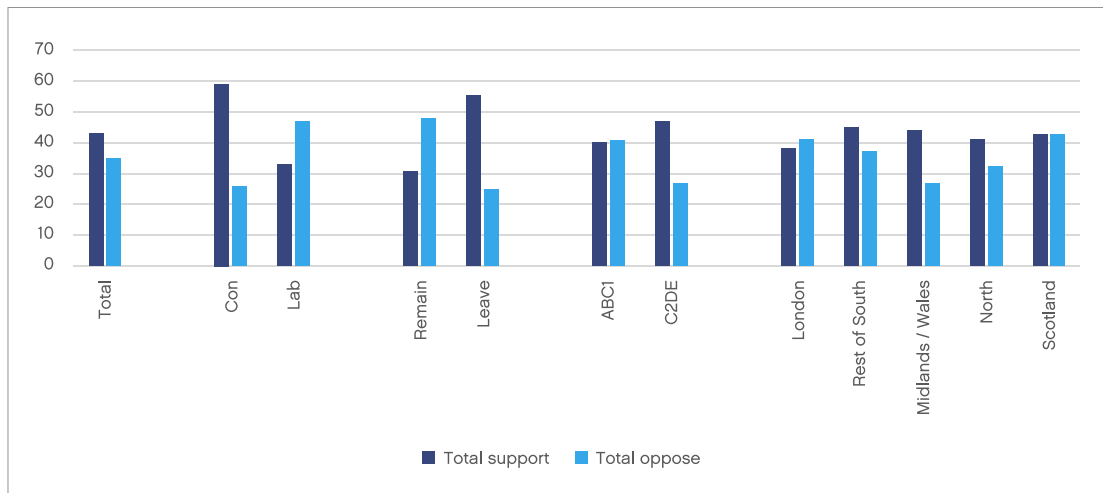
Source: YouGov polling for CPS, February 2021 (see annex)

This option of retaining the extra £20 for people with a past record of work is, in simple terms, a similar proposition to how the Contribution Card would work for people with a long history of contribution (though it would of course not be possible to implement it immediately). It had net support among all age groups. The characteristics which were particularly correlated with support for the idea were Leave voters, voters in the North and Midlands, voters from working class social grades, and Conservative voters.

48 See Heywood, *The Universal Credit uplift: a way forward*, CPS, January 2021. [link](#)



Support for keeping the higher level of benefits only for people who have previously worked and paid NICs



Source: YouGov polling for CPS, February 2021 (see annex)

In other words, the public do not just support the principle of contributory welfare – **they support this particular policy as a positive and fair expression of it.**

This is supported by other polling work we did, asking voters to evaluate the principles behind the Contribution Card alongside other potential welfare reforms – such as the introduction of a Universal Basic Income, devolving welfare decisions to the local level, converting JSA into a loan, and so on. Again, it was an extremely popular option.

Universal Basic Income, the idea that people get, regardless of effort or circumstances, money automatically by the government, polled with net opposition of 11 percentage points.

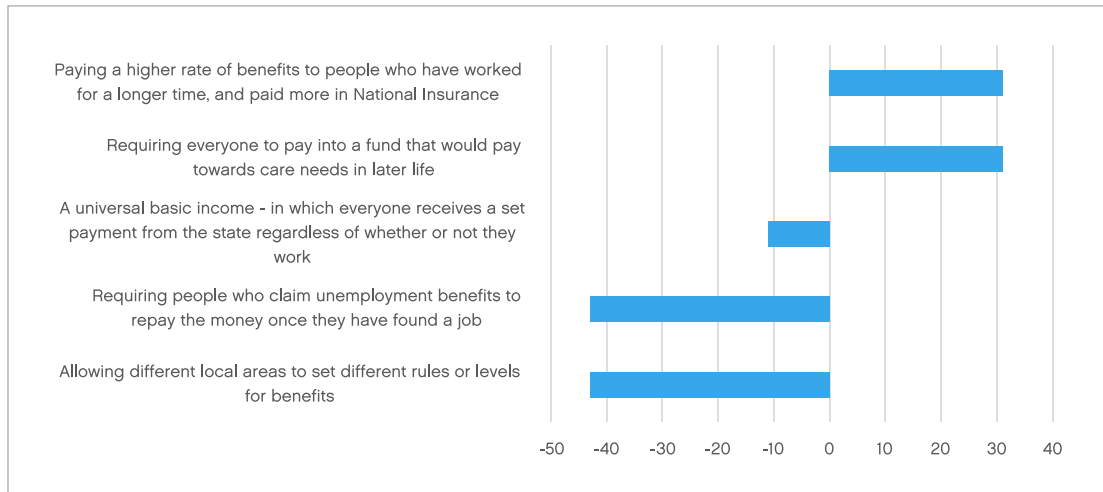
Allowing different areas to set different rules, or requiring those who take unemployment benefit to pay the money back when they obtain a job, were even less popular.

The only policy which could match the level of support enjoyed by the principles of the Contribution Card was requiring everyone to pay into a fund to support their later care needs – a topic addressed in a Centre for Policy Studies paper on social care by the Rt Hon Damian Green MP.

Moving to a Contribution Card – bringing back ‘the stamp’ – would help to restore the public’s faith in the welfare system. It would show that people were benefiting from the fact they had put into the system. It would be practical, effective – and popular.



Net approval ratings for different policy ideas



Source: YouGov polling for CPS, February 2021 (see annex)

The Universal Credit uplift – and a better way forward

The additional benefit entitlement through the Contribution Card would not add substantially to overall welfare expenditure – partly because, as explained earlier, there would need to be a time limit anyway. Expenditure would of course rise temporarily during economic downturns – for example, claims for the existing contributory Jobseeker’s Allowance rose from just 24,000 in 2019-20 to 157,000 in 2020-21. But we estimate that if, for example, it were to be implemented with a time limit of 12 months, the ongoing cost would be in the low hundreds of millions (around £200-300m, based on the available information about flow in and out of unemployment benefits).

In the most expensive possible scenario, where no time limit at all was included and those eligible could claim the Contribution Card indefinitely, we estimate that the maximum total cost of these proposals would be £2.8 billion. We would expect any consultations or feasibility work by the DWP on this policy to explore what period would be most appropriate for the time limit – as shown earlier in this paper, practice varies between countries on this, with some allowing entitlement to contributory benefits to last several years.

In total, around six million claimants of Universal Credit, Jobseeker’s Allowance or Employment and Support Allowance could potentially be eligible to benefit from the Contribution Card, as well as many others who do not receive benefits but may find themselves temporarily out of work in the future.

Given the events of the last year, there will of course be many competing demands for additional spending. The scale of the recent settlement on the NHS and social care leaves precious little fiscal headroom, even with the extra taxes being levied to pay for it. The Exchequer finds itself in an incredibly difficult fiscal position, and we do not underestimate these pressures.

However, there is an additional factor in play – the £20 uplift to Universal Credit, temporarily introduced in response to the pandemic, and due to run out at the end



of September. This gives a flat £20 weekly to all benefit claimants. The Government's current spending plans do include the removal of the uplift, but this is already proving fiercely controversial.

As the polling above shows, as of February there was greater public support for removing the uplift than retaining it – and even greater support for tying it to contribution, which fits perfectly with the thesis of this paper. However, we recognise that it would be a brave step for the Government to withdraw the entire £6.6 billion, especially given the leaked reports about the 'catastrophic' impact this could have.⁴⁹

In January, a CPS report highlight the problems with the uplift, and suggested a way forward. We argued that the uplift was an inefficient, brute-force approach to improving welfare, given its indiscriminate nature. We also pointed out that it did nothing to improve work incentives – arguably the public's core concern with the welfare system.

