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Executive Summary

The UK’s welfare state is currently caught in a downward spiral of low pay, insecure employment, rising poverty, increasing long-term illness and poor mental health, inadequate social care provision, poverty-level benefits and limited social security entitlement. The Covid-19 pandemic has further highlighted the weaknesses in the welfare state. If the UK is to become a prosperous, healthy, fair and more equitable society, it needs to acknowledge that the current system of welfare is effectively broken. Reforming existing policy areas in isolation of each other will do little to move the welfare state beyond its current model. A post Covid-19 reform vision needs to join up the dots to create a Future Well and Fair based on five principles:

- **Repositioning** the reform effort to focus less on the individual policy areas and more on key themes that cut across the various constituent elements;
- **Reforming** targeted thematic areas to create positive ripple effects across the welfare state;
- **Reimagining** that government can raise taxation and, where possible, reintroduce universalism of social security;
- **Regulating** to effect policy change;
- **Revitalising** political leadership to ensure politicians make informed decisions above and beyond a reliance on the market or party doctrine as a basis for decision-making.

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Introduction

Reforming the welfare state is essential if the UK is to recover from the Covid-19 pandemic with prosperity, social cohesion, and social justice. It is also essential if the UK is to create a Future Well and Fair for all.

Prior to the pandemic the cracks within the welfare state were already apparent. Over the last decade many social indicators have gone in the wrong direction. Poverty, and in particular child poverty, has increased to the point where in 2018-2019 30 per cent of UK children were living in poverty. In addition, the majority of families experiencing poverty live in working households. To this we can add the growing numbers of individuals in poorly-paid jobs with few prospects of moving into higher-paid work, and the fact that, by 2020, there were over one million individuals on zero-hours contracts without a weekly guaranteed income. Furthermore, individuals in poorly-paid jobs are more likely to experience long-term health conditions and mental ill-health. The care system, in particular that of adult social care, is buckling to provide for an ageing population amidst inadequate provision and resourcing. The pandemic has put the efficacy and capacity of the welfare state under the spotlight, with evidence suggesting that the impact of the crisis is almost certain to worsen the social and economic fabric of the UK.

After great crises often come great opportunities to rethink and reform the way we do things. We believe the pandemic presents us with a major opportunity for change. This report proposes a vision for reforming the welfare state, drawing on the views of experts in a range of policy fields.

Reform is no easy task. We are faced with a wealth of world-leading research, conducted by academics and policy-makers alike. Yet too often, proposed solutions emanating from research fail to gain much traction outside research communities. Our challenge with this report, then, is to identify the policy weaknesses characterising the welfare state and to extend the conversations to draw up a realistic future vision that can gain traction and credibility.

We adopted a particular approach to developing this vision, calling on expertise in the four policy areas that we consider most pressing in the context of the Covid-19 pandemic: policy on active labour markets, anti-poverty, adult social care, and long-term conditions and mental health.

It is tempting to scrutinise each policy area separately, but a reform vision needs to be greater than the sum of the individual parts and this is what the report offers: a cross-sectoral vision for reform.

The report is the outcome of four roundtables with experts conducted during February 2021. In total the report draws on the experience and knowledge of 33 participants from academic and policy-making circles who are at the forefront of current thinking on the respective policy fields. We are extremely grateful to them. Their names and institutions are listed in appendix 2.

Discussions in each of the roundtables centred on three themes:

• The strengths and weaknesses of the policy field;
• The impact of Covid-19 on the field;
• The most urgent areas of reform and feasible policy solutions.

The summaries of each of the roundtables are significant in their own right. They serve as important reference points for assessing existing challenges and identifying potential developments and opportunities within each policy area. The passion and clarity with which our participants spoke and their desire for change was compelling, grounded as it is in wide experience, knowledge and commitment.

The report presents, in turn, a summarised outline of the main points of discussion and suggested reforms in the four fields. For each a list of key resources for further reading is also provided in the appendices. A short conclusion suggests five principles to guide the reform of the welfare state as well as a number of urgent cross-cutting reforms.
Active Labour Market Policy (ALMP) in a UK context – understood as unemployment benefit recipients being supported in their search for work, provided with training and retraining opportunities, and/or subsidised employment opportunities – lies some distance from what is in place in other Northern European countries.

Since the 1990s successive UK governments have prominently emphasised getting individuals into work regardless of labour market conditions and the quality of that work. Training programmes for benefit recipients are generally of poor quality and cover improvements in only basic skills. Benefit levels are set low and claimants are subject to job-search monitoring and conditionality of benefit receipt.

The existing system

There are seven main weaknesses.

