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Introduction

Rod Hick is a Reader in Social Policy at Cardiff University. His recent research includes an examination of policy responses to COVID-19 in the UK and Ireland (with Mary P. Murphy) and, with Policy in Practice, a study examining the impact of Universal Credit for the Council Tax Reduction Scheme and rent arrears in Wales.¹

Lee Gregory is a Senior Lecturer in Social Policy at the University of Birmingham. His current research examines issues of poverty and social needs.² He has a long-standing interest in Welsh governance and anti-poverty policies.³

What are the key challenges for the benefits system in Wales and how do they differ from the other nations and regions of the UK?

1. The contemporary Welsh poverty context remains influenced by economic restructuring implemented during the 1980s, which radically reshaped employment patterns across the UK. There have been higher rates of economic inactivity and lower rates of employment than in the other nations on a long-standing basis, resulting in a larger proportion of people depending on out-of-work benefits compared to other parts of the UK. Employment gaps have, however, narrowed in recent years.⁴
2. Key challenges in Wales include:
 - Almost a quarter of people in Wales were in poverty and 3 in 10 children were living in poverty before the pandemic.⁵
 - Around half of the Welsh population were receiving some form of benefit, administered by the UK government, such as Child Benefit, the State Pension and benefits for working age adults in and out of work. Spending on these schemes amounted to around £11bn per year pre-pandemic.
 - Households headed by a non-white person experience above-average rates of poverty, associated with lower employment rates and concentration in lower-paid sectors and roles for some BAME groups.⁶
 - Forty-three percent of local authorities report insufficient childcare for parents who work atypical hours and availability of childcare has reduced since 2019, especially for those eligible for Flying Start.⁷

¹ [Understanding the Impact of Universal Credit on the Council Tax Reduction Scheme and Rent Arrears in Wales: Final Report \(gov.wales\)](#)

² <https://www.birmingham.ac.uk/schools/social-policy/departments/social-policy-sociology-criminology/research/projects/revisiting-the-needs-of-sutton-coldfield.aspx>

³ Drakeford, M. and Gregory, L. (2011) 'Governance and Social Policy in a Devolved Wales'; in C. Williams *Social Policy for Social Welfare Practice in a Devolved Wales*. (Second Ed.) Venture Press: Birmingham pp. 21 – 34; Gregory, L and Drakeford, M. (2011) 'Just another financial institution? Tensions in the future of credit unions in the UK' *Journal of Poverty and Social Justice*. 19 (2) pp. 117-129

⁴ [From-locking-down-to-levelling-up.pdf \(resolutionfoundation.org\)](#) p17-18.

⁵ <https://www.jrf.org.uk/report/poverty-wales-2020> p.1

⁶ <https://www.jrf.org.uk/report/poverty-wales-2020> p.5

⁷ <https://www.jrf.org.uk/report/poverty-wales-2020> p.6

- Some areas in Wales have particularly high ratios of unemployed people to job vacancies – for example, Rhondda Cynon Taf and Merthyr Tydfil have 27 and 35 claimants per vacancy, respectively.⁸
3. Addressing poverty in Wales has primarily relied upon a broad policy approach as social security largely remains a reserved matter. Consequently, the Welsh Government have pursued an anti-poverty strategy which has typically addressed a “poverty triangle” of health, housing and education⁹ and a focus on a “social wage”.¹⁰

Pre-pandemic, how effectively did the UK benefits system tackle poverty and socio-economic inequalities in Wales as compared to England and Scotland?

4. Key pressures on families in poverty in Wales leading up to the pandemic included reductions in working-age benefits, the rising cost of living (especially in relation to housing) and poor-quality work. These are pressures being experienced by families across the UK.
5. An important pressure has undoubtedly been the many cuts to entitlement and generosity within the UK social security system in the period since 2010, including making indexation rules less generous, settling limits on annual indexation of payments, implementing a four-year in freeze in working-age payments, setting limits on maximum household social security awards and cuts to payments for families - for higher-earner taxpayers (in the case of Child Benefit) and on behalf of third and subsequent children (in what was the tax credit system, and is now UC).¹¹
6. In terms of some important social outcomes:
 - Wales had a higher proportion of disabled people in poverty than the other countries of the United Kingdom leading up to the pandemic.¹²
 - Child poverty initially fell between 1997-2006 from 36% to 29% but had increased to 30% by 2013/16 including an increase during this latter period to 33% before dropping again.¹³ UK child poverty started at a lower level but fell less sharply.
 - Before the pandemic Wales and England had comparable child poverty levels which were higher than those in Scotland and Northern Ireland.
 - In 2018, 710,000 people in Wales lived in poverty consisting of 185,000 children, 405,000 working age adults and 120,000 pensioners.¹⁴
 - Pre-pandemic 13% working-age adults in Wales spent more than one-third of their income (including Housing Benefit) on housing costs; the figure for the UK as a whole was 16%. For the poorest fifth of the working-age population in Wales 42% spent more than one-third of their income on housing costs compared to 47% of the UK.¹⁵