‘As the polling above shows, as of February there was greater public support for removing the uplift than retaining it – and even greater support for tying it to contribution, which fits perfectly with the thesis of this paper’

We also pointed back to our landmark 2018 report, *Make Work Pay*. This showed, using polling and focus group evidence, that the public view it as morally outrageous that the Government should ever take more than half of what someone earns – particularly if they are low paid. It also showed that those on low incomes have an acute sense of how much it pays them to work, and frequently adjust their hours in response to the incentives they are presented with.⁵⁰

In that paper, we argued that the taper rate of 63p resulted in those moving from welfare into work facing marginal tax rates of up to 75 per cent – which will of course be even higher given the recent increases to National Insurance. We argued that it should be cut, in order to do more to incentivise people to work. This is not only fair and compassionate, but crucially, it could be implemented very quickly within the existing system.

We therefore argue that, with the £20 UC uplift due to be ended imminently, cutting the taper rate would be a sensible and fair way to recycle some of those funds back into the system. The taper rate should be cut from its current level of 63p in the pound to 55p. In an ideal scenario, as the £20 uplift runs out the Government would announce a package of measures to set out its alternative vision for the welfare system – a) an immediate cut in the taper rate, to signal the importance of making work pay and offset the impact of removing the £20 for in-work claimants; b) announce a commitment to reintroducing a contributory element to the welfare system and explore how the Contribution Card could be implemented within the next few years.

As suggested in our earlier paper on Universal Credit, this could also be accompanied by a £1,000 increase in work allowances for childless households, who will be the biggest losers (especially single childless claimants) when the uplift is withdrawn.

49 Financial Times, 'UK ministers braced for "catastrophic" end to welfare uplift', September 2021. [link](#)

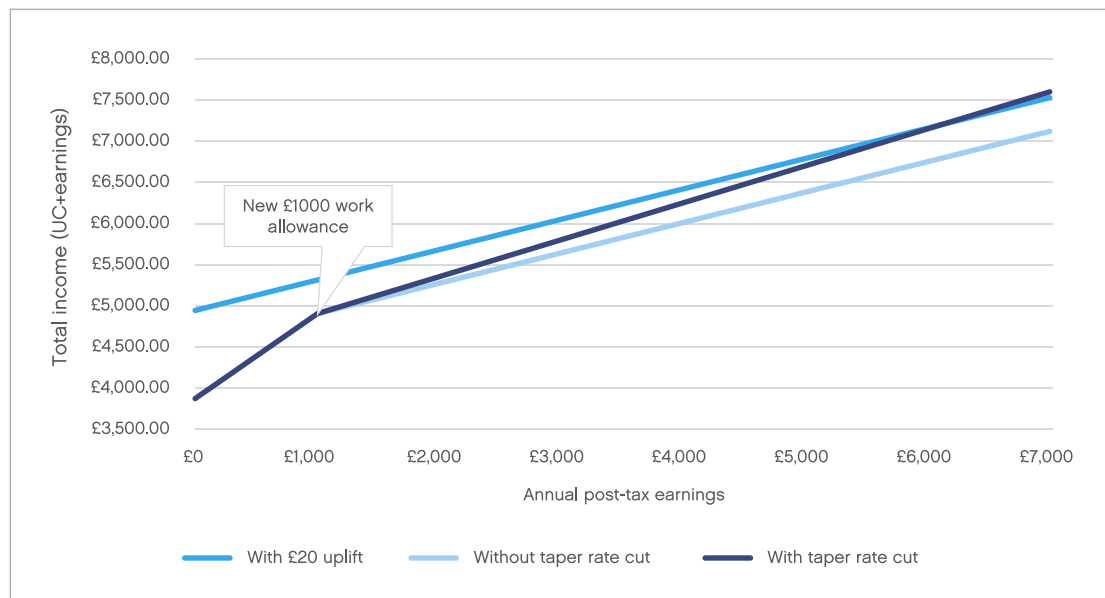
50 Heywood, *The Universal Credit uplift: a way forward*, CPS, January 2021. [link](#); Clougherty, *Make Work Pay*, CPS, November 2018. [link](#)



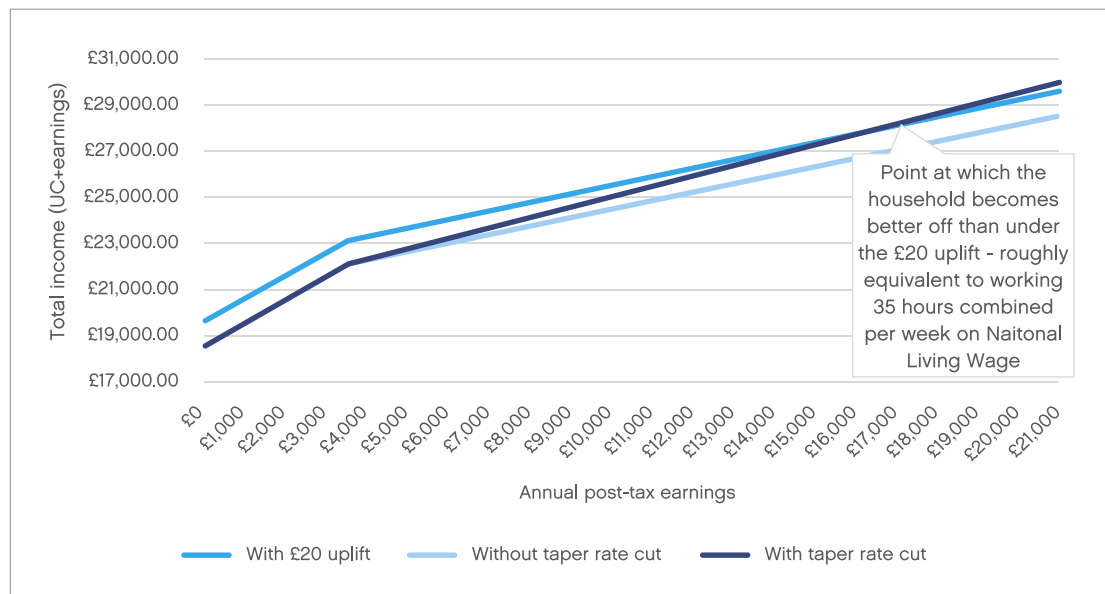
The charts below show how cutting the taper rate would affect the incomes of different claimant households. Where the lines cross shows the point at which a working claimant or family would be better off than under the current £20 uplift, as they retain more of their earnings.

For example, a couple who are renting and have a child, where one is working full-time (35 hours) and the other part-time (16 hours) on the National Living Wage would be around £450 better off with the lower taper rate than with the £20 uplift. Under our proposals, a single childless claimant would only need to be working part-time on the National Living Wage to be better off than with the £20 uplift, thanks to the new work allowance and the lower taper rate.

Impact of taper rate cut on single childless claimant



Impact of taper rate cut on a couple with one child



Source: CPS calculations. Assumes couple are renting and receiving £800 per month in housing support, with one working 35 hours per week on NLW and one 16 hours. Does not include support with childcare costs.



Cutting the taper rate to 55p would cost approximately £2.4bn, with the increase in work allowances costing £700m-£800m. This would not only represent a £3bn saving on the £6.6bn cost of the blanket £20 uplift, but would specifically benefit working claimants and improve work incentives within the system.

‘Cutting the taper rate to 55p would cost approximately £2.4bn, with the increase in work allowances costing £700m-£800m’

These commitments combined would solve the Government’s short-term dilemma, while forming the basis a new welfare agenda driven by the principles which our public opinion research has shown are most important to the public – fairness and the importance of hard work. Cutting the taper rate would help to ensure that those claimants who are in work are suitably rewarded, while the Contribution Card would mean that those who have worked all their lives and find themselves in need will have their contribution recognised.

Reducing the waiting period for benefits, and making the payment schedule more frequent

Another obvious area that is ripe for reform, as outlined above, is the delay between people applying for and receiving benefits – and the frequency with which they receive them. The UK welfare system is particularly tough in terms of the length of time that claimants have to wait before they receive their first payment. Already the UK has the joint longest wait out of a survey across a dozen countries, and this will get even longer once Universal Credit is rolled out.

