

# Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux  
www.cas.org.uk



## CAS briefing on Stage 1 of the Scottish Government's Welfare Reform (Further Provision) (Scotland) Bill

May 2012

- Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.
- Citizens advice bureaux in Scotland helped clients with almost 560,000 new issues in 2010/11 – one issue for every minute of the year .
- In 2010/11, Scottish bureaux achieved a financial gain of almost £126million for clients based on funding of £16.3million. This means that CAB clients were better off by £8 for each £1 of core funding given to bureaux.

## Summary

As the Scottish Parliament rejected aspects of the UK Welfare Reform Bill Legislative Consent Motion, Citizens Advice Scotland (CAS) believes the Scottish Government's Welfare Reform (Further Provision) (Scotland) Bill is absolutely necessary to ensure that the citizens of Scotland still have access to passported benefits when a raft of current benefits are effectively abolished and replaced in 2013 by the new Universal Credit - which is for people both in and out of work.

CAS commends the report from the Scottish Parliament Welfare Report Committee which not only agrees with the principles of the bill it is scrutinising, but also highlights many of the issues surrounding welfare changes - both those in legislation and in changes in policy – that will negatively impact on the citizens of Scotland.

CAS believes that there is much work still being done – and needing to be done - to assess what the impact will be of the UK Welfare Reform Act on Scotland's people and services, including passported benefits and therefore welcome the Committee highlighting the need for modelling. We also agree with the Committee that a lack of detail from the Department of Work and Pensions (DWP) on changes ahead is hampering policy and legislation work in relation to the changes ahead for the Scottish Government, local government, and other organisations.

One particular area CAS would like to draw attention to is paras 32-33 of the Committee's report and its recommendation on support for advice services:

32. This wave of welfare reform brings with it huge changes in the benefits system and the way people receive benefits. It is likely to result in a very big increase in the demand for support from advice agencies. As Citizens Advice Scotland reported — with every change to the benefits system, the number of people seeking advice increases. For example, since the introduction of the employment and support allowance, there has been a 33 per cent increase in the number of people seeking advice about it in the past year and last year there was a spike when people who were already on incapacity benefit - not new claimants - migrated to the new benefit.

**33. The Committee believes that there is a responsibility on the DWP to provide full and proper advice services to help claimants make the adjustments. However, it would also be appropriate for the Scottish Government to examine whether it requires to support bodies that claimants are likely to turn to for independent advice and assistance. The Committee notes that Citizens Advice Scotland has said that in England and Wales additional resources have been given to advice agencies.**

This was in reference to questioning by the Committee on funding for advice services where CAS pointed out the squeeze on Citizens Advice Bureau resources at a time of rising need.

There are many aspects of welfare changes that CAS could highlight, but we will try to keep to aspects that have not yet been discussed in Parliament and have been highlighted by the Welfare Reform Committee such as those detailed above.

## Welfare changes and the Citizens Advice Service in Scotland

Citizen advice bureaux are the key frontline service that hundreds of thousands of people turn to and they deal with over half a million new issues every year. During 2010/11 bureaux dealt with **203,462 new benefit issues** for clients – just over a third of all issues brought to bureaux. We expect welfare reform changes will put **exceptional pressure on advice services across the country**. Our experience is that changes to benefit entitlement are the number one driver of advice need at citizens advice bureaux.

For example, we have seen major problems with the Work Capability Assessment (WCA) as people have applied for Employment and Support Allowance which is the replacement for Incapacity Benefit. These issues are time consuming and stressful for both bureaux and clients. **Over the past two financial years Scottish CAB have seen a 61% increase in the number of new ESA issues. In March 2012 alone, CAB dealt with 122 new ESA issues every working day. Based on a recent sample, in the case of ESA tribunals where a CAB provided representation, 69% found in favour of the claimant.** This shows not only that benefit changes increase need for our service, but that we provide a positive service for the citizens of Scotland.

Recent welfare changes are already leading to an increase for the need for advice. For example the introduction of a 12 month limit for contribution-based ESA , changes to tax credits, and restrictions on Local Housing Allowance in April and restrictions to the Local Housing Allowance last October have already led to clients coming in with associated problems and needing the support and advice of their local CAB. A short briefing with case studies showing the problems that CAB clients are experiencing due to recent changes is available [here](#).