**Low levels of spending on skills and training:** Benefit claimants predominantly find work in the low-paid and insecure service sector with very few prospects to move into higher-skilled, higher-paid work. Limited training within ALMP results in poor opportunities for low-skilled workers to improve their skills or to retrain. The result is a vicious circle of low-paid, insecure employment and periods of benefit receipt, known as churning. The system produces both in-and out-of-work which has been increasing. According to the Joseph Rowntree Foundation the number of people trapped in poverty in working families is 14 million, or one in five of the population.

**Benefit conditionality does not help those most in need:** Limited resources results in the Department for Work and Pensions being unable to meaningfully engage with benefit claimants; as a result work coaches predominantly focus on applying conditionality, and support in the job search is often limited. In some instances this can erode trust between claimants and work coaches and fail to enhance the likelihood of people moving into paid work. Whilst the use of benefit sanctions may lead to growing numbers exiting benefits, the majority of those who leave as a result of sanctions do not enter paid work.

**Monitoring of part-time workers:** Universal Credit – the government’s umbrella social security scheme that, in addition to other purposes, provides income support for the low-paid – requires part-time workers to actively find full-time work and subjects them to benefit conditionality and sanctions. Meanwhile, part-time employment in the UK labour market has continued to increase alongside individuals struggling to move from part-time to full-time employment.

**Inadequate childcare provision:** Support services such as childcare are difficult to access, are costly, and may be an obstacle to individuals moving into work or transitioning from part-time work to full-time work. The UK has one of the costliest childcare systems in Europe and this disproportionately impacts the lowest paid. The 30 hours free childcare offer targets employed parents rather than helping the worst-off families.

**Fewer people are qualifying for unemployment benefits:** Middle and high income earners are often ineligible for means-tested benefits. Individuals who fall into these categories are expected to rely on savings and/or family support during periods of unemployment, but while in employment pay
Covid-19 has also challenged one of the main assumptions of UK ALMP – that individuals are fully in control of their destiny and that markets, and only markets, make effective decisions. Crises can occur beyond individual control and have the potential to create disruption and severe tax and national insurance. Meanwhile, the pressure to find work for this group of people can result in a skills mismatch between individuals and employment. Divisions within the system amplify a dominant narrative across to the UK of benefit claimants as being ‘workshy’ and ‘undeserving’ who are ‘scrounging off the state’.

Once in work individuals have limited access to training: The UK lacks a skills and training transmission belt that enables individuals in low-skilled, low-paid work to improve their long-term prospects. Political leadership in this area is relatively weak and policy places considerable emphasis on employer-led skills policy, such as the Skills for Jobs White Paper. The assumption is that employers know what they need. More broadly, there is limited coordination of skills policy with a strong industrial strategy. This results in little forward thinking in the context of the education, training and skills that future jobs would need.

The UK’s broader macroeconomic environment amplifies trends of in-work poverty: UK ALMP is coupled to a particular growth model that requires an abundance of low-paid and flexible jobs in the labour-intensive and volatile services sector. Individuals working in these sectors often have very limited financial resources to manage instability and uncertainty, and this instability has increased. The growth of zero-hours contracts has been a particular concern as people move from benefits to employment and income level is not guaranteed. According to the Office for National Statistics by 2020 there were over one million people on zero-hours contracts. Furthermore, many employment rights – such as the right not to be unfairly dismissed or the right to redundancy pay – rely on a legal definition of ‘employee’.

Learning about ALMP from the Covid-19 experience

On a positive note the UK government introduced several emergency measures to the benefit system, including an unprecedented relaxation of Universal Credit and Jobseekers Allowance work availability and work search conditionality. In a clear signal to the inadequacies of pre-Covid-19 social security, the basic allowance within Universal Credit has been increased across all age groups by £20 per week. Furthermore, in a bid to secure jobs, those who were temporarily unable to work were protected by the furlough scheme, an emergency job retention scheme that reimburses employers up to 80 per cent of a furloughed employee’s wages up to £2,500 per month. Both of these decisions demonstrate that government can be bold and can make effective decisions to help and support people.

The pandemic has also revealed weaknesses and shortcomings. While government support has been welcome, the UK has essentially created a two-tier support system whereby those who have lost their jobs as a result of the crisis potentially receive lower government support than those who are temporarily unable to work. The temporarily laid off are the big winners for now, but the political consequences of placing the temporarily laid-off on Universal Credit is worth pondering. Government action continues the dualism in the system between the ‘deserving and undeserving’ and could potentially further entrench social, economic and political division. Covid-19 has also challenged one of the main assumptions of UK ALMP – that individuals are fully in control of their destiny and that markets, and only markets, make effective decisions. Crises can occur beyond individual control and have the potential to create disruption and severe
Employment and support for employment need to move beyond the assumption that individuals are fully in control of their own destiny.