A recent report by the Work and Pensions Select Committee concluded:

‘The wait for a first payment of Universal Credit is not the only source of the problems people face, but it can exacerbate them. For people who may already be going through a difficult time, enduring five weeks—or longer—without any income can push them into crisis.’⁵¹

This means we have the strange situation where we are spending a great deal, but we risk not supporting people when they need it the most. This is a problem which, in our view, is undermining support for Universal Credit itself, despite public support for the principles on which the system is founded.

Therefore, we urge the Government to start an immediate programme of piloting more rapid welfare payments, if necessary utilising the private sector, with a goal of rolling this out as soon as possible. This cannot be impossible – we live in an age where money can be transferred instantly, and where most other countries have managed to bring the length of time down to at most a week, with some even faster than this. We know that delivering money to claimants swiftly is achievable because claimants who are granted an advance payment receive their money in three working days.

The goal should be that by April 2023, Universal Credit and Jobseeker’s Allowance should take no longer than seven days for the first payment to be received in 99 per cent of cases, and no more than 10 days in any case.

⁵¹ *Universal Credit: the wait for a first payment*, Work and Pensions Select Committee, October 2020. [link](#)



Similarly, **we recommend that the government moves to a system of weekly payments by default.** The argument in favour of monthly payments is that this mirrors the world of work, but the Government's own estimates suggest roughly a third of in-work claimants are paid weekly or fortnightly.⁵² The Resolution Foundation estimate this to be even higher, with data suggesting almost 60 per cent of people moving from employment onto Universal Credit were paid weekly or fortnightly in their previous job.⁵³

‘The goal should be that by April 2023, Universal Credit and Jobseeker’s Allowance should take no longer than seven days for the first payment to be received in 99 per cent of cases, and no more than 10 days in any case’

We do not underestimate the technical difficulties which this could throw up. Monthly assessment periods, for example, are a core part of the UC system – but this does not necessarily need to change. The system could maintain monthly assessment periods but have the money paid in weekly instalments.

That does not solve the problems around fluctuations in income for people in unreliable employment, nor does it solve the problems around people paid more frequently than monthly having their entitlement drastically changed in some months. It does, however, solve the simple matter of budgeting issues.

There is already provision for certain vulnerable groups to receive more frequent payments in some circumstances, and the Scottish Government has used its welfare powers to give claimants the option of requesting fortnightly payments. **The government could either move to weekly payments by default, or give claimants the option on making their claim of whether they wish to receive their payments weekly, fortnightly or monthly.**

Giving claimants the flexibility to choose their payment structure would not only allow them to tailor their claim to how they live and spend money day to day, but also to reflect their income from other sources if they are in work.

Changing the way in which the welfare system treats savings

The last year in particular has highlighted the unfairness of the way the welfare system treats savings. These rules are the antithesis of rewarding people for doing the right thing. They apply to benefits such as Universal Credit, Housing Benefit and Income Support (as well as income-related JSA and ESA, which are now closed to new claims). They can also restrict access to Support for Mortgage Interest, since a claimant needs to be in receipt of certain benefits in order to be eligible for SMI.⁵⁴ Claimants get a reduced rate if they have saved more than £6,000 – and none at all if they have more than £16,000. You can receive ‘new style’ (contribution-based) JSA if you have savings, but as set out earlier, this is becoming an increasingly irrelevant benefit, provides a far smaller safety net than the means-tested system, and is also time-limited to just 26 weeks.

⁵² Alok Sharma, Parliamentary written answer, Parliament.uk, June 2018. [link](#)

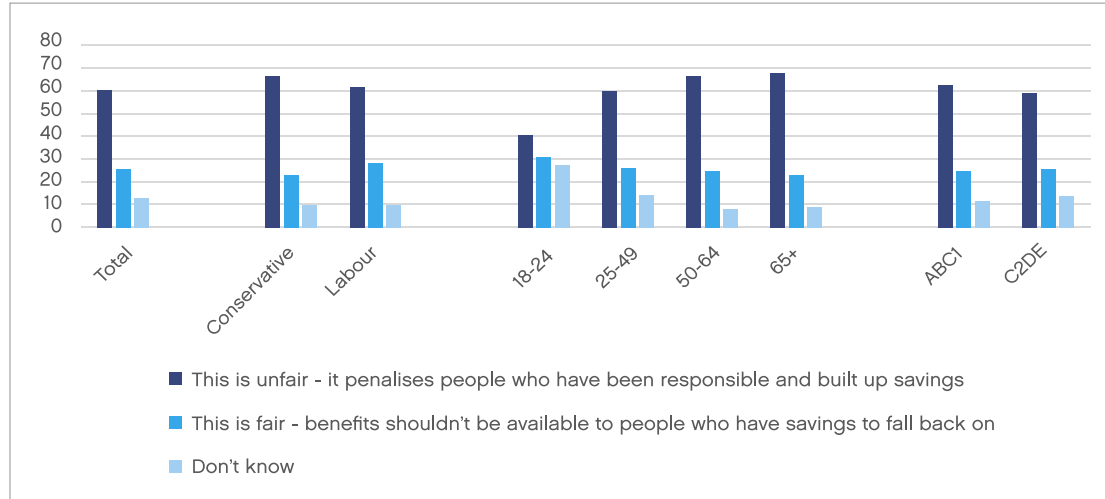
⁵³ Brewer, Finch and Tomlinson, *Universal Remedy*, Resolution Foundation, October 2017. [link](#)

⁵⁴ Support for Mortgage Interest is a very restricted scheme and is now paid as a repayable loan rather than a benefit. The CPS covered the scheme in detail in a recent paper calling for improved support when the Covid-era mortgage holiday ends. See Morton and Heywood, *From SMI to Mortgage Support*, CPS, September 2020. [link](#)



We know from our polling that these rules are seen as unfair by the vast majority of voters. Indeed, this is true across all age groups, party loyalties and social grades. This is one of the most consistent results across all our polling in terms of the level of agreement across all groups. The savings rules are seen as being inherently unfair.

Voters' views on the savings rules for benefit claimants



Source: YouGov polling for CPS, February 2021 (see annex)

The pandemic has laid bare the frustratingly unfair nature of the savings rules for many. A joint report in March 2021 from the Social Security Advisory Committee and the Institute for Government found that *'some who had previously not had to rely on benefits were stunned to discover just how low benefit rates for the unemployed are, and that savings of £16,000 debar a claim for Universal Credit.'* The report noted that the numbers hit by the savings rules rose tenfold during the pandemic, and that the thresholds has been frozen since 2006.⁵⁵

As part of a Guardian investigation into the issue last year, one respondent, a former airline pilot who was eligible for almost nothing because he had £14,000 in savings, said: *'There was no safety net for me at a time when, through no fault of my own, I was in financial crisis.'* Another said: *'I am lucky to have savings but feel like I'm being penalised for having spent years being careful with my money and playing by the rules.'*⁵⁶ These sentiments echo the results of our polling in February, as well as those of participants in our focus groups as set out earlier in this paper.

It is difficult to assess the potential fiscal cost of changing the savings thresholds, because we do not have clear figures on how many claimants are debarred from receiving benefit due to their savings or have their entitlement reduced. Even if we did, it is likely many of those who would otherwise make a claim do not submit one in the first place because they know they will not receive anything, making it still harder to estimate the impact a change could have on caseload and overall expenditure.

55 *Jobs and benefits: the COVID-19 challenge*, SSAC/IfG, March 2021. [link](#)

56 Patrick Butler, 'Hundreds of thousands who lost jobs in pandemic denied universal credit', The Guardian, September 2020. [link](#)



However, we do know that on average benefit claimants do not have high savings (as evidenced earlier in this report). It is probably safe to assume that extending the thresholds, for example by doubling the upper threshold and allowing those with savings between £16,000 and £32,000 to still receive some help, would be relatively cheap. We estimate based on the information that is available about numbers being refused benefit due to their capital,⁵⁷ and allowing for some additional claims from those who currently know not to bother claiming, that the cost would be in the low hundreds of millions if it included all claimants in the welfare system – and significantly lower if we tied this reform to past contribution. The relative cost may be temporarily higher during a major economic shock such as we are currently experiencing, but the impact on structural spending would be small.