Problems with welfare will also lead to increased need for debt, housing, consumer, relationship and many other areas of advice. This advice costs money, and the main funders of bureau advice are local authorities who are themselves suffering cutbacks. CAS is particularly concerned that cuts in citizens advice bureaux funding will inevitably lead to delays in advice or to people not receiving the advice that they desperately require. CAS estimates that total funding for citizens advice bureaux in Scotland reduced by 9% (or £1,436,761) in the financial year 2011/12, and we expect this financial year to be similar.

Yet, good advice ultimately saves money – debt and welfare advice is significantly cheaper than homelessness and bankruptcy, and the social outcomes for clients are far better.

CAS has noted (and Parliamentary Motion S4M-02292 in the name of Drew Smith MSP commended) that in February the Welsh Assembly Government made a £6.6 million commitment to Citizens Advice Cymru over the next three years to "support Third Sector advice providers to assist people who have debt problems and help people manage their finances" in recognition of the strain on advice services due to forthcoming welfare changes and pressures on local government funding.

CAS has also noted that the Westminster Government made £16.2 million available in England in autumn 2011 for free, independent advice services. The same amount

was also committed for 2012/13 and 2013/14 in the recent budget. This funding is being distributed via The Big Lottery Fund. The Barnett consequential for Scotland is £1.679 million in each of the three years. It is of course up to Scottish Ministers to decide collectively how that additional funding should be deployed.

CAS therefore welcomes the Committee stating that one of its *'key concerns and priorities going forward, is the significant impacts on services such as the NHS, banks and credit unions, training providers and advice and support services, and the knock-on effect of these pressures on vulnerable individuals'*.

We are of course pleased that the Committee has recognised the pressure on advice services and how advice services such as the CAB can play a role in mitigating the damaging aspects of the Welfare Reform Act.

The Committee has stated it believes the DWP is responsible for providing full and proper advice services and we would urge the Committee to write to the DWP formally to make their position on this matter clear.

We would also welcome the Scottish Government taking forward the Committees' recommendation that:

**'it would also be appropriate for the Scottish Government to examine whether it requires to support bodies that claimants are likely to turn to for independent advice and assistance'**.

CAB need additional funding if they are to cope with increased need from people as they cope with major changes in the welfare and benefits system; especially as we believe that changes coming will result in issues becoming even more complicated and lengthy for bureaux to deal with.

Taking into account the major migration and assessments ahead, we believe our services will not be able to cope with the numbers of people that will need our advice. CAS believes that project funding for CAS and CAB would help mitigate welfare changes by increasing the number of advisers and specialists and increasing the numbers of clients and issues CAB deal with.

## **The Welfare Reform Act**

From the introduction of the Welfare Reform Bill in the UK Parliament, Citizens Advice Scotland consistently campaigned for changes to the aspects of the bill that we believed would have a damaging impact on the people, services and economy of Scotland. We have sought to highlight through all means possible, the problems we believe aspects of the Act – and other policy changes – will have on our clients, and Scottish society.

CAS welcomes the active role that the Scottish Parliament has taken in also highlighting the various negative aspects of the Act that have come to its attention and we welcome the role of the Welfare Reform Committee in assessing the impact on Scotland of coming changes. CAS agrees with the Committee's wording that

some of evidence it has heard from organisations including CAS has been *'unrelentingly depressing evidence on the likely impact of reforms'*.

In particular we are pleased that many of the problems highlighted by CAS and other organisations have been noted by the Health and Sport Committee last year and in the Welfare Reform Committee's recent report, for example the impact on Scottish services and policies such as housing due to changes proposed in housing benefit and the impact on the 2012 Homelessness Commitment and the impact on disabled people due to benefit changes and DLA changes. These are all areas where CAS has provided detailed information on over the past 18 months.

We would recommend anyone wanting to find out more about our position on the Welfare Act to read the briefings on the Bill we have produced including [The Impact of the Welfare Reform Bill on Scotland's people and services](#) and [CAS Submission to the Health and Sport Committee Scrutiny of the UK Welfare Reform Bill Legislative Consent Motion](#).