The following should be prioritised:

- Reforms to benefits, including their level and adequacy, need to be carried out in conjunction with improvements to pay and employment conditions. For example, increasing benefit levels without tackling low-pay within the service sector would disrupt the economy and increase the recourse to welfare. More joined-up thinking needs to be followed, e.g. increasing benefit levels whilst simultaneously implementing a national living wage.

- Such joined-up thinking (e.g. improving pay and employment conditions) will enable ALMP to move towards more carrots and fewer sticks, thereby reducing, if not eliminating, benefit conditionality.

- UK ALMP needs to provide genuine opportunities for training that support individuals’ movement into, and retention of, well-paid jobs. More broadly, the UK urgently needs political leadership in education and training, particularly in the field of vocational training. Individuals should be able to improve their skills and employment prospects whether they are in work or on benefits. Vocational training should not be purely driven by the market and employers.

- Leadership in education and training needs to be complemented by a long-term industrial strategy, with the state playing a key role in creating and supporting high-skilled jobs. For example, the Institute for Public Policy Research estimates the net-zero carbon transition of the economy could create 1.6 million good quality jobs across a range of sectors that would be well-paid, utilise skills, and help the UK with its chronic problems of relative overqualification in some areas of the economy (and underqualification in others).

- Universal coverage needs to be brought back into the system to generate support across the income and political spectrum.
Anti-poverty policy in the UK is distinctive, with a disproportionate reliance on the use of means-tested benefits and strict conditionality as compared with many other countries.

There are variations across the different jurisdictions but generally the recourse to means- and conditions-testing and to labour market participation as the key solution to poverty is widespread and has grown with the introduction of Universal Credit, undertaken since 2013. Despite considerable reform – and indeed Universal Credit itself as a signature reform – the prevalence of poverty is either static or growing and the poverty gap is widening. The pandemic has exacerbated the situation. It has to be asked to what extent the policy approach is itself causing or addressing poverty.

The existing system
There are five main areas of weakness.

A narrow approach to poverty is adopted: UK anti-poverty policy is aimed at individuals and households on the margins of the labour market and society, rather than being grounded in tackling more deep-rooted causal factors such as inequality, the general inadequacy of the social security system and a labour market that is impoverishing for many. Changes and general shifts in policy since 2010 have seen an approach to poverty oriented strongly to promoting economic self-sufficiency. This has meant an identification of worklessness as the core problem and the intensification of supply-side measures such as inequality, the general inadequacy of the social security system and a labour market that is impoverishing for many. Changes and general shifts in policy since 2010 have seen an approach to poverty oriented strongly to promoting economic self-sufficiency. This has meant an identification of worklessness as the core problem and the intensification of supply-side measures such as increased conditionality and benefit reductions to incentivise employment.

Benefit levels are low as are wages: Cost containment is a dominant policy consideration. Among other things, cost containment has authored a switch to the less generous Consumer Price Index (from the more generous Retail Price Index) as the indexing benchmark since 2012-13, below-inflation rises for three years, and a four-year freeze announced in July 2015. Other cost containment measures have included cuts to Housing Benefit and to support for Council Tax, a general cap on working-age benefits so that they are kept below a threshold, and a two-child limit for the ‘child element’ of Universal Credit and other means-tested benefits for children born after 6 April 2017. Instead of easing their situation, over time low benefit levels and low wages push people further and further below the poverty line.

Housing costs are impoverishing: Inadequate supply of good-quality affordable social housing has created a considerable cost burden to those at the lower end of the income distribution, with private rental costs rising above the rate of inflation for much of the last decade. Total housing supply is an issue but, from the point of view of poverty and housing support policy, affordability and quality are arguably greater challenges. Recent governments have chosen to assess progress and relative wellbeing on the basis of pre-housing cost measures (as against income after housing costs), failing to take account of high housing costs as one of the biggest proximate drivers of poverty in the UK.

The UK labour market has major weaknesses: As mentioned, Universal Credit has a strong reliance on labour market opportunities. But the labour market is characterised by features that are poverty inducing, including a lack of progression, job insecurity, geographical differentiation in the availability and quality of employment. Because of these and other factors, in-work poverty has grown. Moreover, whilst minimum wage rises have kept the income floor at 60 per cent of median earnings, the value and impact of this has been offset by other changes to the social security system, such as the earnings taper, whereby workers claiming Universal Credit find their benefit reduced by a high percentage of any wage rise, as well as rising housing costs alongside falling benefits.

Support for families is inadequate: The link between family structure and poverty risk is well-established, with families particularly at risk of poverty including those consisting of lone parents, those with no working adult and those with three or more children. Recent policy has exacerbated this set of risks as over 90 per cent of all households affected by the benefit cap – which reduces working-age benefits if people’s income goes above a set amount – have children.
Learning about anti-poverty policy from the Covid-19 experience

The pandemic environment has seen many more people rendered vulnerable and has exposed broader insecurities. One of the associated outcomes was that greater numbers have experienced the benefit system first-hand; the prominent role given to Universal Credit in income support (as against social insurance benefits, for instance) meant that the system has had support functions for a wider section of the population than usual. As compared with pre-existing claimants, the new Universal Credit claimant cohort up to September 2020 had a notably different demographic profile, with proportionately longer tenures in the labour market at higher rates of pay.