⁸ <https://www.jrf.org.uk/report/poverty-wales-2020> p.7

⁹ Adamson, D. (2008) Still Living on the Edge?; *Contemporary Wales* 21(1) pp.47-66

¹⁰ The provision of amenities within society through public funds to reduce the cost of living

¹¹ Hick, R. and Murphy, M.P. (2021), ‘Common shock, different paths? Comparing policy responses to COVID-19 in the UK and Ireland’, *Social Policy & Administration*, pp. 312-325

¹² <https://www.jrf.org.uk/report/poverty-wales-2018> p.19

¹³ <https://www.jrf.org.uk/report/poverty-wales-2018> p.8

¹⁴ <https://www.jrf.org.uk/report/poverty-wales-2018> p.2

¹⁵ <https://www.jrf.org.uk/report/poverty-wales-2018> p.15

- The under-employment rate, pre-Covid, was similar in Wales to levels in England and Scotland (Northern Ireland was slightly lower).¹⁶
- In contrast to England and Scotland, Wales has lower childcare costs.¹⁷ However, there were challenges for parents in finding the childcare support they required with councils having insufficient provision for all full-time working parents.
- With regards to Discretionary Housing Payments, Wales pays out one-eighth the amount paid out by Scotland whilst having a population half the size of Scotland. Consequently, local authorities have a reduced ability to plug the gaps in universal credit compared to their Scottish counterparts.¹⁸

How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?

7. The pandemic has resulted in a dramatic rise in need. Between March and July 2020 there was a 71% increase in the number of people in Wales receiving Universal Credit.¹⁹
8. The pandemic has also resulted in greater reliance on the Welsh Government's Discretionary Assistance Fund (DAF). Between 18 March 2020 and 7 January 2021, there were 136,168 COVID-19 related Emergency Assistance Payments, with a total paid value of £8.96 million.²⁰
9. Wales also has a context of lower pay, with one-third of jobs furloughed at the start of the pandemic. The Joseph Rowntree Foundation have estimated that there is a higher risk of furloughed workers ultimately losing their jobs than in other parts of the UK, due to geographical differences in occupational sector.²¹ Areas such as Conwy and Gwynedd had slightly higher levels of furloughed jobs than other parts of Wales.
10. Four in ten households in poverty contain a full-time worker and over half have someone in work, and other than London, Wales has the highest in-work poverty rates compared to any other nations and regions in the UK.²²
11. Wales also has the lowest median hourly pay compared to other nations and regions across the UK with hospitality and retail workers not only the lowest paid but also more likely to be under-employed.²³
12. By June 2020, 400,000 adults had fallen behind on bills and 200,000 fallen behind on rent/mortgage repayments.

How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?²⁴

¹⁶ <https://www.jrf.org.uk/report/poverty-wales-2018> p.5

¹⁷ <https://www.walesonline.co.uk/news/wales-news/childcare-wales-cheapest-britain-you-12678380>

¹⁸ <https://www.jrf.org.uk/report/poverty-wales-2020> p.16

¹⁹ <https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-9-july-2020/universal-credit-statistics-29-april-2013-to-9-july-2020>

²⁰ <https://gov.wales/summary-data-about-coronavirus-covid-19-and-response-it-14-january-2021-html>

²¹ <https://www.jrf.org.uk/report/poverty-wales-2020>

²² <https://www.jrf.org.uk/report/poverty-wales-2020>

²³ <https://www.jrf.org.uk/report/poverty-wales-2020>

²⁴ This section draws on analysis contained in Hick, R. and Murphy, M.P. (2021), 'Common shock, different paths? Comparing policy responses to COVID-19 in the UK and Ireland', *Social Policy & Administration*, pp. 312-325