## **Welfare Reform (Further Provision) (Scotland) Bill**

CAS agrees that it is right that the Scottish Government now make the necessary provisions as it applies to areas of devolved competence both in terms of primary legislation and subordinate legislation. CAS agrees the Scottish Government needs the powers to be able to amend legislation and introduce regulations as Universal Credit is introduced and DLA is abolished and replaced by PIP. We are content that the bill will also provide for regulations that directly or indirectly relate to the UK Welfare Reform Act to be changed in the future, as shown in the example from the Scottish Government in relation to varying income thresholds. CAS also welcomes the additional scrutiny that the Scottish Parliament will now have over aspects of the UK Act through the publication of primary and subordinate legislation and regulations tabled by the Scottish Government.

For the people who currently access passported benefits, they are a necessary and a vital means of support. They are often an important part of a household's overall income or budgeting and removal would cause hardship. Access to passported benefits such as school meals and those associated with health and education are relied on by hundreds of thousands of individuals and families. Equally passported benefits for areas such as legal aid and court exemption fees are important to ensure people have access to justice.

The new eligibility criteria which will be set up by the Scottish Government is important to ensure that those who were in previous receipt of passported benefits remain eligible under the criteria established within the new Universal Credit benefit and PIP benefits (more below). The most important aspects of the new eligibility system will be to ensure that it is simple, clear and easy to access. The whole process will have to be very carefully managed and co-ordinated and we hope stakeholders will engage in this fully and in a timeous manner. Equally local authorities will also have a role in establishing local eligibility criteria for any passported benefits they have under their discretion such as school uniform grants or access to local facilities such as leisure centres.

We want all citizens who currently access passported benefits to remain franchised in the new system. Passported benefits play an important role in meeting education, health and anti-poverty objectives and targets. In considering how passported benefits fit with the new Universal Credit we hope that such considerations and outcomes will be taken into account. CAS also wants to ensure that the replacement eligibility criteria do not impact on work incentives or impoverish people who want to move into work from welfare.

Therefore, as this new criteria is developed, we would argue that a big picture view be taken. CAS suggests that establishing eligibility be done in conjunction with other policy areas – or at least have a role in recommendations for other policy areas. For example, if local authorities were to roll out free school meals for P1-3 as a minimum, then what is currently a passported benefit for those children with parents who meet the current criteria, would be an entitlement for all (also reducing the perceived stigma of such benefits). Equally providing accessible and affordable childcare in early years and wraparound care in school years, would help lone parents and parents on low incomes in the workplace – including entering the workforce. We can see already how this would work: as Scotland now has free prescriptions, there will be no need to establish the criteria for eligibility for prescriptions, therefore also no need to see if anyone would be disenfranchised through new eligibility rules under the new Universal Credit.

We are concerned that stricter sanctions and conditionality which could lead people to losing out on aspects of the Universal Credit may also have a major knock on effect on accessing passported benefits and believe this will have to be examined carefully during the drawing up of the new eligibility criteria. Equally during the 2013-17 migration process, we are concerned that any delays or appeals could also lead to delays or missing out on vital passported benefits. As well as being of detriment to adults, CAS would not want to see situations where children were missing out on passported benefits due to parental migration problems or sanctions imposed at the very time they were needed the most.

CAS is pleased that these areas of concern to us have been highlighted by the Welfare Reform Committee in their report and that they have stated their 'grave concern' for the poorest and most vulnerable in our society as a result of some aspects of the Welfare Reform Act. We also welcome their recommendation that the Scottish Government use its powers 'within its fixed budget' to mitigate the negative impacts of the Act.

## **Affirmative procedure of Regulations**

CAS also believes that regulations to follow from the Scottish Government along with policy on passported benefits should be scrutinised by the Welfare Reform Committee. Much work will need to be done by the Scottish Government, local authorities, and various other stakeholders in establishing the new eligibility criteria and CAS welcomes the opportunity to be part of that process.

CAS also welcomes both the Committee's recommendation (para 61) that The Scottish Government consult on relevant instruments in advance of them being finalised, and also the commitment from the Cabinet Secretary for Health, Wellbeing and Cities Strategy that the Scottish Government will publicly consult on passported

benefits in the near future and that she believes “the involvement of stakeholders lies at the very heart of the bill process”.

CAS also welcomes the Subordinate Legislation Committee conclusion that *‘regulations which amend primary legislation should be subject to the affirmative procedure as the Bill currently provides’* and that *‘The Committee’s expectation would be that affirmative procedure would be adopted where the subject matter of those regulations is considered to be significant’*.

