



Citizens Advice Scotland Briefing

Taking Scotland Forward – Creating a Fairer Scotland debate

2 June 2016

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, 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. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

In 2014-15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received approximately 5.4 million unique page views.

Summary

The CAB service has a unique role in Scotland. No other charity offers direct help to so many people over such a wide variety of problems and across the whole of Scotland.

This briefing focuses on the opportunities that the devolution of social security powers offers to Scotland – it is the chance to design a system that has the principles of dignity and respect at its heart. The following pages outline the challenges and issues that the parliament needs to address to make this system a reality.

Advice on social security benefits are the largest area of advice provided by Scotland's Citizens Advice Bureau (CAB) network. In 2014/15, CAB clients received advice on 220,000 new issues related to benefits and tax credits, 37% of the total. Our on-the-ground experience and extensive evidence base puts us in an ideal position to set out a vision for how Scotland should use its new social security powers.

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Designing a new social security system for Scotland

The Scotland Act 2016 devolves a number of important social security powers to the Scottish Parliament. These include:

- **Benefits for carers, disabled people and those who are ill** (currently covered by Personal Independence Payment (PIP), Disability Living Allowance (DLA), Attendance Allowance (AA), Carers Allowance amongst others)
- **Certain flexibilities in relation to Universal Credit**
- **Funeral Payments**
- **Winter Fuel Payments and Cold Weather Payments**
- **Maternity payments** (currently covered by the Sure Start Maternity Grant)
- **Discretionary Housing Payments**
- **Employment programmes** (currently covered by the Work Programme and Work Choice)
- **The power to create new benefits in areas of devolved responsibility**
- **The power to create discretionary funds to ‘top up’ UK benefits**

CAS believes that the aim of the social security system should be to provide a coherent, fair safety net for the citizens of Scotland in order to achieve a more equal and socially just society. Ultimately, every Scottish citizen should be able to access the essentials for living and be treated in a dignified manner. Our on-the-ground experience and extensive evidence base puts us in an ideal position to set out a vision for how Scotland should use its new social security powers.

Of the 220,000 new benefits issues brought by CAB clients in 2014/15, 62,220 (28%) related to benefits that will come under the control of the Scottish Parliament, with a further 104,538 relating to Universal Credit and the six benefits it will eventually replace, which could be impacted by the use of administrative flexibilities. By way of comparison, there were 8,963 new issues (4%) relating to the already-devolved Scottish Welfare Fund, illustrating the significance of the devolution of these new powers and importance of getting the new system right.

Benefits for carers, disabled people and those who are ill

Between July and October 2015, CAS gathered views from bureau advisers and clients across Scotland on how these powers could be used to develop a Scottish system of benefits for disabled people and carers. From the views that we heard, CAS has identified features which we believe should form the core of a distinct Scottish system of disability and carers' benefits.

The system should be built on trust, dignity and respect. The focus should be on helping people to get the support they are entitled to, and language used should be positive and inclusive.

Appropriate support to claim disability and carers' benefits should be available to all who want or need it. This support should be available from multiple sources, and preferably independent from the decision-making process. There should be a

targeted effort by the Scottish Government to raise awareness of entitlement to disability and carers' benefits.

A system of disability benefits should promote independence, participation and equality. The purpose of disability benefits should be to help with the extra costs associated with having a disability or health condition. