

# Scottish Affairs Committee inquiry – Welfare policy in Scotland

## Response from Citizens Advice Scotland

August 2019

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### Summary

- CAS recognises that Universal Credit (UC) may be working well for some people. However, evidence from across the Scottish Citizens Advice network suggests that a significant number of people -who are often already vulnerable and/or marginalised- are experiencing hardship and detriment as a result of having to claim UC. Particular issues experienced by Scottish CAB clients include:
  - The five-week wait at the start of a claim
  - Additional issues for UC claims in rural and remote areas
  - Direct deductions from UC payments set at excessively high levels and without suitable affordability checks
  - Problems with making and maintaining a UC claim online
  - Rent arrears as a result of Universal Credit
  - The benefit freeze, and the overall level of UC entitlement
- CAS encourages the UK and Scottish Governments to work together to ensure that the devolution of social security powers is smooth and leads to a system that is fair, equal and responsive. There are areas where close working between the two governments is necessary to prevent people who receive benefits being disadvantaged. Particularly key areas include:
  - As it is possible for people to be eligible for social security payments from four different agencies, a need for efforts to ensure that people receive information about other benefits they might be entitled to that are delivered by a different agency
  - Addressing issues related to the administration of UC Scottish Choices to prevent people falling into rent arrears

### Introduction to Citizens Advice Scotland and context of response

1. Citizens Advice Scotland (CAS), our 59 member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone.

2. In 2017-18 the Citizens Advice Service network helped over 295,100 clients in Scotland and dealt with almost 800,000 advice issues. With support from the network clients had financial gains of over £138 million and our self-help website Advice in Scotland received approximately 3.2 million page views.
3. Citizens Advice Scotland welcomes the opportunity to respond to the consultation. Advice on benefits, tax credits and national insurance is the most common area of advice provided by Scotland's CAB network, with a total of 332,298 issues in 2017-18 which represented 43% of advice given in the year. In particular, given the prevalence of issues related to Universal Credit and Personal Independence Payment (PIP), CAS has prioritised influencing positive change in these areas through highlighting the issues faced by CAB clients.

### **Q1. What are the unique drivers of inequality in Scotland? Does Scotland have different welfare needs from the rest of the UK?**

4. Rates of poverty and inequality remain relatively high in Scotland. According to official figures, 1 in 5 working age people in Scotland, and 1 in 4 children are in poverty, with the majority being in households where at least one person works. Disabled people, lone parents, and minority ethnic people are particularly at risk of poverty, with high levels of wealth, income, health and educational inequality in Scotland.<sup>1</sup>
5. Whilst sharing a number of common social security needs and issues as the rest of the UK, there are some areas where Scotland has distinctive needs. Proportionally, the amount of people who receive disability or ill-health benefits in Scotland is higher than the rest of the UK, which is thought to be as a result of a heritage of heavy industry in many parts of Scotland, together with higher historic rates of poverty and long-term unemployment.<sup>2 3</sup> Additionally, a higher proportion of people in Scotland live in social housing compared to the rest of the UK<sup>4</sup>, which has led to changes to social security support for housing having distinctive impacts in Scotland.<sup>5</sup>

<sup>1</sup> Key Facts – Poverty and Inequality Commission <https://povertyinequality.scot/poverty-scotland/>

<sup>2</sup> The Impact on Scotland of the New Welfare Reforms – Sheffield Hallam University, October 2016 [https://www.parliament.scot/S5\\_Social\\_Security/General%20Documents/Sheffield-Hallam\\_FINAL\\_version\\_07.10.16.pdf](https://www.parliament.scot/S5_Social_Security/General%20Documents/Sheffield-Hallam_FINAL_version_07.10.16.pdf)

<sup>3</sup> Disability benefits in an age of austerity – Sheffield Hallam University, 2015 [http://shura.shu.ac.uk/9607/1/Beatty\\_and\\_Fothergill\\_-\\_DISABILITY\\_BENEFITS\\_IN\\_AN\\_AGE\\_OF\\_AUSTERITY\\_-\\_version\\_3.pdf](http://shura.shu.ac.uk/9607/1/Beatty_and_Fothergill_-_DISABILITY_BENEFITS_IN_AN_AGE_OF_AUSTERITY_-_version_3.pdf)

