

# Response to the Scottish Government Welfare Reform Committee's call for evidence on the Welfare Reform (Further Provision) (Scotland) Bill.



**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 560,303 new issues in 2010/11 – one issue for every minute of the day. Over 235,000 clients brought new issues to a bureau over the year and Scottish bureaux achieved a financial gain of almost £126 million for clients.**

Please find below the submission from Citizens Advice Scotland (CAS) in regards to the Scottish Government's Welfare Reform (Further Provision) (Scotland) Bill using the ten questions posed by the Committee. CAS looks forward to expanding on these replies in front of the committee later this month.

1. *Are you generally in favour of the Bill and its provisions?*
2. *What are your views on this principle?*
3. *What are your views on the proposed powers in relation to Universal Credit?*
5. *What are your views on the proposed powers in relation to Personal Independence Payments?*
7. *What are your views on the proposed subordinate legislation powers in the Bill?*
8. *Do you have any other comments on regulations that would follow this Bill on 'passported' benefits and eligibility for them?*

As the Scottish Parliament rejected aspects of the UK Welfare Reform Bill Legislative Consent Motion, this bill is absolutely necessary to ensure that the citizens of Scotland still have access to passported benefits on 1 April 2013 when a raft of current benefits are effectively abolished and replaced by the new Universal Credit which is for people both in and out of work. CAS also believes there has been a lack of detail about many aspects within the UK Welfare Reform Act with much still being left to regulation or secondary legislation. This is unhelpful in policy and legislative planning. We also believe that there is much work still being done to assess what the impact will be of the UK Welfare Reform Act on Scotland's people and services, including passported benefits.

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Therefore 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 primarily 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.

CAS expressed concern over the possible rejection of the LCM on the grounds that we wanted to ensure that the people of Scotland would not be in any way adversely affected by a rejection that could lead to a delay for people accessing passported benefits. CAS already believes that there are very tight timescales for the changes being introduced through the UK Welfare Reform Act, indeed the delay in the Bill becoming an Act, has added to those concerns. The Scottish Government said it was confident that legislation could be enacted in time but we would like to take this opportunity to remind MSPs that we are now less than a year away from the introduction of Universal Credit and PIP. Therefore there is only a short time to get legislation and processes into place to ensure the smooth transition and delivery of passported benefits by Scottish Government, local authorities, and various other stakeholders. Whilst we absolutely support and recognise that necessary time must be taken to scrutinise this bill fully and adequately, the timescales involved must be borne in mind.

CAS also hopes and assumes that regulations to follow from the Scottish Government along with policy on passported benefits will 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 welcome the opportunity to be part of that process.

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

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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 would also like to point Committee Members to the newly published Report by the Social Security Advisory Committee 'Universal Credit: the impact on passported benefits' which shows the importance of passported benefits. This review found that:

- All passported benefits fulfil important needs, are highly valued by those who receive them, and make a significant contribution to:
  - Children's health and wellbeing and their educational and emotional development

- The health, wellbeing and quality of life for adults and families who are out of work or living on a low income
- Reducing child poverty, health inequalities and social exclusion benefits-in-kind are generally regarded as particularly beneficial in helping low-income families and there was little support from review respondents for cashing these up within UC
- There is no rigorous research evidence to show that the provision of passported benefits acts as a work disincentive: when people take decisions about moving into work or increasing working hours, they take a range of factors into account
- The loss of out-of-work passported benefits when people take a job can create an unhelpful cliff-edge and reduce the apparent gains to work
- As the number of passported benefits has increased, so too has the complexity in the system and greater simplicity and better coordination of passported benefits is essential: this should reduce administration costs, render passporting more effective and efficient, improve awareness, understanding and take-up, and ensure better targeting
- Options for the future should not undermine the policy objectives of individual passported benefits, nor undermine the overarching principle that people should be better off in work than they are on benefits
- It is unlikely that one approach will suit all passported benefits in future, and more radical options will need further consideration and may require additional expenditure
- The constraint of cost-neutrality creates tensions which will need to be balanced.