The pandemic also exposes income support policy to questions about its adequacy in meeting the needs of citizens, and in dealing with a crisis. Administratively the system has coped relatively well with the extra numbers of pandemic-induced claims (albeit by relaxing some of the rules temporarily and by significant increases in staff resources) and some of the feedback from the new claimants is more positive than that from regular recipients. This may be interpreted to suggest that the system copes best with short-term applications, unlike its regular mode which sees it dealing with a much more long-term user group.

Reflecting on capacity more profoundly, the pandemic can also lead one to question the wisdom, especially in a crisis situation, of having a system that is reliant on demanding bureaucratic procedures and extensive proof of need. Further, questions have to be raised about why a system that is intended to be a last resort became the first resort in the crisis.

Another, related, lesson is that the pandemic has revealed the inadequacy of the amount of support provided. Indeed, in some respects the temporary uplift of £20 per week to the basic element of Universal Credit (and Working Tax Credit) could be interpreted as recognition of existing inadequacy.

And, in a context in which the retention of the uplift is in doubt, it is important to point out that a permanent retention would hardly compensate for the losses incurred by the imposition of the benefit cap in 2012. Aspects of Universal Credit that cause hardship include: the ‘five-week wait’ for new claimants to receive their first payment, and the need to repay any advance claimed; the monthly basis of assessment; the many deductions; and the household-based nature of the process, which can exacerbate hidden poverty within families, especially for women. In addition, the system is prone to high rates of exclusion error.

Most benefits are governed by UK legislation which means general similarity in income support policy across the UK. However, both Northern Ireland and Scotland have in place mitigation schemes to protect against some benefit cuts and both jurisdictions have powers to vary aspects of the administration of Universal Credit. In addition, Scotland has powers over various existing benefits (such as those for disability and carers) and the authority to create new benefits (such as the child payment being introduced for younger children). In the context of learning, it should be noted that both Scotland and Wales are investigating alternatives to the existing system – for instance, Scotland has made funding available to pilot a Universal Basic Income scheme.
A post Covid-19 reform vision

As we learn to live with Covid-19, the UK requires an income support and anti-poverty system that has the resilience to not only deal with shocks but also help recovery from them. To a real extent the current income support system – especially Universal Credit – is dominated by having to respond to problems that originate in dysfunctional labour market and housing systems. The feasibility and effectiveness of the system are also put in doubt by their strong reliance on employment activation should far fewer jobs be available after the pandemic.

As well as creating the exigency for new thinking, it may be that pandemic conditions allow a holistic approach and a very different vision. As part of that new vision, the existing policy should be replaced with an anti-poverty policy that is truly strategic – allied to deliberate intervention in the labour market, training, education and housing systems for the purposes of addressing poverty and inequality. This would involve a system oriented to prevention rather than just relief; one that anticipates potential social needs and contingencies and creates an infrastructure through which to prevent and manage them. The new approach would have to be based on principles of equal citizenship and income security for all, including on an equal basis sectors of the population that are currently less protected or discriminated against on grounds of gender, race or ethnic background, migration status, level of (dis)ability, inter alia. This would also help address the stigma currently associated with poverty and being on Universal Credit.

An effective anti-poverty policy should have the following features:

- It would target both the numbers of people below the poverty line and the depth of their poverty (in terms of eliminating poverty gaps). To achieve these aims many of the existing measures that have been imposed on Universal Credit – such as the two-child limit, the benefit cap, and cuts to Housing Benefit and the basic rate of benefit – would have to be reversed.

- Poverty and those experiencing it should not be treated in isolation – it is a societal issue, one of ‘us’ rather than ‘them’. In a similar line of thinking, anti-poverty policy should be treated as part of a whole of government approach, rather than just an issue for the Department for Work and Pensions. A cross-governmental strategy is needed.

- Poverty and the risk of poverty are dynamic and so a system that takes account of the shifting nature and severity of risk over the life course and works to build systemic social security and social protection that prevents risk is required.

- An explicit definition of poverty for the purposes of anti-poverty policy is needed. This should be founded on a relative, post-housing cost basis whilst aiming for the longer-term maintenance of acceptable living standards through income security.

- Any renewed system must be founded on respect for claimants and an appreciation of the dignity of each person. In this regard, the Charter of Social Security Scotland – which sets out among its principles that social security is a human right, and places respect for the dignity of individuals at the heart of the social security system – is a model to work from.
Social care policy and practice for adults in the UK has many particularities, although the variations by jurisdiction must also be acknowledged as leading to significant intra-UK differences in provision and reform.