<sup>4</sup> 23% of housing stock in Scotland is social rented housing, compared with 17% in England and 16% in Wales. Social tenants in Scotland 2017 – Scottish Government, April 2019 <https://www.gov.scot/publications/social-tenants-scotland-2017/pages/4/>

<sup>5</sup> For instance, the underoccupancy charge had a greater impact in Scotland than other parts of the UK; and as it is more common for temporary homeless accommodation to be provided by private landlords in Scotland compared with the rest of the UK, homeless people are more likely to see a shortfall between their rent and the amount of Housing Benefit they receive. For more see page 21, Rent Arrears: Causes and Consequences for CAB Clients, October 2018 <https://www.cas.org.uk/publications/rent-arrears>

6. There are also a number of specific challenges related to rurality in Scotland increasing the cost of living, such as an increased need for public transport<sup>6</sup>, digital access<sup>7</sup> and rural fuel poverty<sup>8</sup>.

## Q2. How well is Universal Credit working in Scotland? Are there issues with Universal Credit that are specific to Scotland compared to the rest of the UK?

7. CAS recognises that Universal Credit (UC) may be working well for some people. However, evidence from across the Scottish Citizens Advice network suggests that a significant number of people -who are often already vulnerable and/or marginalised- are experiencing hardship and detriment as a result of having to claim UC. Whilst the issues discussed below are not specific to Scotland, some present additional problems or nuances in Scotland, which are detailed as appropriate.

### Five week wait and direct deductions

8. For Scottish CAB clients, the five-week wait is one of the most problematic issues with Universal Credit. Our evidence has consistently demonstrated that this lengthy wait (which, in practice, has often been longer than five weeks) can lead to rent, council tax and utility arrears, and can leave claimants struggling to afford food and other essentials. An advance payment is not the solution to this problem, as claimants will have to repay it via (sometimes very high) deductions from their ongoing UC award. This risks the creation, or exacerbation, of a distressing cycle of debt, particularly where a claimant has accrued other debts or overpayments in the past and has to repay these alongside their advance through deductions. Indeed, we have seen clients having to choose between food, rent and other essentials such as energy because their ongoing monthly UC payments are so low.<sup>9</sup>

### Problems with making and maintaining a UC claim online

9. Our evidence shows that a significant minority of people in Scotland do not have the internet access or digital skills required to make and maintain a Universal Credit claim online.<sup>10 11</sup> Within this group, those with disabilities, mental and/or physical health

<sup>6</sup> Your Bus, Your Say: Creating Better Journeys – Citizens Advice Scotland, March 2018

<https://www.cas.org.uk/publications/your-bus-your-say-creating-better-journeys>

<sup>7</sup> Disconnected: Understanding Digital Inclusion and Improving Access – February 2018

<https://www.cas.org.uk/publications/launch-disconnected-understanding-digital-inclusion-and-improving-access>

<sup>8</sup> Rural Fuel Poverty – Citizens Advice Scotland, February 2017 <https://www.cas.org.uk/publications/cfu-briefing-rural-fuel-poverty>

<sup>9</sup> Voices from the Frontline: the impact of deductions from Universal Credit payments – Citizens Advice Scotland, September 2018 <https://www.cas.org.uk/publications/voices-frontline-impact-deductions-universal-credit-payments>

<sup>10</sup> Disconnected: Understanding Digital Inclusion and Improving Access – Citizens Advice Scotland, February 2018

<https://www.cas.org.uk/publications/launch-disconnected-understanding-digital-inclusion-and-improving-access>

<sup>11</sup> Voices from the Frontline: online barriers to maintaining Universal Credit claims – Citizens Advice Scotland, May 2019 <https://www.cas.org.uk/publications/voices-frontline-online-barriers-maintaining-universal-credit-claims>

conditions, learning difficulties, poor literacy skills and other complex needs appear to face particular disadvantages and barriers. Some may never be able to do so without substantial support, and so are at real risk of sanction or even claim closure, which can result in significant hardship. Devices, mobile data and home broadband can also be prohibitively expensive for claimants.

