

Recasting the welfare state for the 21st century – best-practice models

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The great Scottish author and social reformer Samuel Smiles once said that: “Men must necessarily be the active agents of their own well-being and well-doing, they themselves must in the very nature of things be their own best helpers.” He would surely be gratified to know that some 150 years after his famous book *Self-Help* was published, the aim of the latest British welfare reforms is to try to put this philosophy into action.

Our basic conception of the welfare state has not changed since its creation. Most developed societies now have a strong-held belief in the idea of the state providing a safety net for those who are unable to provide for themselves – be they unable to work through disability or old-age or, indeed, to provide temporary help families with young children where parents may not be able to work full-time.

But the system has become increasingly complex. It has often lost touch with its original purpose and the phrase “a hand up not a hand out”. In the UK, the coalition government is about to change all that. It plans to enact a radical overhaul of the welfare system to restore it to its founding principles.

The key changes are the introduction of a universal credit, which aims to simplify the complex benefits system and ensure that there is a greater incentive to work than there is to remain on welfare. In parallel, with the universal credit, the single work programme will allow private and voluntary sector providers greater freedom to deliver welfare-to-work services on the basis of payment by results.

Many of the ideas, which inspired these reforms, have come from a combination of policy work by think tanks such as the Centre for Social Justice - set up by the current Secretary of State Iain Duncan Smith - and also from looking at policy lessons from reforms tried overseas.

The Stockholm Network suggests that the British government can learn lessons from other countries' attempts to tackle welfare reform - either in the US or other European Union countries. The Netherlands, for example, has recently had some success in encouraging those registered for disability benefits to return to some form of work, which suits their needs.

Now, extending upon that success, the welfare system there in many cities such as Rotterdam has a “full engagement” work-first strategy - with many features explicitly adapted from New York's and Wisconsin.

The key for the UK will be in the details of implementation. And the political and economic context for these reforms remains challenging. The latest figures show UK unemployment increasing by 44,000 in the three months to December 2010, to just under 2.5 million. Meanwhile, the rate of joblessness among young people aged between 16 and 24 rose to more than 20 per cent.

How easy will it be for private or voluntary sector providers to place people in jobs when both the public and private sectors are still feeling the long-term consequences of the financial crisis? In some parts of the country, where most jobs are in the public sector and many staff are now being laid off, the appetite for back-to-work schemes that lead to limited opportunities may be

less than enthusiastic.

Duncan Smith and his fellow reformers should take full credit for their ambitious attempts to recast the welfare state for the 21st century. But in the post-crisis world, it may not only be welfare claimants who are in need of a dose of self-help.

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