CAS urged the Scottish Parliament to set up the Welfare Reform Committee so it could play a major role in scrutinising the impact of the welfare changes that have recently been, or are due to be, introduced. It is in areas such as the scrutinising of the regulations surrounding passported benefits, that we see the role of the Committee being both vital and necessary.

## **Analytical and Modelling the Impact**

CAS contributed to the SCoWR submission which discussed the issue of modelling the impact of welfare changes on Scotland. We are pleased that the Committee has recognised it is not always possible for organisations to undertake modelling and impact assessments themselves due to resourcing or staffing issues – much as we may want to. We also welcome the commitment from the Scottish Government to share their modelling and analysis as we believe this will help many organisations in their future policy formulation and preparing future services.

CAS recognises there is still a lack of detail about much of the welfare reform changes that are to be implemented from the DWP and we commend the Welfare Reform Committee as well as the Scottish Government for maintaining the pressure on the DWP to get this information. We also believe the Committee is right to recognise that as the Department responsible for welfare changes the DWP should do this modelling and share it with devolved administrations.

However we also note that the other devolved administrations have taken steps to look at the impact of the changes ahead and we would like to see a similar approach taken in Scotland.

In January 2012, the Welsh Government announced it had established a ministerial task and finish group for welfare to assess and monitor the impact of the UK Government’s welfare reform on the Welsh Government’s policies and services. This Group then commissioned a programme of work to analyse the impact, the first stage of which was published in February <sup>1</sup> and analysed the existing evidence on the broad cumulative impact of the welfare reforms on individuals and households in Wales.

In 2010 the Institute of Fiscal Studies was commissioned by the Law Centre of Northern Ireland and the ESRC Centre for the Microeconomic Analysis of Public

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<sup>1</sup> Welsh Government. *Analysing the impact of the UK Government’s welfare reforms in Wales - Stage 1 Analysis*. February 2012. Available online at: <http://wales.gov.uk/docs/dcells/publications/120228welfarereformen.pdf>

Policy at IFS to carry out an impact of tax and benefit reforms in Northern Ireland. The report of which was subsequently published in December 2010<sup>2</sup>.

Similar analysis and modelling for Scotland would help the Scottish Government, councils, the third sector and also the public understand further the impact on Scotland's people that the changes ahead will bring; and again as stated above, provide much needed information for policy development.

We hope the Scottish Government will look favourably on the Welfare Reform Committee's recommendations on this issue:

49. The Committee believes that it would be useful for the Scottish Government to continue its analytical work on welfare reform, to also look at the wider economic and social impacts of welfare reform, as the Welsh Government has been doing.

50. The Committee believes that it is necessary to undertake extensive modelling to understand the impacts of welfare reform in Scotland and the policy responses to it, for example in establishing criteria for passported benefits. The Committee considers that it is primarily the responsibility of the DWP to undertake this work and to provide the Scottish Government with full access to this information. The Committee supports the work that the Scottish Government is undertaking and urges it to make the results public.

## **Conclusion**

CAB play a vital role in ensuring people have help, advice and support when it comes to welfare changes that impacts on their lives. However CAB are also under tremendous pressure from the increase in this workload at a time of reduced resources. CAB can help mitigate the impact of the damaging aspects of the Welfare Reform Act if provided with additional funding.

Including stakeholders and ensuring scrutiny of the welfare changes ahead are essential. We welcome the commitment of the Scottish Government to include stakeholders in policy formation surrounding passported benefits in the future and also that of the Scottish Parliament in scrutinising future legislation and policy and taking further evidence on the impact of welfare changes from stakeholders and individuals.

We would welcome more detail from the DWP in their plans for welfare changes to be introduced and for that detail to be shared with the Scottish Government as soon as possible. We would like both the DWP and the Scottish Government to carry out assessments of the future impact of welfare changes on the citizens of Scotland to allow for appropriate policy responses to be formulated.

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<sup>2</sup> Institute of Fiscal Studies The Impact of Tax and Benefit Reforms to be Introduced between 2010-11 and 2014-15 in Northern Ireland. December 2010. Available online at: <http://www.ifs.org.uk/bns/bn114.pdf>