### **Additional issues for UC claims in rural and remote areas**

10. People living in more rural and remote areas of Scotland may face additional disadvantage when claiming UC simply due to their geographic location. Broadband connection, mobile data coverage and signal can be poor (or non-existent), and many smaller towns and villages do not have public internet access points, with the nearest sometimes long, infrequent and expensive (an average of £9 return in rural and remote areas<sup>12</sup>) bus rides away. These problems are particularly notable in Highland and island communities, where local CAB have highlighted the sometimes vast distances (in excess of one hundred miles) that their clients must travel when they need to access the Jobcentre, public computers and more.<sup>13</sup> This can be a significant expense for someone on a low income and a significant strain on someone who has health conditions.

### **Rent arrears and Scottish Choices**

11. CAS research suggests that over the past eighteen months, Scottish CAB clients' rent arrears have predominantly been caused by their move onto UC, and the problems with the way that the housing costs element of UC is paid to landlords. Housing associations across the UK have also reported that 73% of tenants on UC are in arrears, compared to 29% of all other tenants.<sup>14</sup> This is not just a product of the five-week wait, but also because there is a discrepancy between UC assessment periods and when direct payments to landlords (either a Scottish Choices or an Alternative Payment Arrangement) are made, which can automatically put claimants into rent arrears.<sup>15</sup> Indeed, we have seen many cases of Registered Social Landlords in Scotland actively discouraging their tenants from opting to have their housing costs paid directly to their landlords. Given that there is a higher incidence of social rent in Scotland than other parts of the UK,<sup>16</sup> these issues are of even more concern.

12. As detailed in our response to question 6 below, CAS welcomed DWP's recent commitment to develop a solution to the payment schedule problem. However, CAS remains concerned that there is still no confirmed timescale for a solution to be

<sup>12</sup> Round the Bend: A review of local bus provision by Scottish Citizens Advice Bureaux – Citizens Advice Scotland, June 2016 <https://www.cas.org.uk/publications/round-bend>

<sup>13</sup> Your Bus, Your Say: Creating Better Journeys – Citizens Advice Scotland, March 2018 <https://www.cas.org.uk/publications/your-bus-your-say-creating-better-journeys>

<sup>14</sup> Rent Arrears: causes and Consequences for CAB Clients – Citizens Advice Scotland, October 2018 <https://www.cas.org.uk/publications/rent-arrears>

<sup>15</sup> Ibid.

<sup>16</sup> Social tenants in Scotland 2017 – Scottish Government, April 2019 <https://www.gov.scot/publications/social-tenants-scotland-2017/pages/4/>

developed and put in place. We also remain concerned that Scottish Choices are not available until the second assessment period, by which point a claimant may already be in arrears.

### **Benefit freeze and overall level of UC entitlement**

13. All of the above is compounded by the ongoing benefit freeze and the fact that, for many people, the amount of UC they are entitled to is less than they were or would have been entitled to under the legacy system. Both have meant a significant real-term squeeze on incomes for the poorest families and leaves people with little financial resilience to deal with debts or unexpected shocks.

### **Q3. What impact has the Benefit Cap had in Scotland? Have certain communities been more disproportionately affected than others?**

14. CAS remains concerned about the impact of the Benefit Cap, and recommends the UK Government reconsiders the policy, with particular regard to the impact on lone parents with large families who will be unable to find paid work or move into a smaller house due to caring responsibilities for multiple young children.