As well as some strengths – including some legislation supporting carers – there are numerous structural and other weaknesses in the adult social care system as a whole. These predated the pandemic but to some extent were also exacerbated by it and in turn exacerbated it.

**The existing system**

There are five main weaknesses.

**The system is fragmented:** Health and social care operate as two separate systems, in England and Wales especially. Fragmentation penetrates deeply into provision and is also manifest in public support with much greater public knowledge about and investment in the health system as against the social care system. The latter has a low status and people tend to encounter it in a crisis situation.

**There is a heavy dependence on market provision:** The UK has a very high degree of marketised and privatised provision. While many other countries are outsourcing and marketising their social care (even the Nordic countries which have classically followed a state provision approach), this is not to the same degree as the UK (where marketisation is the main driver in the system). The risk is not just dependence on private providers, but that extraction of profit becomes the primary motive in the sector and working conditions become ever poorer in the search after cost competition. Moreover, the system does not necessarily offer better value for higher outlay; the case of self-funders shows that paying high fees does not necessarily bring choice, control, or better outcomes.

**Social care suffers from underfunding:** Years of austerity have significantly reduced funding and necessitated greater recourse to local taxation. Social care has also seen greater short-termism in terms of the need for regular top-up or stop-gap funding, and this among other things makes planning difficult. It also undervalues prevention which is a foundational point in the legislation but is poorly supported in most localities. With insufficient investment in prevention, social care resembles more and more an emergency service.

**Social care is a site and source of inequality and unfairness:** The structure and funding of the social care system generate wide-ranging inequalities, including inequalities among regions and localities, between rural and urban areas, between genders, between income groups, between health conditions (e.g., many dementia sufferers have to pay for their own care), between carers. Problems cumulate when care needs are overlaid on poverty, overcrowding, inadequate housing, or dislocated communities. The system also has an inbuilt unfairness to carers, both unpaid and paid, in that they receive insufficient recognition and recompense for their work.

**Reform has become contentious and neglected:** Politically, care is a polarising issue, especially in England, and different parties stick closely to their own (often outdated) vision that are often stop-gap in nature. Neither politicians nor the public view social care as a service that enables people to live a good life as a citizen. There are few if any champions for social care.
Learning about adult social care policy from the Covid-19 experience

The Covid-19 period has seen some positive as well as negative developments. On the positive side, the introduction of free care for 6 weeks upon discharge from hospital to a nursing or care home (under the Covid-19 discharge funding scheme) has had a significant impact on easing the pressure on hospitals and care homes. Covid-19 has also revealed the potential and positive benefits of technology (for diagnosis, consultation, and keeping in touch, for example). Thirdly, we learned of the potential for creativity, flexibility and resilience of the social care sector. At local level especially there has been considerable innovation and improved communication (e.g. between local authorities and care providers). Fourthly, the nature of the work and the commitment of many social care workers became apparent. Not only did some workers move into care homes to protect residents and their own families but the skilled and committed nature of the work has been more visible to the public than ever before. A further legacy of Covid-19 is in suggesting that mental health issues and isolation are far more widespread and ‘normal’ than previously assumed.

The pandemic has also revealed weaknesses and shortcomings (many of which were known beforehand). For one, it has shown that a private, market-based system is not amenable to the kind and degree of co-ordinated response that was needed. Covid-19 has also revealed the lack of proper emergency planning for the care sector. We have seen also how widespread poor working conditions are. The drift to zero-hours contracts, lack of entitlement to sick pay, and people working outside the remit of the regulator are all causal here. Furthermore, in relation to the supply of personal protective equipment and testing, it became obvious that priority was given to the NHS and that care service providers had relatively little purchasing power within those systems. There is also a sense that the pandemic has weakened trust because of such factors as high mortality (especially in care homes), a gap between the announcement and implementation of policy and a tendency towards blame and recrimination.

A post Covid-19 reform vision

Social care – as an idea, a goal and a sector – needs to be re-envisioned. The view of social care needs to be shifted from being an emergency, low-grade service for the vulnerable mainly provided by women, to care as a measure and mark of a good society committed to equality and high standards. It is important to initiate a positive debate and to portray and realise social care as a valuable and valued area of life and social service. Quality, choice and fairness are three possible watchwords for a new vision. Value change will be necessary across the political system and among the public. In this different value system and vision, care should be seen as an investment rather than a cost. To move towards this, we have to get away from thinking about GDP-style measurements as marks of progress to those focused on wellbeing. In the latter view, the welfare state becomes central to the economy and society rather than a cost on the economy. Good care has to be seen as built on good relationships and as being unable to be realised in conditions marked by resource and time shortages, profit seeking and lack of respect for the person receiving and providing care.