‘It is probably safe to assume that extending the thresholds, for example by doubling the upper threshold and allowing those with savings between £16,000 and £32,000 to still receive some help, would be relatively cheap’

This would mean that for most people, particularly in older groups who have saved as they approach retirement, they will not be unfairly penalised for having done the right thing if they lose their job and have to find a new one.⁵⁸

Tie access to social housing more to contribution

Currently, access to social housing is assessed almost exclusively according to need. This is one of the factors that has driven popular hostility to immigration, because those who have lived in a community for decades perceive that newcomers are jumping ahead of them in the queue for scarce goods.

Yet there is no point in trying to increase the ways that we recognise contribution from those who are working through improved access to JSA while then taking away such benefits in other areas. Social housing is a particularly valuable resource, and while it should be targeted at those who are at the lower end of the income scale, we need to make sure that those who are in low-wage jobs are not, as at present, pushed down the list. We recommend the Ministry of Housing, Communities and Local Government commissions work to consider how social housing allocation could be reformed, including through legislation where necessary, to better reflect contribution.

⁵⁷ *Jobs and benefits: the COVID-19 challenge*, SSAC/IfG, March 2021. [link](#)

⁵⁸ See English Housing Survey 2017-18, *Table 2.5: Savings by tenure, 2017-18*



Conclusion

These reforms build on the successes of the Universal Credit system, while addressing some of its flaws. They would start to address the problems with our highly means-tested, non-contributory system which have been brought to the fore by the economic impact of Covid-19. They could all be introduced without any further major structural changes to how welfare is delivered and continues to provide a safety net for those in need. They also build upon the proposals made by the CPS in *Make Work Pay* and create greater work and savings incentives; they build in contributory elements onto a system that also supports those in need; and they deal with significant unfairness. In doing so, they will increase public support for the welfare system.

When we started this project in 2018, in our discussions with welfare experts and others in Westminster it seemed many saw contributory welfare as a strange topic. It was barely mentioned in the work of major think tanks or government departments. After the year we have had, it now seems contributory welfare is becoming a fashionable area of policy. Many in the welfare field have come to realise the drawbacks of our means-tested safety net compared to other countries. The contributory principle is not a new or revolutionary idea, but it has been neglected and forgotten by policymakers in this country for many years. It is an idea whose time has come.



I. Appendices

Appendix A: How our welfare system operates

The below is a snapshot of current benefits, given that the transition to Universal Credit is now at an advanced stage. But it hopefully provides a good picture of the current situation.

• Universal Credit

Cost	£41.3bn
Worth	Universal Credit allowances vary by a claimant's circumstances. Standard Allowance (excluding the temporary £20 uplift) <ul style="list-style-type: none">• Single claimant aged 25 or over: £324.84 per month• Joint claimants either aged 25 or over: £509.91 per month
Number of claimants	4.3m

Contributory aspects

This is a means-tested, non-contributory benefit, which famously rolls together multiple existing benefits into one more streamlined payment. As with JSA, out of work claimants who are fit for work must be committed to seeking working, and preparing for work. They may also continue claiming a reduced rate of Universal Credit as their earnings increase. Those who do not meet these conditions, by not attending interviews with advisers, or sufficiently completing work-search activity, may find their benefits reduced. Universal Credit takes no account of past records of contribution, and gives no reward to those who have worked for longer and temporarily fallen on harder times.

Means-tested elements

In its initial form, Universal Credit improves significantly on the system that came before it – but ameliorates rather than solving the problem of high marginal withdrawal rates for those trying to increase their hours and move from welfare into work. While it has eliminated some of the worst marginal rates, those on Universal Credit still see an effective marginal tax rate of at least 63 per cent once any work allowance has been used up. This increases to 75 per cent when the thresholds for income tax and National Insurance are reached and can be significantly higher once other benefits such as council tax reduction are taken into account.



Universal Credit also significantly discourages second earners, which are disproportionately likely to be mothers returning to work. Universal Credit and its income disregard – the work allowance – are assessed on a household basis. This means that many second earners in effect have no work allowance, and face the 63 per cent or higher taper from their first hour of work. This is not only potentially unfair, but is likely to hit one of the parts of the population with the highest labour supply elasticity – where a higher taper has a real chance of being self-defeating.

Universal Credit also has problems in coping with self-employment or more flexible working styles. It is calculated on a claimant's previous month's earnings. But as the self-employed are more likely to have fluctuating earnings, they may end up receiving significantly less UC than somebody on a similar but more stable overall income.

• **Jobseeker's Allowance (JSA) & Employment and Support Allowance (ESA)**

JSA

Cost	£601m
Worth	£74.70 per week for claimants aged 25 or over
Number of claimants	170,000

ESA

Cost	£13.5bn
Worth	£74.70 for the Work Related Activity Group (aligned with JSA); £114.10 for the Support Group
Number of claimants	1.85m

Contributory aspects

JSA comes in two forms, a contributory and a non-contributory, income-based form. Income-based JSA is now closed to new claims as it is being merged into UC. Means-tested JSA is available to those working less than 16 hours per week, and with under £16,000 in savings. Those with savings between £6,000 and £16,000 will receive a lower rate of JSA.

If an individual lives with a partner, they must work fewer than 24 hours per week to be eligible for JSA. To claim contribution-based JSA, the individual must have paid sufficient Class 1 NICs in the two tax years prior to the beginning of the year in which they sign on and claim benefit. If the claimant has any part-time earnings, £5 per week is disregarded (or up to £20 for some occupations). Any earnings over this disregarded amount are deducted from contribution-based JSA entitlements pound for pound. However, in practice, the income and contributory JSA systems offer the same level of entitlement and come with the same strings attached around conditionality – but contributory JSA is available regardless of savings, and has a 6 month time limit.



Claimants have to agree to a Claimant Commitment to be discussed with their adviser. JSA claimants must engage in active job search, which includes meeting advisers at JobCentres to find work. They must accept reasonable job offers, and may have their benefits reduced if they turn down work.

Like JSA, ESA comes in both a contributory, and non-contributory form, with income-based ESA now closed to new claims. ESA replaced Incapacity Benefit and is awarded subject to a work capability assessment. Again, as with contributory JSA, claimants are eligible for contributory ESA if they have made six months' worth of National Insurance contributions in the previous two years. Contributory ESA is available for one year if you are in the work related activity group, or indefinitely for those who have more severe conditions and are placed in the Support Group.

Means-tested elements

Neither JSA or ESA significantly reward past records of contribution – and actively penalise those who have built up over £16,000 of savings. The contributory forms of JSA and ESA are highly time-limited – six months for JSA and one year for ESA – and in any case, pay out the same rate as the means-tested version. Once you pass this time limit, you are liable to lose access to the benefit if you have over £16,000 in savings or a partner in work – even if you have paid in for decades. (By contrast, a single person who has never worked could theoretically receive ESA indefinitely.)⁵⁹ In some cases, claimants of contributory JSA or ESA may end up also claiming Universal Credit anyway to top-up their income, depending on their circumstances.

• **Housing Benefit and Social Housing**

Cost	£16.9bn
Worth	There is no fixed amount of housing benefit offered to each household. Claimants receive assistance for their 'eligible' rent, which means they can receive payment to cover part or all of their rent, depending on their circumstances and what sort of accommodation they live in.
Number of claimants	2.8m

⁵⁹ A postliberal future?, David Goodhart, Demos, January 2014. [link](#)



Contributory aspects

Housing benefit is means-tested, rather than contributory.