15. Official statistics for the number of households in Scotland affected by the Benefit Cap show that since the level of the Cap was lowered in November 2016, the number of families actually affected has increased from 745 to 2,856, an increase of 283%. This includes at least 9,148 children (2,769 prior to the lowering).<sup>17</sup>

16. The groups most likely to be affected by the Benefit Cap are larger families and lone parents, as well as the children who live in the households. 92% of capped households in Scotland had children, with 80% having three or more children.<sup>18</sup>

17. 68% of all capped households in Scotland constituted a lone parent with children<sup>19</sup> (96% of the lone parents being women), with 60% comprising a lone parent with three or more children.<sup>20</sup> These households were affected principally through a combination of high rents due to the size of the household requiring a larger home, as well as their entitlement to children's benefits which are not exempted from the cap. Additionally, as the Work and Pensions Committee has noted, around 80% of families affected by the Cap are not expected to look for work as part of their benefit conditionality.<sup>21</sup>

<sup>17</sup> November 2016 and February 2019 figures, Stat Xplore - Department for Work and Pensions <https://stat-xplore.dwp.gov.uk/>

<sup>18</sup> Ibid.

<sup>19</sup> 25% were couples with children, 7% were single people without children. From February 2019 figures, Stat Xplore

<sup>20</sup> February 2019 figures, Stat Xplore - Department for Work and Pensions <https://stat-xplore.dwp.gov.uk/>

<sup>21</sup> The Benefit Cap Report – House of Commons Work and Pensions Committee, March 2019 <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1477/1477.pdf>

18. CAS continues to receive reports from bureaux of clients attending due to Benefit Cap issues. These include cases where the Benefit Cap has caused rent arrears, relationship problems, exacerbated existing health conditions or prevented people finding settled accommodation.<sup>22 23</sup>
19. The Scottish Government allocated £10.9 million to local authorities to fund Discretionary Housing Payments (DHP) to mitigate issues outwith the underoccupancy charge<sup>24</sup> in both 2018-19 and 2019-20<sup>25</sup>. Although this does not include funding to fully mitigate the impact of the Benefit Cap, in the same way that the underoccupancy charge is, the Scottish Government recommended to local authorities that they consider the impact of ongoing welfare reforms, including the roll out of the Universal Credit full service, Local Housing Allowance rates and the emerging impact of the Benefit Cap in their areas.
20. CAS recommends that local authorities should look to make longer-term Discretionary Housing Payment awards to people affected by the Benefit Cap, covering the full value of the loss. We also recommend that mitigating the Benefit Cap through DHP should be a priority for the Scottish Government, and updated official guidance should be published to that effect. There is also an argument for full mitigation through DHP in the way the underoccupancy charge has been mitigated, though a more sustainable solution would require change in the UK Government's policy.

#### Q4. What is the impact of the Two-Child Limit on families in Scotland?

21. CAS is deeply concerned about the impact of the Two-Child Limit on low income families and would urge the UK Government to reconsider the policy in its entirety.
22. Evidence from Scotland's CAB network shows that Child Tax Credits can be essential to prevent families from facing hardship and destitution, this decision particularly impacts lone parents, the majority of whom are women, and also makes no account for families whose circumstances may change after having children.<sup>26</sup> Since the introduction of the policy, CAB have advised clients affected by the two-child limit who have been left struggling to pay for essentials as a result of being affected by the two-child limit, including taking out loans they cannot repay, and accruing unmanageable rent and council tax arrears.

<sup>22</sup> The Impact of Reducing the Benefit Cap – Citizens Advice Scotland, May 2017

<https://www.cas.org.uk/publications/impact-reducing-benefit-cap>

<sup>23</sup> Written evidence to Work and Pensions Select Committee Benefit Cap inquiry – Citizens Advice Scotland, September 2018 <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/benefit-cap/written/88688.pdf>

<sup>24</sup> The policy also referred to as the Removal of the Spare Room Subsidy or the Bedroom Tax

<sup>25</sup> Scottish Budget 2019-20 – Scottish Government, December 2018 <https://www.gov.scot/publications/scottish-budget-2019-20/pages/16/>

<sup>26</sup> Citizens Advice Scotland written evidence to Scottish Parliament Social Security Committee inquiry : The impact and consequences of the two child policy in Child Tax Credits – May 2017