In order to move towards a different vision and social care system, the following should be prioritised.

- The Care Act 2014, which to date has been largely symbolic and poorly implemented, should be examined as part of a reform agenda with strengths and weaknesses in implementation in clear sight. The original focus on prevention should be renewed.
- Funding for the social care sector needs to be increased and made more equitable. Taxation is a major way to raise central government funding. This could take the form of a one-off wealth tax for example or an extra 1p in the £ income tax (the latter has the advantage of sustainability over the former and mirrors the increase introduced by Gordon Brown for the NHS in 2002). Another route is through an extra 1p on National Insurance as part of a hypothecated
fund for social care. However, since National Insurance is regressive there would be a need to ensure that older people carry on paying the contribution after retirement and that the income ceiling is removed for higher income earners to increase progressivity. A ‘Care Solidarity Fund’ could be linked to the vision of social care as a core element of citizenship and inclusivity.

- The relationship between respective responsibilities of central and local government also needs to be part of a reform vision.

- Focusing on housing is another vital element in addressing care need. This relates not just to the suitability of housing in the context of care need and the possibility of housing with extra care, but also the treatment of housing as an asset for the purposes of paying for care and dealing with perverse incentives such as people being entitled to claim Housing Benefit if they move into assisted housing.

- The working conditions of paid and unpaid carers require attention with social care developed as a site of good jobs. Scotland’s guarantee of a living wage for all care workers is a good place to start. The matter of reward and conditions is related to – but dealing with it is not limited to – the growth of marketisation of social care provision. There needs to be a much closer monitoring of the sector as a whole, in terms of where the growth is, the involvement and relative dominance of different types of provider and the outcomes for both service users and care staff of different types of provision. Existing lack of information about social care provision across the board and difficulties in regulation need to be to the fore as part of a reform agenda. The situation and support needs of unpaid carers also need greater attention.

- The contribution of technology should continue to be explored and exploited, used in a way that supports good quality care.

- Rather than automatic integration of health and social care as a policy reform, attention might be given to better communication between the two systems and an equal valuing of social care and health care.
Long-term conditions or chronic diseases are physical health conditions for which there is currently no cure and that are managed with drugs and other treatment. In addition to long-term illnesses, mental wellbeing is also an important aspect of the policy debate.

The complex interaction of population health with the economy and social policy means that policy challenges span a variety of policy fields and aspects of life. Some of the most salient of these are health care provision, housing, labour market, and social security. All of these factors need careful scrutiny and discussion in the context of Covid-19.

The existing system
There are seven main weaknesses

**Unemployment disproportionately impacts lower socio-economic groups:** Employment is regarded as generally protective of health, while unemployment contributes to poor health. Rates of unemployment are highest amongst those with no or few qualifications and skills, people with disabilities and those affected by mental ill-health, those with caring responsibilities, lone parents, those from some ethnic minority groups, older workers and younger workers.

**Low-paid/poor-quality jobs are harmful to health and wellbeing:** Long-term conditions and mental illness can be caused, and worsened, by certain employment conditions. The UK has an extensive body of legislation in the field of health and safety at work (most derived from EU law), but the persistence of low-paid/poor-quality jobs with few opportunities to improve prospects is harmful to health. Research conducted by the then Department of Health in 2006 shows those from unskilled occupations suffer from long-term conditions more than groups from professional occupations (33 per cent). Over the last two decades the growth of poor-quality jobs and zero-hours contracts has had a detrimental effect on those experiencing long-term conditions with the numbers of individuals experiencing one or more long-term conditions increasing.

**Benefit conditionality is detrimental to health and wellbeing:** The drive to increase the labour force participation rate has seen many individuals with both physical and mental health conditions reclassified as being fit for work, even in some limited capacity, and becoming subject to benefit conditionality. Individuals experiencing mental health illness and claiming Employment and Support Allowance report negative experiences of the programme. The application of benefit conditionality to these groups worsens their conditions without tangibly moving them closer to paid employment.

**The health service is largely modelled on acute episodes:** The treatment and care of those with long-term conditions accounts for 70 per cent of the primary and acute care budget in England, but the models of health delivery do not seem to fit the vast number of people living with multiple conditions. Individuals living with multiple conditions often do not get the support they need and there are limited multidisciplinary teams to treat multi-morbidity. Moreover, health spending is comparable to the EU average but lower than in similarly wealthy countries. Since 2008, budgets have not kept pace with growing demand for services, leading to increased waiting times and provider deficits.
Work by the Office for National Statistics shows those living in the most deprived neighbourhoods are more than twice as likely to die from Covid-19 as those in the least deprived areas. Individuals living in deprived areas are more likely to live with long-term conditions, such as diabetes and heart disease, which may explain higher fatality rates and higher infection levels. While Covid-19 infection rates have been higher in poorer communities, they are higher amongst the working poor. A study by Sheffield City Council shows people in low-paid jobs, with insecure contracts, and who could not afford to isolate have been hardest hit by the disease in the city.