To be eligible for housing benefit, claimants must be paying rent, and on a low income, with savings below £16,000. Both people in work and the unemployed can be eligible for housing benefit. Single people under the age of 35 are only eligible for housing benefit for bedsit accommodation, or for a single room in a shared household.

Given the variation in house prices across the country, and the difficulty in distinguishing between need and consumption in housing costs, it is a significant challenge to create a system for housing benefit that is fair. The political troubles which followed from the steady lowering of the benefit cap and the removal of the spare room subsidy – known as the ‘bedroom tax’ – demonstrate how difficult it is to provide housing benefit in a way that both supports wider public beliefs about fairness and avoids hard cases.

At the same time, social housing creates a significant poverty trap, significantly increasing welfare dependency and penalising low-income workers, who are likely to be scored lower on needs requirements than the unemployed.

The allocation of social housing is often not well linked to either need or previous contributions. Who gains access to council housing is one of the long-running complaints about welfare policy in the UK. With more than a million households on the waiting list for council housing,⁶⁰ there have been complaints about people on high incomes living in social housing while many poor families remain on waiting lists, renting privately.

Polling by DCLG found that of those who knew ‘a lot’ about how social housing was allocated, 64 per cent disagreed with the idea that the system was fair, with 48 per cent supporting the idea of giving priority to those who have lived in an area for longer vs 30 per cent disagreeing.⁶¹

In 2016, the Government scrapped its plans to charge higher rents to council tenants earning higher incomes, which the Local Government Association estimated would affect 70,000 households.⁶²

60 More than a million on social housing waiting lists, BBC, June 2018. [link](#)

61 Attitudes to housing, Findings from IPSOS-Mori Public Affairs Monitor Omnibus, DCLG, 2009

62 Government decides against ‘pay to stay’ plan for higher-income council tenants, The Guardian, Nov 2016. [link](#)



• Carer's Allowance

Cost	£3.2bn
Worth	£67.60 per week.
Number of claimants	890,000 in payment

Contributory aspects

This is a non-contributory, means-tested benefit. To be eligible, claimants must spend 35 hours per week caring for someone who already qualifies for one of a range of benefits, such as Personal Independence Payment, Disability Living Allowance, and Attendance Allowance. The claimants themselves must earn no more than £120 per week.

Despite substituting for significant costs to the state, Carer's Allowance is one of the least generous benefits. The ONS has estimated that unpaid carers provide nearly £60 billion worth of care every year.⁶³

Despite this, Carer's Allowance is set at significantly lower rates than other income replacement benefits such as JSA or ESA – largely for historical reasons. At the same time, the complexity of the eligibility rules means that take-up is extremely low – some estimates suggest that just 65 per cent of those who are theoretically entitled to it actually claim the benefit.⁶⁴

The cliff-edge built into Carer's Allowance also makes it very hard to combine with part-time work or education, effectively cutting off the path for many full-time carers back into the labour market. If somebody in receipt of Carer's Allowance earns more than £128 per week – equivalent to 14 hours on the National Living Wage – they will lose their entire entitlement.

Similarly, Carer's Allowance is only paid to someone who cares for one person for over 35 hours a week: you cannot aggregate time spent caring for multiple people. Unlike other benefits, there is no taper or phasing in. In addition, a carer cannot spend 21 hours or more a week in education.

63 Home produced 'adultcare' services, ONS April 2016. [link](#)

64 Carer's Allowance, House of Commons Library Briefing, July 2018. [link](#)

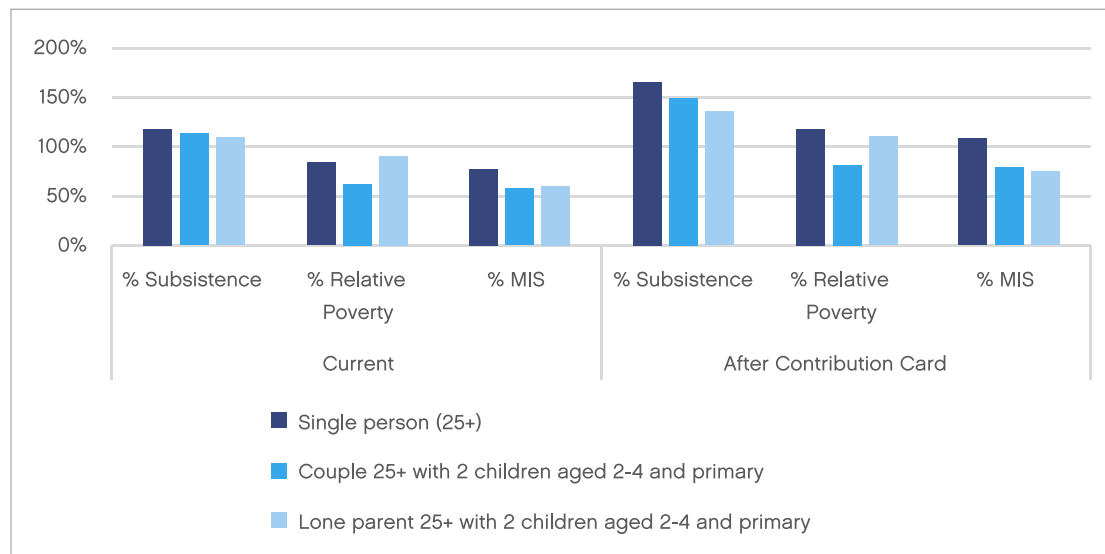


Appendix B: How the Contribution Card system would affect disposable income

In terms of calculating how our policies affect the incomes of different groups, we have taken three sample households at the bottom of the income scale – a single person over 25, a couple over 25 with two children aged 2-4, and a lone parent with two children aged 2-4. We compared against three potential benchmarks – a subsistence level of income; ‘relative poverty’ (below 60 per cent of median income); and the ‘Minimum Income Standard’ set by Loughborough University to define ‘an acceptable standard of living’ and used to set the required level of the original Living Wage.

When unemployed under the current system, all three groups fall below the threshold for relative poverty and the minimum income standard, while the single person and lone parent also suffer (though all three remain above the threshold we have calculated for subsistence). If they were in receipt of an additional £20 per week from the Contribution Card, there is a marked improvement. The single person and single parent are both lifted above the threshold for relative poverty, while the single person is also lifted above the minimum income standard as well.

Impact of Contribution Card on income after 20 years of contribution (unemployed)



	Unemployed			
		Single person (25+)	Couple 25+ with 2 children aged 2-4 and primary	Lone parent 25+ with 2 children aged 2-4 and primary
Current	% Subsistence	118%	114%	110%
	% Relative Poverty	84%	62%	91%
	% MIS	77%	59%	61%
After Contribution Card	% Subsistence	166%	149%	136%
	% Relative Poverty	118%	82%	112%
	% MIS	109%	78%	75%



Appendix C: Summary of Focus Groups

Public First ran four focus groups on behalf of the Centre for Policy Studies to test public attitudes to welfare generally – and to test a range of conceptual ideas for reform. These groups were held on April 30 and May 1, 2018, in Long Eaton, near Nottingham, and in Bolton, near Manchester. The four groups were made up of lower middle class and affluent working class voters from local constituencies. Each group was made up of eight participants and the groups were mixed by politics (Labour and Conservative voters) and by gender. In each location, to test whether age was a defining factor, we split the groups by age – holding an under 40s and an over-40s group.