[https://www.cas.org.uk/system/files/publications/citizens\\_advice\\_scotland\\_written\\_evidence\\_-\\_impact\\_of\\_the\\_two\\_child\\_limit\\_in\\_tax\\_credits.pdf](https://www.cas.org.uk/system/files/publications/citizens_advice_scotland_written_evidence_-_impact_of_the_two_child_limit_in_tax_credits.pdf)

23. A number of CAB clients, particularly lone parents with three or more children have faced a 'double whammy' of being affected by both the two-child limit and the Benefit Cap which has left them in financial hardship. Additionally, CAB have reported cases where clients have been misinformed that the two-child limit also applies to Child Benefit and have not claimed what they are entitled to as a result. Cases demonstrating the impact of the two-child limit on CAB clients can be found at Appendix A.

## **Q5. How effective has cooperation been between the UK and Scottish Governments on the devolution of new welfare powers to Scotland?**

## **Q7. What changes might be necessary to help manage the transfer of claimants and data from the Department of Work & Pensions to Social Security Scotland?**

24. CAS encourages the UK and Scottish Governments to work together to ensure that the devolution of social security powers is smooth and leads to a system that is fair, equal and responsive. There are areas where close working between the two governments is necessary to prevent people who receive benefits being disadvantaged. Particularly key areas include information-sharing, ensuring systems are in place to facilitate the delivery of benefits, and ensuring individuals experience no detriment as a result of changes to Scottish benefits.

### **Information sharing**

25. Sharing of information between the DWP and Social Security Scotland will be crucial to allow some of the devolved benefits to operate smoothly, and allow people to claim and receive all the benefits they are entitled to.

26. Where it is feasible to do so, CAS supports using existing information to automatically make payments, or to simplify the application process by not repeatedly asking for information already held by public agencies. The process by which Carers Allowance Supplement is made is an excellent example of this – existing information already held by the DWP (details of who was in receipt of Carers Allowance on a particular date) is used by Social security Scotland to make payments to eligible recipients without requiring an additional application. We are also encouraged by early indications of data sharing to process Best Start Grant applications (where Social Security Scotland uses DWP data to check whether a person is in receipt of a qualifying reserved benefit), which appears to have led to applications being correctly processed in a timely manner.

27. CAS would encourage this process to continue, and to move towards automated payments if possible. For instance, it may be possible, using existing UK Government data to establish who is eligible for the forthcoming Scottish Child Payment and make payments automatically, rather than requiring a separate application, as is currently proposed.

28. CAS also supports the controlled sharing of information between public sector agencies to make the process for applying for benefits easier, and to enhance the user experience. One common complaint of CAB advisers and clients alike is that benefit agency staff are not always able to access all the information relevant to that person's case. For example, it is sometimes not possible for DWP staff to see if a client has sent additional evidence or has communicated a change in circumstances
29. Ideally, there should be a 'tell us once' system in which information on changes of circumstances gets shared between different agencies, as claimants will often inform one agency of a change in circumstances, which they assume will be shared with all agencies involved. It is unclear to what extent any discussions between the governments on future information sharing in this area have progressed to.

## No detriment

30. One concern for CAB clients and advisers ahead of the devolution of social security powers is that despite the commitments in the Smith Agreement and the Fiscal Framework that any new benefits introduced by the Scottish Parliament must provide additional income for a recipient and not result in an automatic offsetting reduction in their entitlement to other benefits,<sup>27 28</sup> that this may not be fulfilled in practice. Encouragingly however, relevant regulations to achieve this have been made for the devolved social security payments that have been made so far, and CAB clients do not appear to have experienced issues with reserved benefits due to receiving the Carers Allowance Supplement or Best Start Grant.
31. However, CAS would encourage this joint working between the UK and Scottish Governments to continue to ensure people do not lose entitlement to reserved benefits as a result of devolved ones. The Scottish Government's recent consultation on Disability Assistance acknowledged issues that may arise due to disability benefits acting as a passport to other DWP benefits and premiums.<sup>29</sup>
32. Additionally, as detailed below, part of the reason for the delay in the Scottish Government's Universal Credit flexibility to remove the underoccupancy charge has been due to discussions over how it might affect application of the Benefit Cap. It is important that people receive the full benefit of any change in policy, and that these issues do not excessively delay, nor restrict the development or implementation of a devolved social security power.