One in 20 people with Covid-19 are likely to suffer symptoms for eight weeks or more – known as long-Covid – potentially affecting many thousands of people. This has the potential to increase the number of individuals living and working with long-term conditions. Meanwhile, delays to routine operations in the NHS and a growing mental health crisis as a result of the pandemic – both directly and indirectly – will place further pressure on the NHS.

On a positive note NHS England is establishing specialist multi-disciplinary clinics (respiratory consultants, physiotherapists, other specialists and GPs) to diagnose and treat thousands of sufferers of long-Covid. This is a welcome move and could be extended to groups of individuals experiencing other long-term conditions and mental illness.

Despite positive shifts in policy, questions remain around the broader situations of individuals living with long-Covid, including aspects of employment, wellbeing and caring responsibilities.

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**There is limited support in the labour market:** Over the last two decades there has been more emphasis on employers hiring and supporting people from under-represented groups, including those with long-term conditions. However, there is a dearth of government-led support for individuals who can work but may need time off, e.g. for fatigue-based conditions. Employers and employees are expected to manage, and this can be problematic for employers. This situation reduces the chances of individuals securing a good job and those experiencing a long-term condition are often reliant on short-term or zero-hours contracts.

**There are inadequacies in Statutory Sick Pay:** At present, workers whose average earnings were below £120 for the previous eight weeks are ineligible to receive either Statutory Sick Pay or occupational sick pay. As a result, it is estimated that 1.8 million workers have no recourse to income replacement during periods of ill health. Meanwhile, Statutory Sick Pay (£96 per week) is too low and for the average worker represents an 80 per cent loss of earnings.

**Housing also contributes to the situation:** Around 15 million people in England live in substandard housing that significantly increases the risk of chronic health conditions such as asthma, general respiratory conditions, and mental health issues across the range of children, working-age adults, and pensioners.

**Learning about policy on long-term conditions and mental wellbeing from the Covid-19 experience**

The risk factors associated with catching Covid-19 and long-Covid are complex and research in this area is ongoing, but certain groups of individuals are more at risk compared to others. The development of long-Covid is a particular concern.
A post Covid-19 reform vision

Individuals living with long-term conditions/mental illness are often forgotten in policy-making. In the future, the number of individuals living with long-term conditions/chronic illnesses is likely to increase. This needs to be acknowledged, individuals and groups need to be heard and supported, and policy needs to start addressing marginalisation and exclusion on health grounds. Outside the immediate healthcare professions there is often a lack of understanding of particular conditions and their significance for individuals experiencing them. Inclusivity, wellbeing and targeted support should be at the heart of future reforms but transitioning to this future requires politicians and decision makers to be aware of, and include, people who struggle to have their voices heard.

The following should be prioritised:

- The Equality Act (2010) protects against discrimination, harassment or victimisation in employment and users of public and private services on nine protected characteristics, including disability. The Equality Act should be fully implemented, and a rights-based approach extended to people living with long term conditions/mental illness.

- The link between social conditions and health should be at the heart of all policies. The benefits of such an approach would extend beyond the lives saved. People would see improved wellbeing and less disability. The costs of doing nothing are arguably greater than addressing the issue.

- The use of multidisciplinary clinics should be extended to other long-term conditions/chronic illnesses. Where possible, this should bring in representation from support services outside of healthcare, including housing, employment, education and training. There should be greater policy experimentation at the local level. This could take the form of working with a variety of organisations to make positive changes. Funding could support genuinely bottom-up innovative thinking and policy.

- Further resources should be prioritised for spending on mental wellbeing in terms of treatment and prevention.

- Secure, quality jobs that pay the national living wage and provide genuine opportunities for career progression should be prioritised as a matter of urgency.

- The UK’s housing crisis, particularly in the context of poor-quality housing and overcrowding, should be addressed.

Individuals living with long-term conditions/mental illness are often forgotten in policy-making. In the future, the number of individuals living with long-term conditions/chronic illnesses is likely to increase.
The UK spends less on its welfare state compared to most of its Northern European neighbours. In its present form, the UK welfare state not only risks failing to protect and support most individuals it intends to help, but it also contributes to problems and, in some instances, is actually creating them. The huge disparities in wealth between the South East – where welfare policy is predominantly made – and other parts of the UK do not help the situation. The opportunities and dynamism within London are not afforded to individuals in other parts of the country, the parts where the majority of the UK’s population live.

