

SOCIAL SECURITY COMMITTEE

THE SCOTTISH CHILD PAYMENT REGULATIONS 2020

SUBMISSION FROM CITIZENS ADVICE SCOTLAND

Introduction

Citizens Advice Scotland (CAS) welcomes the opportunity to comment on the draft regulations. CAS warmly welcomes the introduction of the Scottish Child Payment (SCP), which is an excellent example of imaginative use of Scotland's devolved social security powers to provide much-needed support to Scotland's citizens. Scotland's CAB network regularly advises clients who have required crisis support from the Scottish Welfare Fund or food banks due to their social security entitlements not being adequate to pay for essential costs. The Scottish Child Payment promises to be an effective tool for reducing child poverty in Scotland.

CAS is broadly content with the draft regulations. We have a number of comments arising from them related to the delivery and future development of Scottish Child Payment that might be helpful for the Committee to consider in its scrutiny.

Age of eligibility (Regulation 18(b))

At its launch, eligibility for Scottish Child Payment is restricted to individuals in respect of a child under 6 years of age on the day the application is made. This is proposed to be increased to children under 16 by the end of 2022. CAS understands the reason for this is due to the Department for Work and Pensions (DWP) being unable to provide suitable data on people with children aged 6 to 15 who are receiving a qualifying reserved benefit in time for the launch of SCP.

However, this does mean that a significant number of people will lose entitlement to Scottish Child Payment when their child turns 6, only to regain it when eligibility is extended. CAS is concerned that the loss of regular income could cause hardship for people and result in them requiring crisis support. It is also likely to cause confusion and result in people having to re-apply for SCP in 2022 which could reduce take-up.

It is disappointing that it has not been possible for data to be shared to allow the age of eligibility to be extended at launch, or at least to enable a transitional measure allowing Scottish Child Payment recipients who lose eligibility due to their child reaching the age of 6 to retain entitlement (for example, by making eligibility in respect of children born on or after 1 February 2015). Whilst recognising the competing pressures on the DWP's capacity, particularly as a result of the COVID-19 pandemic, CAS would recommend all efforts are made to find a solution that would prevent this loss of eligibility earlier than 2022 if possible.

Requirement for applications (Schedule, 1)

People will be required to make a separate application for Scottish Child Payment, despite their entitlement requiring receipt of Universal Credit or another qualifying benefit and the necessary information having been submitted to DWP or HMRC to make those claims.

In general, two of the biggest barriers to people taking up all the benefits they are entitled to are that people don't know what they are entitled to; and that application and assessment processes are too complex.ⁱ Citizens Advice Scotland supports automating elements of the process if possible where eligibility information is already known – for instance, if personal details are already held in respect of an existing benefit claim, or where their eligibility has been established by virtue of receiving another benefit.ⁱⁱ

In the case of Scottish Child Payment, this might include the ability for Social Security Scotland to make payments automatically to people with children under 6 who receive one of the qualifying benefits, without them having to make a separate application. A similar process is carried out for Carers Allowance Supplement, where payments are made to all qualifying individuals without the need for a separate application.

Whilst we recognise that this may not be possible at the time SCP is launched without causing delays, CAS however recommends that the Scottish Government keep this measure under consideration for implementation once the payment is up and running.

Frequency of payment (Regulation 21)

The regulations propose to make Scottish Child Payments every four weeks. The frequency of payments for the qualifying benefits vary – Jobseekers Allowance, Employment and Support Allowance and Income Support are paid fortnightly, Pension Credit four-weekly, and for Tax Credits a choice of weekly or four-weekly is offered.

Over time, the majority of Scottish Child Payment recipients will be in receipt of Universal Credit, which is paid monthly with recipients in Scotland being offered the choice of receiving twice-monthly payments. As a result, most people will receive SCP on a different frequency from their qualifying benefit.

The introduction of Universal Credit Scottish Choices, which gives people the option of receiving payments twice-monthly if it suits them better has been a largely positive improvement to Universal Credit for CAB clients, and CAS would recommend giving Scottish Child Payment recipients the choice of how frequently they want to receive their payments in future.

CAS also recommends that the effect of paying Scottish Child Payment at a different frequency to qualifying benefits is monitored, with a view to better synchronising them if any difficulties emerge for individuals as a result of differing payment cycles.

Interaction with Universal Credit

In addition to the point above, the design of Universal Credit monthly assessment periods will cause consequential difficulties for the Scottish Child Payment. The inflexibility of the monthly assessment period can have severe financial implications. People receiving wages four-weekly, fortnightly or weekly can lose their UC entitlement, despite not actually earning any more from their employment.^{iii,iv} This issue, which can also be caused by employers changing pay frequencies (such as paying staff early at Christmas), has led to income shocks for low-paid workers through no fault of their own. In 2019, the High Court found that the way income is assessed through assessment periods is unlawful and could lead to

'nonsensical' situations.^v CAS believe that a person should not be financially worse-off by receiving their wages more frequently than someone paid on a monthly basis.^{vi}

Assessment periods also lead to fluctuating, unpredictable incomes, making it extremely difficult for workers to manage their finances, particularly those working part-time, seasonally or on zero-hour contracts. Although an issue caused by a flaw in the design of Universal Credit, it will cause knock-on problems for Scottish Child Payment, as if no UC payment is made in a particular month, then the individual will also lose their entitlement to SCP as a result.