13. The primary supports in responding to COVID-19 have been enacted at Westminster and administered from Whitehall. CJRS (“furlough”) and SEISS have provided unprecedented levels of support on an all-UK basis. Similarly, the adjustments to Universal Credit have been on an all-UK basis.
14. The COVID response in the UK can be characterised by high levels of support for (some) furloughed workers; a high degree of inequality between furloughed and newly-unemployed workers, and some gaps in provision.
15. Taking these in turn, furlough has provided a high degree of protection for affected workers, with payments of up to 80% previous salary up to a ceiling of £2,500. This was a higher proportion of salary replacement compared to peer countries, many of whom settled for a replacement rate of 70%.²⁵
16. For workers who lost their jobs or were denied furlough, levels of support provided by Universal Credit which, even with the £20 uplift, fell a long way short of the levels of support provided via furlough. This was not inevitable: Ireland, for example, provided similar levels of support to furloughed and newly-unemployed workers, the latter supported via a new Pandemic Unemployment Payment, introduced at the onset of the crisis and paid at €350 per week (about £300).
17. In part because of the household means-test applied as part of Universal Credit, some of those who lost work during the pandemic will not have received either furlough payments or Universal Credit. Research conducted by the Welfare at a (Social) Distance project estimates that about 500,000 people were entitled to Universal Credit but did not claim it. Lack of knowledge about entitlements played a part here; they also find that nearly a quarter of a million people (220,000) believing that they were eligible but who did not want to claim Universal Credit.²⁶ Moreover, in another report the same research team estimate that 290,000 people applied for Universal Credit but had their claims rejected, the key reason being for partner earnings and having savings that denied entitlement.²⁷ Given the potential of partner earnings resulting in rejected applications for Universal Credit, it remains surprising that contributory social security benefits have not been articulated as an important part of the policy response to COVID-19 in the UK.²⁸
18. Evidence from Resolution Foundation shows that while the labour market shock has been borne most especially by those on lower earnings, changes to household incomes have not been so stratified.²⁹ There are a number of possible reasons for this but one is the cushioning effect of the COVID schemes rolled out by UK government. Furlough has been particularly important. Resolution Foundation figures suggest that 51% of employees who stopped working during COVID but have not had access to furlough reported that their household incomes “decreased a lot”, compared with 14% of employees who lost all work but were in receipt of furlough.³⁰

²⁵ [COVID-19, the Great Recession and social policy: Is this time different? \(wiley.com\)](#) p. 272.

²⁶ Geiger, BB; Scullion, L; Summers, K; Martin, P; Lawler, C; Edmiston, D; Gibbons, A; Ingold, I; Robertshaw, R and de Vries, R (2021a), Non-take-up of benefits at the start of the COVID-19 pandemic, Welfare at a (Social) Distance Project Report. The Welfare at a (Social) Distance project; <http://www.distantwelfare.co.uk/>

²⁷ Geiger, BB; Scullion, L; Summers, K; Martin, P; Lawler, C; Edmiston, D; Gibbons, A; Ingold, I; Karagiannaki, E; Robertshaw, R and de Vries, R (2021b), Should social security reach further? A study of those not claiming benefits at the start of the COVID-19 pandemic, Welfare at a (Social) Distance Project Report. The Welfare at a (Social) Distance project; <http://www.distantwelfare.co.uk/>

²⁸ [COVID-19 and the bypassing of contributory social security benefits | IPR blog \(bath.ac.uk\)](#)

²⁹ [Caught-in-a-Covid-trap.pdf \(resolutionfoundation.org\)](#). P 8-9.

³⁰ [Caught-in-a-Covid-trap.pdf \(resolutionfoundation.org\)](#), p11.

19. The most important immediate decision regarding support concerns the retention of the Universal Credit uplift. Baseline UK social security rates are not generous in international terms; indeed, the inadequacy of social security rates necessitated the creation of the furlough scheme. The UK government's current intention to phase out the £20 uplift at the end of September 2021 will undoubtedly plunge families into poverty and deepen the hardship of families who are already struggling. Retaining the value of this uplift – and, indeed, extending it to contributory social security schemes – is the bare minimum of what a decent society demands.

How effectively do the Welsh Government's allowances and grants meet the particular needs of people in Wales?