Views on welfare in general

When the moderator asked people for their views on welfare, without getting any more specific than that, to see what floated to the surface, those in the older Long Eaton group immediately raised concerns about the Government changing the system in ways that affected them negatively. Initially, they raised concerns about their families having to pay large social care costs and also about the difficulty for genuinely sick friends and family accessing sickness benefits. (*'Last year we experienced the unfairness of the welfare system. [My husband's] mother had to go into care for a short period of time and because she was over the threshold for savings, she had to pay every penny, and it's not cheap'; 'it's like it doesn't pay to save';* older woman and older man, Long Eaton). Another man complained that he faced a similar situation when, after never having claimed unemployment benefit and always having worked, he finally needed to after being made redundant but was immediately quizzed about the state of his savings. (*'I'd been working for 29 years in the same company... I went to seek work and talking to the guy who was trying to sort me out and he was like 'how much have you got in the bank? How many savings have you got?' And I thought hold on a minute, I've saved here, they're my savings... I thought, why should I give it to you?';* older man, Long Eaton). In Bolton, an older man – a skilled engineer – complained bitterly that when he had been unemployed for two years recently, he had been driven close to bankruptcy because the benefits system did not cover the cost of his mortgage and, as a single man, he had received a much smaller pay-out than a family.

To them, the welfare system as it is now is unfair. In their eyes, those people that had a decent-sized house or plenty of savings were effectively being punished for hard work and thrift, while those that hadn't worked as much and that hadn't saved found the state paid for everything after all (*'[Some welfare recipients have got] brand new phones, brand new trainers...all the mums have got top of the range buggies';* older woman, Long Eaton). In the older Long Eaton group, this set the tone for this part of the discussion: some people worked hard and barely asked for, or received, anything from the state, while others made little effort but were given all the money they needed. This issue of fairness was common to most of the groups. People simply didn't think the current system was fair.

To the older Long Eaton group, one of the key problems with the welfare state is that the Government hasn't done enough to make work pay. A number of participants noted that they had friends, relatives or work colleagues that deliberately avoided some or all work in order to keep receiving apparently



generous benefits for not working at all. They suggested those that receive benefits have an encyclopaedic knowledge of how the system works (*'They think because they get so much in benefits it's not worth them working.'*; *'They know the system don't they?'*; older women, Long Eaton). People talked about this in a state of weary, resigned dismay; perhaps, they mused, they were the fools for working so hard for so little, while those on benefits spent their days in cafes and their nights in pubs and seemed to have more money than them. (*'I'm single and work full time and I get no help whatsoever, so when you've got someone saying I'll have a baby and get my house paid for and my council tax paid for and put my feet up for a few years basically...'*; older woman, Long Eaton). (*'I think it's outdated now. It needs a modern look to it. I think there's a lot of families where it is a way of life. That needs nipping in the bud'*; older woman, Bolton.)

There was something of a sense that the Government had done its best to encourage people to rely on work, rather than benefits, and now there was really no excuse for people not to work. (*'They brought in the minimum wage, and then the living wage – and some people aren't even prepared to work for those'*; older woman, Bolton.)

Some in the younger Long Eaton group made a similar point, although, because of the presence of a number of quite hard left participants, the younger group was generally more sympathetic to the plight of recipients and blamed the economy and society for their problems. (*'There needs to be more support for people in society overall to get everybody up to a level where they think they can work'*; younger man, Long Eaton; *'I know a couple of people that say they can't work and claim disability but they're in the pub every night... and that's why I'm a bitter about it... you think would I be better at home and not working'*; younger woman, Long Eaton). In Bolton there was a similar sense of betrayal in the younger group. One man – a store manager – had wanted to go back to university to train as a teacher but had discovered it would mean he and his partner would lose free childcare, he claimed. (*'It makes me quite bitter. I have these people who work for me and they won't work more than 15 hours because they'll lose benefits. They're getting benefits for doing nothing but I've worked for years and I'm having mine cut.'*)

When the moderator pressed the groups about whether they were talking from personal experience, or from what they had seen and heard in the media, people made clear they saw these apparent outrages with their own eyes on the local high street (*'A lady works with me... and she only works 16 hours a week... and we're in exactly the same position... and I asked her how she can afford not to work, and she said she get's that [universal credit]... and I thought who's the fool here?'*, older woman, Long Eaton; *'All I've been exposed to, mainly, is people that I know claiming benefits that I know shouldn't, because I know they can work... I've not really experienced anyone claiming benefits that actually needed to'*; younger woman, Long Eaton). But media reporting also has an impact. (*'Abu Hamza was in the paper today. They guy with the hook. His family take in £58,000 a year in benefits. They all live in a three quarters of a million-pound house in London'*; older man, Bolton).

Direct experience, especially on the part of friends and family, was important. But even then, many people were able to separate the policy issues from their own lives. One young woman in Bolton said that her father – who apparently suffers from such serious back problems that he is unable to walk – had been sanctioned



several times for obscure reasons. Asked whether that was fair, she said it wasn't – because he was genuinely unfit to work but that in most cases it was deserved. (*'It just makes me angrier at all the people who are making it up to claim.'*)

Despite concerns about the excessive generosity of the welfare state towards the 'undeserving', people were clear that there should be a welfare state. They were sceptical about the idea of the family doing everything. (*'While I appreciate that there will be people that 'abuse' the system, I think the media does blow out of all proportion the number of people that are abusing the system... It is a force for good, I suppose, to help those that are struggling'*; younger man, Long Eaton; *'People are working more so [the family] can't do it now... We lost my dad last year and yes we did look after him because there was three of us... but if I'd have been an only one I wouldn't have been able to do that because I have to work'*; older woman, Long Eaton).

When the moderator asked people what they thought about the Government's welfare reforms to date, on the whole they were very supportive, regardless of their political affiliation. The younger Long Eaton group was, to be fair, more divided politically, with Conservative-leaning voters more positive about the reforms than the Labour-leaning voters. But elsewhere, people generally thought the Government was right

While it would be an exaggeration to say that people understood the intricacies of universal credit, they supported the principles behind it – which they considered to be a radical simplification and a tool to make it easier for the Government to make work pay (*'I think this universal credit is a step in the right direction... this one calculation is better...'*; older woman, Long Eaton). People raised few concerns about it, although a few members of the Bolton group had heard stories about long delays to payments. People also generally backed the Government making it more difficult for people to claim benefits if they weren't actively looking for work, although, if anything, people became tougher over associated discussions, arguing that claimants should have to do some actual work to receive any money. The younger Bolton group was shocked and angry to hear that the Work Programme had been ended, the former DWP contractor told them, because of the court case over a Birmingham archaeology graduate forced to work in Poundland. (*'You should have to put something back in if you get benefits. They should be forced to work. They're capable of it'*; younger woman, Bolton). (*'The number of people who started working in that first 20 days was just amazing. The off-flow was 45%'*; younger man, Bolton. *'So why don't we do that then?'*; younger woman in response.)

They also backed the benefits cap, with most people agreeing that a £20,000 limit for a household was very high, especially after tax. (*'I'd like £20,000 a year coming in'*; older woman, Long Eaton). A few of the younger Long Eaton group expressed deep hostility towards people having to do unpaid work experience at places like Tesco, and had some impact on the others in the group that became sympathetic to the idea that such work should be paid properly (rather than seeing that they were working for their benefits).



Views on introducing a contributory system

People found the idea somewhat confusing because it was so new and different – even though they had themselves previously talked about the welfare system in the context of people ‘paying in’ and taking out. However, as it was discussed, the concept was received very well across most groups (only the younger Long Eaton group was divided on this, with one person adamantly sticking to the line that there was a contributory system because people paid taxes and NICs). The older Long Eaton group said that it would encourage people to work and that it sounded like a fairer system.

There were some concerns raised about the possible complexity of the system – with one participant saying you’d have lots of different pots (referring to pensions). But it was complexity where the real problems came up. For example, on carers’ allowance, there was concern in the younger Bolton group that people would appoint themselves carers so they could collect extra allowances. The older group in Bolton were extremely keen on bigger pensions for those who had worked for longer, but several were already aware that pensions levels are actually dependent on contributions already. Across the board, though, they were supportive of the idea that the more people had put in, the more generous – in unspecified ways – that benefits should be.