Critics argue that the UK welfare state is based on two broad assumptions. The first is that the most efficient, productive, and responsible form of decision-making is that which is determined by market forces. The second holds that individuals reliant on welfare are undeserving, broadly determine their own life-chances and can improve their lives by working hard. Some also perceive the UK model to be currently caught in a downward spiral of low pay, insecure employment, rising poverty, increasing long-term illness, inadequate adult social care, poverty-level benefits and limited social security entitlement.

In proposing a future vision, it is tempting to focus on the four policy areas individually, construct a reform agenda for each, and suggest where improvements could be made in separate fields. This would continue the siloed treatment of welfare policy-making, and represent a form of muddling through, more or less a continuation of current practice and short-term trajectory. Tinkering at the edges will lead to more of the same and will not enable the UK to move beyond its current problems. Not only will Covid-19 have a significant impact on health and health-related resources but the current welfare model is unlikely to provide sufficient support to the greater number of individuals who are likely to need help, especially if the pandemic leads to fewer jobs and a further diminution of job quality.

There will always be those who doubt that change is possible; that change will be too expensive, that it will result in costly mistakes and create more problems than it intends to solve. In our view change is always possible, especially when the limits of the current system are acknowledged. If the UK is to become a prosperous, healthy, fair and more equitable society, it needs to acknowledge that the current system of welfare is effectively broken.

A future vision needs to be both visionary and realistic. As well as being visionary, it must offer a practicable set of solutions and reforms that gain broad support and can be understood by the public. The public needs to see that reform will be of benefit to them, but they also need to see it as possible and achievable.

Mining the collective depth and breadth of experience and opinions offered by participants at the roundtables has revealed the dimensions of what a future welfare state might look like.

There is a broad consensus that the problems within the current system are insufficiently addressed within the real world of politics. And even if they are acknowledged, short-term thinking tends to prevail and there is a tendency to reform one policy area at a time. We reiterate that the policy problems are interconnected across these four and other fields.

Seeing such connections and acting in a concerted fashion lead us to set out the following five principles as guiding further action: repositioning, reforming, reimagining, regulating, and revitalising.

**Repositioning** the reform effort to focus less on the individual policy areas and more on key themes that cut across the various constituent elements of the welfare state viewed in an interconnected way. A life course perspective is a classic way of recognising the interconnectedness of people’s support needs. This would allow for a targeted reform strategy which maximises the positive impacts of reform and generate a broad consensus for change.

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**A Future Well and Fair**
Reforming the following targeted thematic areas, as a first step to create positive ripple effects across the welfare state. These include, but are not limited to:

- **End low-paid and poor-quality jobs.** This will prevent churning between the benefit system and employment, reduce poverty, increase the possibilities of individuals moving from low-paid to higher-paid jobs, improve the stability and potential quality of adult social care, and reduce the number of individuals experiencing long-term conditions and mental ill-health.

- **Improve education and training opportunities for individuals in and out of work.** In-work training needs particular attention and would enable individuals to move from low-paid to higher-paid jobs, potentially reducing poverty.

- **Significantly increase social housing and improve the affordability of housing.** This would reduce poverty and cut the number of individuals experiencing long-term conditions and mental health problems.

Reimagining to make the case that government can raise taxation. Some of the proposed reforms require greater government spending, which inevitably means higher taxation. Raising further revenue can be done in a fair and equitable way and, in particular, should focus on the gaps in the current system. The public needs to see that all individuals are paying tax equitably and closing loopholes and gaps in the system should focus on the creative ways in which individuals and organisations avoid tax, such as multinational companies and very high-income earners. In addition, to create a broad consensus for reform elements of universalism should be reintroduced into the welfare state.

Regulating to effect policy change. Not all reform requires governments to spend more money. One of the most successful government policies has been the introduction of a national minimum wage. Regulatory change could encompass, but not be limited to, the following.

- **Introduce a legal national living wage to end low pay and regulate to end insecure employment.** Where existing legislation exists, such as the Health and Social Care Act 2012 or the Social Care Act 2014, ensure they are fully implemented.

- **Provide a more progressive regulatory framework to increase the provision of social housing and affordable rents.**

- **Regulate to ensure employees have access to free career education and training throughout working lives.**

Revitalising political leadership to ensure politicians make informed decisions above and beyond a reliance on the market or party doctrine as the basis of decision-making. The current model of welfare defers major decisions to the market, whether it be the provision of adult social care, education and training, poverty alleviation or job creation.
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Appendix 2

Further Reading

Active Labour Market Policy


Anti-Poverty Policy


**Adult Social Care Policy**


**Policy on Long-term Conditions and Mental Wellbeing**


BBC (2021). Covid: The ‘Working poor’ are Hardest Hit, Sheffield Study Finds. Available at: https://www.bbc.co.uk/news/health-56334982


The Mile End Institute brings together politicians, policymakers, academics, and the public to discuss and debate the major challenges facing the country in a fast-moving and ever-changing world.