20. The Welsh Government administers several allowances and grants. A summary of means-tested supports provided by the Welsh Government has been compiled by the Bevan Foundation.³¹
21. Information on the effectiveness of these schemes is limited, but we can tell something from the spending numbers. The Bevan Foundation identify twelve schemes that fall into what they label the 'Welsh Benefits System', with the total budget for these schemes more than £425m, or what they claim is more than that spent on Universal Credit or JSA in Wales in 2018/19. Two-thirds of the total is provided by a single payment, the Council Tax Reduction Scheme.
22. Another important scheme is the Discretionary Assistance Fund. Like the Council Tax Reduction Scheme, this was devolved to local authorities in England – and the Welsh and Scottish governments – following the Welfare Reform Act 2012. An evaluation of the Discretionary Assistance Fund in Wales published in 2015³² was reasonably positive about the impact of the scheme. However, these impacts were rather anecdotal and not compared against some counter-factual (i.e. one would expect a scheme providing financial support to have *some* impact. The question of whether the impact has been as great as might be hoped for is under-explored).
23. A recent report by End Furniture Poverty found that spending on what they label "crisis support" – which in Wales would mean the Discretionary Assistance Fund. They find that per capita spending for these crisis schemes is: £4.19 in Wales, £6.79 in Northern Ireland, £6.88 in Scotland and £0.64 in England (p. 17). The devolution of these schemes at the point of their localisation in England appears to have prevented deep cuts to this scheme, as has occurred in England.³³
24. The Welsh Government has increased spending on the Discretionary Assistance Fund during the pandemic, providing hardship payments to those in need.³⁴ They have also increased provisions via Free School Meals, as elsewhere in the UK, though the form of provision has differed across the four nations.³⁵
25. There is also the self-isolation support scheme. This scheme provides payments of £500 to workers to compensate them for loss of earnings in circumstances where they have been told to self-isolate and cannot work from home. This is a centrally-designed

³¹ [Welsh-Benefits-System-Final-Report-1.pdf \(bevanfoundation.org\)](#) (p4).

³² [150128-evaluation-discretionary-assistance-fund-en.pdf \(gov.wales\)](#)

³³ On cuts to these schemes in England, see: Hick, R. (2021), 'Austerity, localism and the possibility of politics: Explaining variation in three local social security schemes between local authorities in England', *Sociological Research Online*.

³⁴ [Discretionary Assistance Fund receives £11m boost in Wales | GOV.WALES](#)

³⁵ Parnham, J. C., Lavery, A. A., Majeed, A., & Vamos, E. P. (2020). Half of children entitled to free school meals did not have access to the scheme during COVID-19 lockdown in the UK. *Public health*, 187, 161-164.

scheme, but administered, in Wales as in England, by local authorities. In the main, only workers in receipt of one of seven means-tested benefits are eligible. In Wales as in England, this will have led to widespread confusion about the nature of the scheme. The Welsh Government have extended this to March 2022,³⁶ and was subsequently increased in value by the Welsh Government to £750.

26. The Welsh Government have used existing powers to respond to the economic impact of the pandemic. There is no doubting that the schemes comprising what is now sometimes called the ‘Welsh Benefits System’ can be vital to families living on low incomes –especially for those on the lowest incomes. But there is an important question of scale here. Aside from the Council Tax Reduction Scheme, these are mostly modest in scale when compared with supports from DWP and Treasury. Unless these schemes can be significantly augmented financially (which would be difficult, and currently under-explored) or can be redirected from the Council Tax Reduction Scheme (also difficult, and quite possibly undesirable), then there is a limit to what can be expected in terms of providing a level of support that varies significantly from that decided at Westminster.

What reforms are needed to the benefits system and should there be further devolution of powers?

27. We believe it would be good to be clear about the ultimate goal of any further devolution of social security in Wales. Would its aim be to reduce headline poverty rates in Wales significantly; to make some contribution to reducing poverty in Wales, even if this contribution was modest; to improve treatment of people who engage with the social security system, or something else entirely?
28. It is also worth acknowledging the links between social security policy and constitutional questions in Wales. On the one hand the “social union” is sometimes suggested to be central to arguments in favour of the continuation of the Union itself. To this extent, a social security system perceived to be too inadequate or as resulting in too much poverty might undermine support for the Union in Wales. On the other, for those favouring Independence, the devolution of social security in Wales might be seen as representing one step to that broader political goal.
29. The potential new powers discussed in relation to the “devolution of social security” are highly varied, including the acquisition of powers to: legislate, finance and administer the social security system in its entirety; amend social security rules or to enable discretion to be used in different ways (for example, at JobCentres); introduce of new one-off or irregular payments; introduce top-up payments to existing schemes; shape new administrative practices in order to alter the experience of social security claimants in Wales. This is a wide variety of potential changes and the merits of these would be best evaluated individually.
30. If poverty is to be tackled successfully in Wales and elsewhere in the UK, then significant reforms to the UK’s social security system are needed. Major problems with the UK social security system, such as the two-child limit, the benefit cap, or the stringent household means-test applied to determine eligibility for Universal Credit would need to be amended. At present, these limitations in the social security system cannot be mitigated by the Welsh Government other than at the margins. Welsh MPs thus have an important role in effecting change at Westminster.