<sup>27</sup> Report of the Smith Commission, para. 55 – November 2014

<sup>28</sup> The agreement between the Scottish Government and United Kingdom Government on the Scottish Government's fiscal framework – February 2016

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/503481/fiscal\\_framework\\_agreement\\_25\\_feb\\_16\\_2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503481/fiscal_framework_agreement_25_feb_16_2.pdf)

<sup>29</sup> Page 34, A consultation on Disability Assistance in Scotland – Scottish Government, March 2019

<https://www.gov.scot/publications/social-security-consultation-disability-assistance-scotland/>



33. As detailed in our response to question 6, it is also important that systems are in place to facilitate changes where DWP administers benefits on behalf of the Scottish Government, in particular the Universal Credit Scottish Choices.

## **Q6. What challenges are posed by the DWP administering benefits on behalf of the Scottish Government? How can these challenges best be managed?**

### **Universal Credit flexibilities**

34. Experience of DWP administering benefits on behalf of the Scottish Government has to date been most clearly seen through the development of the four Universal Credit administrative flexibilities, two of which have been implemented as UC Scottish Choices.
35. CAS supported the implementation of the two Scottish Choices – to give people the option of receiving their Universal Credit payments twice-monthly, and to have their housing payment made directly to their landlord if that is what they want.<sup>30</sup> These have required co-operation between DWP and the Scottish Government. According to the latest official figures, 41% of people offered more frequent payments have taken up the offer, with 37% taking up the offer of a direct payment to landlords.<sup>31</sup>
36. Whilst the lower rate of take-up of payment to landlords is partly explained by them only being offered to people who have not been assessed as vulnerable and automatically having their housing payments made to their landlord (Alternative Payment Arrangements), social landlords have also been reluctant to encourage their tenants to take up the Scottish Choice due to them being made as a batch payment out of sequence with dates the rent is due. In addition to creating administrative issues for landlords, this has caused CAB clients to accrue rent arrears through no fault of their own.<sup>32</sup>
37. CAS welcomed DWP's recent commitment to develop a solution to the payment schedule problem. Indeed, if a new system allowed for synchronous payments of the individual's Universal Credit and their housing costs to their landlord, the results could be transformative. However, CAS remains concerned that there is still no confirmed timescale for a solution to be developed and put in place. We also remain concerned that Scottish Choices are not available until the second assessment period, by which point a claimant may already be in arrears, especially if they are used to having Housing Benefit paid directly to their landlord. This problem could be addressed in part if the Choices could be offered at the very start of a UC claim and would be particularly helpful for

<sup>30</sup> Designing a Social Security System for Scotland: Universal Credit flexibilities – Citizens Advice Scotland, December 2015 <https://www.cas.org.uk/publications/designing-social-security-system-scotland-universal-credit-flexibilities>

<sup>31</sup> Universal Credit Scottish choices – management information to end February 2019 – Scottish Government, May 2019 <https://www2.gov.scot/Resource/0054/00547371.pdf>

<sup>32</sup> Page 19, Rent Arrears: causes and Consequences for CAB Clients – Citizens Advice Scotland, October 2018 <https://www.cas.org.uk/publications/rent-arrears>

claimants transferring from legacy benefits, as they would have a run-on of HB, JSA, ESA and/or IS in place, too.