This will have the consequence of causing a loss of income for a person despite there being no change in their circumstances reducing their need for the payment. Unfortunately it does not appear to be legally possible to take some mitigating steps, such as a three-month run-on of SCP after a last payment of Universal Credit, due to devolved 'top-up' benefits requiring a person to be in receipt of a reserved benefit. CAS understands that the Scottish Government intends to enable people's SCP to restart when their UC does in these circumstances without requiring an application which will be helpful. However, CAS recommends keeping this issue under close review and for the Scottish Government to consider options to mitigate these stoppages.

Initial application period (Regulation 25)

Due to the anticipated high demand for the Scottish Child Payment at the time of launch, due to it being a new benefit, the regulations make provision for applications to open three months before the first eligibility date for payments as a transitional measure.^{vii} CAS is content with this approach, which is the best solution to the challenge, though there is a need for clear accessible information for people to apply to ensure they know to expect a possible delay in making a decision on their application, and not to expect a payment sooner than February.

Value of a Scottish Child Payment (Regulation 20(1))

The Scottish Child Payment is to be set at a level of £10 per week. This has the potential to make a considerable positive impact on low income families in Scotland. The Scottish Government expects the payment to achieve a sustainable and lasting reduction in child poverty of at least 3% once the SCP is fully rolled out as well as reducing the depth of poverty.^{viii} The policy has been fairly described as 'game changing' as a result.^{ix}

It is important however that the payment maintains its value to sustain this impact, and responds to changing circumstances. Unlike some other forms of assistance, such as disability, carers and funeral support payments^x, there is no legal duty placed on the Scottish Government to uprate the Scottish Child Payment in line with inflation. CAS recommends the Scottish Government uprates the value of the payment each year to ensure it keeps up with the cost of living. This could operate as a 'double lock' increasing by the higher of earnings growth or the inflation rate faced by low-income families, as the Joseph Rowntree Foundation and IPPR Scotland have proposed.^{xi}

Additionally, the COVID-19 pandemic has caused unprecedented economic challenges and poses serious risks to the incomes of low-income families. It is unfortunate that the Scottish Child Payment was not launched by the time of lockdown, as it would have represented the

most effective social security tool at the Scottish Government's disposal to protect incomes during the economic shock. For instance, it could have built on the immediate £20 per week increase to Universal Credit announced by the UK Government in March.

To help support a socially just recovery, CAS recommends the Scottish Government review the value of the Scottish Child Payment to ensure its adequacy in the medium and long terms.

The First-tier Tribunal for Scotland Social Security Chamber (Procedure and Composition) Amendment Regulations 2020

These separate regulations, laid simultaneously, would enable people to appeal Scottish Child Payment determinations in the same way as they would for other devolved benefits. As the regulations are largely identical to provisions for other Scottish benefits, CAS has no particular issues with them to draw to the Committee's attention.

ⁱ Social Security Committee Benefit Take-up inquiry – Submission from Citizens Advice Scotland, October 2019 https://www.cas.org.uk/system/files/publications/cas_submission_-_benefit_take-up.pdf

ⁱⁱ Ibid.

ⁱⁱⁱ DWP, [Universal Credit Different Earning Patterns and Your Payments](#) (2019)

^{iv} CPAG, [Rough Justice](#) (2019)

^v See CPAG, [High Court finds DWP Universal Credit assessments unlawful](#) (January 2019)

^{vi} Citizens Advice Scotland response to House of Lords Economic Affairs Committee 'The Economics of Universal Credit' inquiry, February 2020 <https://committees.parliament.uk/writtenevidence/820/html/>

^{vii} Scottish Child Payment: updated position paper - Scottish Government, January 2020 <https://www.gov.scot/publications/scottish-child-payment-updated-policy-position-paper-january-2020/>

^{viii} Income Supplement: analysis of options – Scottish Government, June 2019 <https://www.gov.scot/publications/analysis-options-income-supplement/>

^{ix} New Scottish Child Payment “an absolute game changer in fight to end child poverty” say campaigners – Child Poverty Action Group in Scotland, June 2019 <https://cpag.org.uk/news-blogs/news-listings/new-scottish-child-payment-absolute-game-changer-fight-end-child-poverty>

^x Section 78, Social Security (Scotland) Act 2018 <https://www.legislation.gov.uk/asp/2018/9/section/78/enacted>

^{xi} Making the most of the Scottish Child Payment – Joseph Rowntree Foundation and IPPR Scotland, October 2019 <https://www.jrf.org.uk/report/making-most-scottish-child-payment>