³⁶ [Welsh Government £500 self-isolation support scheme extended | Western Telegraph](#)

31. The formal devolution of social security powers to Wales would not necessarily result in substantive divergence with England – the case of Northern Ireland being the relevant example here, where powers over social security have been in place since 1921 but the “parity principle” dominates. Arguments about devolution leading to a better alignment with Welsh needs rest either on cuts being made in some parts of the system to enable spending to be made elsewhere (it is often unclear where these cuts would be made) or the imposition of tax rises to cover additional spending (again, it is often unclear how such monies would be raised).
32. The Wales Governance Centre have produced analysis suggesting that devolution of welfare benefits to Wales would, depending on the funding settlement, be feasible, though they do not comment on the desirability of this course of action.³⁷ This report has been an important contribution to the wider discussion about whether the devolution of social security would be affordable. However, the administration of the current welfare system on a devolved basis does not seem to be the aim of most – rather, the (sometimes implicit) aim of devolving the system, in whole or in part, would be to improve it. This requires consideration not only of the ability to shoulder existing commitments and obligations, but a shift in the national conversation about the Welsh Government using revenue-raising powers to fund a stronger safety net.
33. New powers that enabled the creation of new payments or the topping up of reserved benefits might well have the capacity to reduce poverty rates in Wales – especially if, as in the case of the Scottish Child Payment, payments were targeted. There is thus potential merit to schemes of this kind. They would, of course, require new money and we believe any proposal in favour of such a scheme should be accompanied by a full set of costings and indication of how such a scheme would be financed.
34. Without additional powers, increased funding could be made to existing schemes – especially the Discretionary Assistance Fund and Discretionary Housing Payments. Again, there are questions about how any increase in funding would be financed and how any increase in funding would be maintained. Changes within existing schemes could also be made to other schemes identified as part of the “Welsh Benefits System”. These may have a positive effect, but their impact is likely to be more modest than social security increases enacted at Westminster or via the creation of an additional or top-up payment.
35. In recent years, the devolution of the *administration* of aspects of social security has sometimes been proposed. Again, this proposal includes a variety of proposals, from applying the same “Scottish Choices” in relation to Universal Credit to administration of illness benefit decisions or JSA sanctions. These examples differ substantially in kind. There is a strong argument for the extension of “Welsh Choices” in relation to Universal Credit in order to maintain parity with Scotland and NI and a recent report finds that the wider application of Alternative Payment Arrangements as part of UC would be popular amongst many in Wales.³⁸ While these may mean a different *experience* in terms of the payment of Universal Credit, they would not necessarily be expected to have budgetary consequences.
36. In contrast, the devolution of administration in relation to JSA sanctions or decisions in relation to Illness Benefit might be expected to influence claimant counts (esp. for the latter) and aggregate spending on these schemes (in both). It is hard to see why the UK Government would agree to devolve these aspects of policy given that it would

³⁷ https://www.cardiff.ac.uk/_data/assets/pdf_file/0010/1476352/devolving_welfare_final2.pdf

³⁸ [universal-credit-council-tax-reduction-scheme-and-rent-arrears-wales-final-report.pdf](#) p145-150.

imply that policy was adjusted at a devolved level but the additional expenditure would be borne at the UK level.

37. In sum, the appropriate response to the inadequacies of the UK's social security system is not necessarily to shift from a unified system towards greater devolution of powers, and the latter may only be able to effect positive change if there is an increased investment in this area of policy. But proposals to increase the social security budget have not been central to ongoing debates about whether to devolve social security. We believe consideration of devolving powers in relation to social security needs to occur alongside discussion of the aims, goals and principles of any newly-devolved system or scheme and, if the aim is to significantly reduce poverty in Wales, about how such an effort would be financed.

What are the implications of the UBI pilot in Wales?