38. CAS recommends that the DWP and Scottish Government continue to work together to develop a solution to enable direct payments to landlords to be made in a more suitable manner as a priority. This would allow for promotion of this UC Scottish Choice as an option for people who would benefit from support to pay their rent directly to their landlord.
39. CAS also supports the implementation of the two remaining flexibilities – to allow the single household payment to be split between members of a couple, and to remove the underoccupancy charge at source rather than requiring mitigation through Discretionary Housing Payments. Both of these will require close collaboration between the Scottish Government and DWP to implement.
40. We understand that the barrier to removing the underoccupancy charge at source is a requirement for IT changes from DWP to ensure that if the charge is removed then people are not then affected by the Benefit Cap. In the case of split payments, the Scottish Government has been consulting with stakeholders on how the payment could be split and are liaising with DWP on the feasibility of their preferred models. CAS would recommend that the two governments should work together to undertake this work and implement the two flexibilities as a priority.

### **Severe Disablement Allowance and Industrial Injuries Disablement Benefit**

41. Additionally, the Scottish Government has decided that, whilst retaining legislative control over the benefit, Severe Disablement Allowance (SDA) will continue to be administered and paid by DWP.<sup>33</sup> CAS agrees that existing SDA recipients should continue to receive it after devolution, and believe it is important that the process of transferring powers should minimise disruption to people as much as possible, given how many difficulties and stress previous transfers to new benefits have caused for CAB clients, such as the ongoing process of transferring people from DLA to PIP. Of the devolved benefits, SDA also generates the fewest advice enquiries at CAB, so is not amongst our priorities for change.
42. On that basis, CAS does not oppose it being continued to be delivered by DWP, as long as the Scottish Government retains legislative powers over it. We have suggested that consideration could be given to re-opening it at some point in the future, given that support for severely disabled people has been cut in Universal Credit<sup>34</sup>, but realistically that is unlikely to happen in the immediate future.

<sup>33</sup> Severe Disablement Allowance: policy position paper – Scottish Government, February 2019  
<https://www.gov.scot/publications/severe-disablement-allowance-policy-position-paper/>

<sup>34</sup> Pages 111 – 113, Citizens Advice Scotland response to 'A New Future for Social Security' consultation, October 2016 <https://www.cas.org.uk/publications/designing-social-security-system-scotland-consultation-new-powers>

43. Additionally, it is proposed that Industrial Injuries Disablement Benefit will continue to be delivered under an agency agreement with DWP for an indefinite period, whilst a number of administrative and constitutional barriers to devolution are addressed.<sup>35</sup> Future executive competence over the remaining benefits will be devolved no later than April 2020, although several benefits are not scheduled to be fully rolled out until the end of 2022 (with the transfer of existing claims not scheduled to be complete until 2025).

## **Q8. What impact could diverging welfare policies in Scotland and the rest of the UK have on welfare claimants in Scotland?**

44. On the whole, the devolution of social security powers and establishment of a Scottish social security system should have a long-term positive impact on people who use the system. Citizens Advice Scotland has advocated for, and supported a number of positive changes that have been introduced, including a rights-based system founded on dignity, fairness and respect, together with significant improvements to the disability benefits assessment process, the redeterminations and appeals process, use of inclusive communications, and an increased recognition of the role independent advice plays in a well-functioning social security system.

45. Additionally, the new system has provided opportunities to reduce poverty in Scotland. Widening the eligibility criteria for the Best Start Grant, compared with the Sure Start Maternity Grant has led to payments to 7,300 additional families in the first three months of its existence<sup>36</sup>, and the proposed Scottish Child Payment is projected to lift 30,000 children out of poverty and lower the rate of child poverty by 3%.<sup>37</sup>

46. One consequence of the devolution process is that it is possible for people to be eligible for social security payments from four different agencies (Social Security Scotland, DWP, HMRC and local authorities) and potentially be dealing with interactions with several of them. This will require efforts to ensure that people receive information about other benefits they might be entitled to that are delivered by a different agency – for instance if someone is unable to work due to a health condition or disability, when making an application for Universal Credit, they should be notified by DWP that they may also be eligible for Scottish disability assistance, and vice versa by Social Security Scotland.