#### *4. Do you have any other comments on the introduction of Universal Credit?*

CAS agrees with the principle of simplifying the benefits system into one Universal Credit and to improve work incentives by allowing individuals to keep more of their income as they move into work. However during the passage of the Welfare Reform Bill we expressed our concern over many of the accompanying changes we believe will be to the detriment of the people, services and economy of Scotland. These include the taper rate for Universal Credit and minimum and maximum disregards; cuts in benefit payments which will mean many people receive lower entitlement payments; increased sanctions and conditionality; monthly payments to one member of the household only (including housing benefit which has previously been paid direct to landlords); and entitlement to passported benefits, especially those that are devolved to Scottish or local governments. We would be happy to provide more information on any or all of these issues.

## *6. Do you have any other comments on the introduction of Personal Independence Payments?*

The Scottish Government must introduce new PIP eligibility criteria in relation to accessing the two passported schemes Blue Badge Scheme (BB) and National Concessionary Travel Scheme (NCT) benefits that are currently accessed through DLA Mobility and Care components. Whilst we would argue that again no-one should lose out on these schemes if they received them previously, this could be problematic due the numbers expected to lose DLA and therefore their entitlement to these schemes.

The first thing to note about the change of DLA to PIP is that the UK Government has already determined that they will cut the budget for disability benefits by 20%. The change from DLA to PIP will disenfranchise one in three working age DLA clients in Scotland from their current DLA entitlement. This remains our biggest concern over the move from DLA to PIP. Inclusion Scotland estimate 75,000 people of the 225,000 to be assessed and migrated from DLA to PIP will no longer be entitled to their previous benefit. They will therefore of course, not be eligible for BB or NCT. Therefore as well as losing out on vital DLA, disabled people will also be unable to access these schemes, limiting further access to independent travel.

There are two specific concerns we have over the introduction of PIP. The first is the assessment process. 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. In 2010/11 Scottish bureaux saw a 33% increase in the number of new ESA issues which were both time consuming and stressful for both bureaux and clients. In the case of ESA tribunals where a CAB provided representation, 69% found in favour of the claimant. This shows there are inherent flaws in the WCA, an issue we have pressed UK Governments on since 2008 and can provide further information on if required.

CAS is concerned that the assessment process for PIP may also have inherent flaws and lead to a large amount of appeals as we have seen with ESA. This could lead to other problems, for example whilst someone goes through an appeal process will they be able to access BB or NCT? When PIP is decided for an individual, the length of time that person is entitled to it for will also be set. Depending on your circumstances the award could be a short award of up to two years or a longer award lasting up to five or ten years. Therefore people will have to face the stress of continual reassessment for PIP and the worry of losing it and associated benefits.

Our other area of concern is that it has been suggested that the use of mobility aids and adaptations may be taken into account in the assessment. So for example, an electric wheelchair-user may be assessed as not having restricted mobility and therefore not eligible for the mobility component of PIP.

DLA is already within the top ten most common problems clients present to Scottish bureaux. In 2010/11, DLA (Care) was the third most common problem with 20,222

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issues (an increase of 3% on the previous year) and DLA (Mobility) was the seventh most common with 18,216 issues dealt with by bureaux (an increase of 2% on the previous year). We expect to see an increase in demand for advice during the migration of DLA to PIP.

*9. Do you have any views on the assumptions and calculations contained in the Financial Memorandum?*

As stated in the Scottish Government Financial Memorandum, 'it is not possible to set out the detail of the likely financial impact of future plans to modify entitlement to passported benefits until the operational detail of the UK Government's welfare reform is available' and that they will instead provide this when subordinate legislation is tabled later in the year. As such CAS feels we cannot make a comment on the financial implications of this bill. However, to reiterate what was stated earlier, time is of the essence and we agree with the Scottish Government's approach in bringing forward this legislation now rather than waiting to legislate after further successor arrangements and details are brought forward by the UK Government.

*10. Are you satisfied in the assessments that have taken place in regard to these matters and in the conclusions reached by the Scottish Government?*

We have no comment to make on this question.