There was also powerful support for the idea that this should be capped in some way and should reflect time spent in employment rather than the amount of tax paid. (*‘Someone on £180,000 shouldn’t get more than someone on £40,000. It should be based on the period you’ve worked’*; older man, Bolton)



Appendix D: Polling results

2018 polling

On 6 & 7 November 2018, YouGov put the questions below to a sample of 1,653 British adults on behalf of the Centre for Policy Studies.

Their findings are summarised below.

1) How clear, if at all, are you about how the current welfare system works for you and people you know?

Very clear	4
Fairly clear	25
TOTAL CLEAR	29
Not very clear	34
Not clear at all	20
TOTAL NOT CLEAR	54
Don't know	17

2) Generally speaking, do you think the current welfare system is or is not fair?

Is fair	17
Is not fair	47
Don't know	36

3) If you had to guess, what proportion of the total amount the government spends do you think goes on welfare benefits?

0-10%	12
11-20%	15
21-30%	15
31-40%	11
41-50%	5
51-60%	4
61-70%	2
71-80%	2
81-90%	0
91-100%	0
I have no idea	32



4) Thinking about the term 'welfare', do you think of the following types of government spending as being welfare spending or not?

Jobseeker's Allowance

This is 'welfare spending'	72
This is not 'welfare spending'	15
Not sure	14

Disability benefits

This is 'welfare spending'	82
This is not 'welfare spending'	6
Not sure	12

Working tax credit

This is 'welfare spending'	66
This is not 'welfare spending'	17
Not sure	17

State pension

This is 'welfare spending'	45
This is not 'welfare spending'	41
Not sure	14

Older person's bus pass

This is 'welfare spending'	53
This is not 'welfare spending'	32
Not sure	15

The NHS

This is 'welfare spending'	37
This is not 'welfare spending'	48
Not sure	14

5) Generally speaking, do you think the level of benefits available to people who are unemployed is currently...

Much too high	13
A little too high	15
TOTAL TOO HIGH	28

About right	22
A little too low	15
Much too low	13
TOTAL TOO LOW	28

Don't know	22
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6) Which of the following would you prefer?

I would rather taxes were higher and the level of benefits available to those who are unemployed was higher	19
I would rather taxes were lower and the level of benefits available to those who are unemployed was lower	27
I would rather taxes and the level of benefits available to those who are unemployed both remained at current levels	25
Don't know	29

7) Do you think the benefit system does too much to make people claiming unemployment benefit find work, does not do enough, or does it get the balance about right?

Does too much to make people find work	11
Does not do enough to make people find work	52
Gets the balance about right	13
Don't know	24

8) Do you think people receiving unemployment benefits should or should not have to do the following as a condition of receiving benefit?

Actively look for a new job?

Should have to do this	89
Should not have to do this	3
Don't know	7

Provide the Job Centre with evidence that they are actively looking for work?

Should have to do this	83
Should not have to do this	7
Don't know	9

Work part-time in a job provided for them by the government?

Should have to do this	60
Should not have to do this	20
Don't know	20

9) Which of the following best reflects your view?

The benefit system should do more to help those people who have previously paid more or for longer into the system than those who have not	40
The benefit system should be based only how much help people need, regardless of how much or for how long they have previously paid into the system	37
Neither	7
Don't know	16



10) Some of the current benefits in the UK are 'contributory' – this means eligibility is based on whether people have paid national insurance contributions in the past, and whether people are entitled to the benefit, the level of the benefit or the conditions attached to it may be based on whether people have paid in.

Other benefits are not contributory, and eligibility is based on people's circumstances or income, regardless of whether they have paid national insurance in the past.

As far as you know, are the following benefits contributory or not?

Jobseeker's Allowance

Is a contributory benefit	27
Is not a contributory benefit	44
Don't know	29

Employment and Support Allowance

Is a contributory benefit	28
Is not a contributory benefit	33
Don't know	40

Child Benefit

Is a contributory benefit	13
Is not a contributory benefit	60
Don't know	26

State pension

Is a contributory benefit	70
Is not a contributory benefit	11
Don't know	20

Working Tax Credit

Is a contributory benefit	27
Is not a contributory benefit	34
Don't know	38

Universal Credit

Is a contributory benefit	15
Is not a contributory benefit	42
Don't know	43



11) Imagine a scenario where someone has been in work for some time and has paid income tax and national insurance, and then later becomes unemployed. What level of income should they receive from unemployment benefits if...

They had previously been working for 1 year?

Enough to cover subsistence needs such as food, warmth and clothing	52
The same as what they would receive in a full-time minimum wage job	22
The same as what they would receive in an average salary job	5
The same as the wage they were receiving from their previous job	3
Don't know	18

They had previously been working for 3 years?

Enough to cover subsistence needs such as food, warmth and clothing	33
The same as what they would receive in a full-time minimum wage job	33
The same as what they would receive in an average salary job	11
The same as the wage they were receiving from their previous job	5
Don't know	18

They had previously been working for 10 years?

Enough to cover subsistence needs such as food, warmth and clothing	18
The same as what they would receive in a full-time minimum wage job	31
The same as what they would receive in an average salary job	24
The same as the wage they were receiving from their previous job	10
Don't know	18

They had previously been working for 20 years?

Enough to cover subsistence needs such as food, warmth and clothing	17
The same as what they would receive in a full-time minimum wage job	24
The same as what they would receive in an average salary job	22
The same as the wage they were receiving from their previous job	19
Don't know	18

12) Thinking about immigrants coming to live and work in Britain, which of the following best reflects your view?

Immigrants to Britain should receive the same access to benefits as anyone else	8
Immigrants to Britain should have to live and work in Britain for some time before being entitled to the same access to benefits	46
Immigrants to Britain should have to become a citizen before they are entitled to the same access to benefits	37
Don't know	10



13) What proportion of welfare claims do you think are made up of 'welfare fraud'?

Less than 1%	8
Between 1% and 2%	8
Between 2% and 5%	12
Between 5% and 10%	15
Between 10% and 20%	12
More than 20%	17
Don't know	27

14) When answering the previous question on welfare fraud, which of the following sorts of behaviour were you thinking of? Please tick all that apply

People making false claims about their circumstances to obtain benefits	82
People not informing the benefits agency when their circumstances or eligibility change	71
People not looking as hard as they can for a new job when claiming benefits	46
People having children purely in order to receive higher benefits	44
People claiming benefits they are entitled to, but don't really need	32
Something else	4
Don't know	12

15) Below are some concerns that people have raised about the welfare system's fairness. Which, if any, of these do you think are the least fair? Please tick up to two or three

It is too generous to those that can't be bothered to seek work	41
It is too harsh on those that cannot work, like the disabled	37
It is too vulnerable to fraudulent claims	31
It does not give people enough money to survive upon	21
It takes too long to receive benefits in the first place	21
It is not sufficiently generous to those that have paid in more in tax	17
It is too complex for people to use	16
It does not redistribute enough money from the rich to the poor	14
It gives out too many sanctions and punishments to people	13
It is simply too expensive	6
None of these	2
Don't know	13

16) Below are some proposals people have made for changes to the welfare system. In each case, please say whether you think it would be a good or bad idea.

Allowing different local areas to set different rules or levels for benefits

A good idea	17
A bad idea	59
Don't know	23



A universal basic income – in which everyone receives a set payment from the state regardless of whether or not they work

A good idea	28
A bad idea	49
Don't know	22

Paying a higher rate of benefits to people who have worked for a longer time, and paid more in national insurance

A good idea	56
A bad idea	19
Don't know	26

Requiring people who claim unemployment benefits to repay the money once they have found a job

A good idea	18
A bad idea	61
Don't know	21

Requiring everyone to pay into a fund that would pay towards care needs in later life

A good idea	52
A bad idea	20
Don't know	29

2021 polling

On 25 & 26 February 2021, YouGov put the questions below to a sample of 1,637 British adults on behalf of the Centre for Policy Studies.

Their findings are summarised below.

How clear, if at all, are you about how the current welfare system works for you and people you know?