38. It is difficult to predict the full impact of the potential Welsh pilot as limited information is available on the design and intent of the policy.
39. There have been a series of pilots over recent years to test out the feasibility of a UBI to tackle persisting issues of poverty and economic insecurity. These pilots have typically been broad-based in terms of their inclusion criteria, often randomly allocating people to the pilot, which enables the impact of the scheme to be measured across a range different social groups.
40. The suggestion of a Welsh UBI that will target care leavers,³⁹ for us, is not fully a UBI pilot in that it falls far short of universality. Rather, it is perhaps an experiment of what the Welsh Government could potentially achieve with enhanced social security powers. The suggested design reflects a supplementary or top-up benefit designed to assist care leavers during an important transition into independent adulthood (like the council tax exemption scheme).⁴⁰
41. The Welsh UBI as currently envisaged will not settle the broader debate about the possible role of a UBI within the UK social security system or the potential devolution of social security powers to the Welsh Government. Any pilot has the potential to lead to valuable learning, though it is not, at present, clear how this would relate to the debates about the merits of devolving (parts of) the social security system.
42. A pilot covering a wider range of social groups would be more in line with previous international experiments and would present greater possibilities for learning, including for international audiences, but would raise more challenging questions in relation to whether the scheme, if successful, could be scaled up by the Welsh Government.
43. When further details on the pilot are announced, it would be preferable for these to be linked to a statement of aims for social security and/or anti-poverty initiatives and how any pilot, if successful, might be scaled up or lead to longer-lasting policy change in Wales.

Conclusion

44. The economic profile of Wales is distinctive and Wales faces underlying economic challenges at different proportions to those faced elsewhere in the UK. This, however,

³⁹ <https://www.bbc.co.uk/news/uk-wales-politics-57142970>

⁴⁰ <https://gov.wales/council-tax-discounts-and-reduction/care-leavers>

- does not mean that all policy challenges are distinct in Wales – as a report by the Resolution Foundation has noted, the economic shock posed by the pandemic has impacted Wales quite similarly to other parts of the UK. Moreover, since the social security system functions broadly in response to need, a differential incidence of hardship does not imply a requirement for a novel system – that is, a unified system may in theory respond to needs as they are differentially experienced across the UK.
45. Social security remains, with limited exceptions, a reserved competence in relation to Wales. The UK does not have a generous social security system by international standards and, especially in the period since 2010, this has been subjected to substantial cutbacks in provision, including in relation to the benefit cap, two-child limit, and other schemes. What is perhaps distinctive in Wales is less the challenges that are faced and more the political desire to do more in response to problems of economic hardship and poverty. This political will can chafe against the existing division of powers given the policies that are being enacted at Westminster.
 46. The income protection response to the pandemic, which has been significant, has been on an all-UK basis and demonstrates the power of HMT and DWP to respond to economic shocks. Existing schemes run by the Welsh Government can make a difference to the lives of people living in poverty in Wales, but it is unreasonable to expect these schemes to result in a Welsh social security system that departs in a significant way from the UK system, or for them to result in significantly lower aggregate poverty rates.
 47. Additional devolution would create opportunities for introducing or amending schemes that would have the capacity to tackle poverty in Wales. Such a shift would not be without risk, however, and if further devolution of the welfare system were to be proposed, there should be a more explicit conversation about the aims of establishing and enhancing a devolved social security system in Wales. Is this to provide Welsh supplements to existing benefits, filling perceived gaps in provision enacted at Westminster? Or, to target support at specific groups – for example, children? Or, to align provision in areas that complement existing areas where the Welsh Government has policy competence (e.g. housing)?
 48. Debate about devolution of social security has focussed on questions of affordability and on risk entailed in such a shift. What is less frequently discussed is that devolution of social security, in whole or in part, is typically intended as a precursor to render *improvements* in generosity in the system. This implies not only that the existing system can be paid for, but also that new money must be found to invest in scheme amendments. If any devolved Welsh social security system is intended to be a more generous system, and if it the aim is for this generosity is to be felt not only at the margins but in terms of resulting different poverty rates in Wales than elsewhere in the UK, then significant investment would be needed and this would require, in turn, a national conversation about revenue-raising to finance a more progressive tax-and-spend regime. This seems, to us, an important next stage of the national conversation on social security in Wales.
 49. What we know about the Welsh UBI proposals suggest that this will not be a universal scheme but will be a supplement targeted at a specific group of people. This is likely to disappoint campaigners for whom the ‘universal’ of UBI is fundamental, but a targeted payment of this kind might be one way in which the Welsh Government might seek to meet distinctive goals and bring about genuine change, especially for groups with high levels of vulnerability to poverty.