47. Additionally, there is also a risk of the exacerbation of an existing issue, where people often assume that if they inform one agency of a change in circumstances, other relevant agencies will also be informed. This can cause overpayments due to a change of circumstances being recorded by one agency but not another. Ideally, there should be a

<sup>35</sup> Industrial Injuries Disablement Benefit: policy position paper – Scottish Government, February 2019

<https://www.gov.scot/publications/industrial-injuries-disabled-benefit-policy-position-paper/>

<sup>36</sup> New benefit pays out £3.5 million in first three months – Scottish Government, April 2019

<https://news.gov.scot/news/new-benefit-pays-out-gbp-3-5-million-in-first-three-months>

<sup>37</sup> Scottish Child Payment: factsheet – Scottish Government, June 2019 <https://www.gov.scot/publications/scottish-child-payment-factsheet/>



'tell us once' system in which information on changes of circumstances gets shared between different agencies, as participants in CAB adviser consultation events on the development of the new social security system emphasised as a key consideration.<sup>38</sup>

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<sup>38</sup> Pages 212, 223 and 225, Citizens Advice Scotland response to 'A New Future for Social Security' consultation, October 2016 <https://www.cas.org.uk/publications/designing-social-security-system-scotland-consultation-new-powers>

## Appendix A – Two-child limit cases

***An east of Scotland CAB reports of a self-employed lone parent with six dependent children who has been subject to the two child limit and the benefit cap simultaneously. She is in serious rent arrears and is struggling to pay her other bills and essentials. She receives only 50p per week Housing Benefit and her other benefits are subject to high deductions for the arrears and an overpayment, despite her attempts to negotiate a lower repayment amount. She took out a number of loans in attempt to manage financially, and is having to repay these at the same time as everything else.***

***An east of Scotland CAB reports of a young parent of two (and expecting her third child) who sought advice from the CAB as she is experiencing financial hardship on Universal Credit. Her husband works full-time on minimum wage and she looks after the children at home as well as studying part-time. The two child limit, along with the benefit cap, means that she won't be entitled to any further help through Universal Credit when her child is born. The only financial assistance available is additional Child Benefit. The client is stressed at the prospect as they are already struggling to make ends meet and she feels they will be pushed further into poverty.***

***A west of Scotland CAB reports of a young single mother of five children (aged 12, 11, 6, 4 and 17 months) who is suffering financial hardship and has growing rent arrears as she is unable to claim additional Child Tax Credit for her youngest child and because she is subject to the benefit cap. The client had not applied for Child Benefit for her youngest either, as she assumed she would be subject to the same rules. The CAB helped her to claim Child Benefit but was only able to backdate the claim three months, as opposed to the date of the child's birth. The client already has difficult home circumstances as she is a single parent and one of her children has serious anxiety and behaviour problems as a result of previous domestic abuse in the household.***

***A west of Scotland CAB reports of a client with three dependent children (aged 7, 5 and 9 months). Her husband works full-time and she stays at home with the children, one of whom has undiagnosed ADHD. They have been unable to claim for their third child and are not eligible to claim housing costs so are in serious financial difficulty, including £1499 of rent arrears, as well as council tax arrears. Her husband's wages have been arrested to repay these arrears.***

***A south of Scotland CAB reports of a client who was unable to claim Child Tax Credit for new-born baby because she already has one child and a looked after child (placed by the council without a residence order) in her family, so the exemption does not apply. The client is £53 per week out of pocket as a result. Her partner works full-time but they are still struggling financially.***

***An east of Scotland CAB reports of a young single mother who has been left with no Tax Credits at all after she claimed for her third child (granted manually by HMRC) and was then charged with an overpayment and all her money was stopped. Even when her payments are reinstated, she will not be able to get money for her third child. She had worked prior to having her third child but is now in poor health and is left struggling to make ends meet.***

***An east of Scotland CAB reports of a client who has recently had a child but cannot receive any additional UC for it due to the two-child rules. The client already had three children on claim, which has meant her new baby cannot be added. This will mean the money the client receives for three children will have to be split between four.***