Very clear	6
Fairly clear	28
TOTAL CLEAR	34
Not very clear	34
Not clear at all	19
TOTAL NOT CLEAR	53
Don't know	13

Generally speaking, do you think the current welfare system is or is not fair?

Is fair	20
Is not fair	45
Don't know	35



Thinking about the term 'welfare', do you think of the following types of government spending as being welfare spending or not?

Job seekers allowance

This is 'welfare spending'	71
This is not 'welfare spending'	15
Not sure	14

Disability benefits

This is 'welfare spending'	78
This is not 'welfare spending'	10
Not sure	12

Working tax credit

This is 'welfare spending'	63
This is not 'welfare spending'	17
Not sure	19

State pension

This is 'welfare spending'	42
This is not 'welfare spending'	44
Not sure	14

Older person's bus pass

This is 'welfare spending'	54
This is not 'welfare spending'	32
Not sure	15

The NHS

This is 'welfare spending'	40
This is not 'welfare spending'	46
Not sure	14

Generally speaking, do you think the level of benefits available to people who are unemployed is currently...

Much too high	9
A little too high	12
TOTAL TOO HIGH	21
About right	21
A little too low	21
Much too low	16
TOTAL TOO LOW	37
Don't know	21



And which of the following would you prefer?

I would rather taxes were higher and the level of benefits available to those who are unemployed was higher	26
I would rather taxes were lower and the level of benefits available to those who are unemployed was lower	22
I would rather taxes and the level of benefits available to those who are unemployed both remained at current levels	29
Don't know	23

Do you think the benefit system does too much to make people claiming unemployment benefit find work, does not do enough, or does it get the balance about right?

Does too much to make people find work	11
Does not do enough to make people find work	50
Gets the balance about right	16
Don't know	23

Do you think people receiving unemployment benefits should or should not have to do the following as a condition of receiving benefit?

Actively look for a new job?

Should have to do this	87
Should not have to do this	5
Don't know	7

Provide the Job Centre with evidence that they are actively looking for work?

Should have to do this	81
Should not have to do this	10
Don't know	9

Work part-time in a job provided for them by the government?

Should have to do this	57
Should not have to do this	23
Don't know	20

Which of the following best reflects your view?

The benefit system should do more to help those people who have previously paid more or for longer into the system than	36
The benefit system should be based only how much help people need, regardless of how much or for how long they have previously worked	44
Neither	8
Don't know	13



Imagine a scenario where someone has been in work for some time and has paid income tax and national insurance, and then later becomes unemployed. What level of income should they receive from unemployment benefits if...

They had previously been working for 1 year?

Enough to cover subsistence needs such as food, warmth and clothing	46
The same as what they would receive in a full-time minimum wage job	28
The same as what they would receive in an average salary job	9
The same as the wage they were receiving from their previous job	2
Don't know	15

They had previously been working for 3 years?

Enough to cover subsistence needs such as food, warmth and clothing	30
The same as what they would receive in a full-time minimum wage job	36
The same as what they would receive in an average salary job	14
The same as the wage they were receiving from their previous job	5
Don't know	14

They had previously been working for 10 years?

Enough to cover subsistence needs such as food, warmth and clothing	17
The same as what they would receive in a full-time minimum wage job	32
The same as what they would receive in an average salary job	26
The same as the wage they were receiving from their previous job	11
Don't know	14

They had previously been working for 20 years?

Enough to cover subsistence needs such as food, warmth and clothing	15
The same as what they would receive in a full-time minimum wage job	26
The same as what they would receive in an average salary job	25
The same as the wage they were receiving from their previous job	20
Don't know	14

Thinking about immigrants coming to live and work in Britain, which of the following best reflects your view?

Immigrants to Britain should receive the same access to benefits as anyone else	14
Immigrants to Britain should have to live and work in Britain for some time before being entitled to the same access to benefits	43
Immigrants to Britain should have to become a citizen before they are entitled to the same access to benefits	36
Don't know	7



What proportion of welfare claims do you think are made up of 'welfare fraud'?

Less than 1%	10
Between 1% and 2%	6
Between 2% and 5%	10
Between 5% and 10%	13
Between 10% and 20%	14
More than 20%	21
Don't know	26

When answering the previous question on welfare fraud, which of the following sorts of behaviour were you thinking of? Please tick all that apply

People making false claims about their circumstances to obtain benefits	82
People not informing the benefits agency when their circumstances or eligibility change	71
People not looking as hard as they can for a new job when claiming benefits	48
People having children purely in order to receive higher benefits	45
People claiming benefits they are entitled to, but don't really need	33
Something else	3
Don't know	9

Below are some concerns that people have raised about the welfare systems fairness. Which, if any, of these do you think are the least fair? Please tick up to two or three

None of these	2
It is simply too expensive	5
It gives out too many sanctions and punishments to people	10
Don't know	12
It is too complex for people to use	13
It does not redistribute enough money from the rich to the poor	17
It is not sufficiently generous to those that have paid in more in	18
It takes too long to receive benefits in the first place	24
It does not give people enough money to survive upon	25
It is too harsh on those that cannot work, like the disabled	33
It is too vulnerable to fraudulent claims	34
It is too generous to those that can't be bothered to seek work	42

Below are some proposals people have made for changes to the welfare system. In each case, please say whether you think it would be a good or bad idea.

Allowing different local areas to set different rules or levels for benefits

A good idea	18
A bad idea	61
Don't know	22



A universal basic income – in which everyone receives a set payment from the state regardless of whether or not they work

A good idea	33
A bad idea	44
Don't know	23

Paying a higher rate of benefits to people who have worked for a longer time, and paid more in national insurance

A good idea	55
A bad idea	24
Don't know	21

Requiring people who claim unemployment benefits to repay the money once they have found a job

A good idea	20
A bad idea	63
Don't know	17

Requiring everyone to pay into a fund that would pay towards care needs in later life

A good idea	52
A bad idea	21
Don't know	28

As far as you know, how well or badly has the welfare system worked during the coronavirus pandemic?

Very well	6
Fairly well	31
TOTAL WELL	37
Fairly badly	16
Very badly	7
TOTAL BADLY	23
Don't know	41

Currently, most benefits include rules which reduce the amount you can receive if you or your partner have savings or investments of more than £6,000. People with over £16,000 of savings or investments will generally not be entitled to receive benefits.

This is unfair – it penalises people who have been responsible and built-up savings	61
This is fair – benefits shouldn't be available to people who have savings to fall back on	26
Don't know	13



Which of the following household costs would you say is the biggest burden on your household budget?

Housing costs (rent/mortgage)	45
Utility bills	18
Transport costs	1
Council tax	15
Food and groceries	11
Childcare	2
Something else	2
Don't know	7

In your view, which, if any, of the following household costs has RISEN the most over the last few years?

Housing costs (rent/mortgage)	11
Utility bills	29
Transport costs	3
Council tax	20
Food and groceries	21
Childcare	2
Something else	1
None	4
Don't know	9

At the start of the pandemic, the Government increased benefit payments for most claimants by £20 per week, for an initial period of 12 months. Thinking about the future, would you support or oppose the following?

Returning benefits to their previous, lower level once the coronavirus outbreak has ended

Strongly support	20
Tend to support	27
TOTAL SUPPORT	47
Tend to oppose	22
Strongly oppose	17
TOTAL OPPOSE	39
Don't know	15

Keeping benefits at their new, higher level once the coronavirus outbreak has ended

Strongly support	19
Tend to support	25
TOTAL SUPPORT	44
Tend to oppose	25
Strongly oppose	17
TOTAL OPPOSE	42
Don't know	14



Keeping the higher level of benefits for people who have previously worked and paid national insurance contributions, and returning them to the lower level for people who have not

Strongly support	16
Tend to support	27
TOTAL SUPPORT	43
Tend to oppose	19
Strongly oppose	16
TOTAL OPPOSE	35
Don't know	22



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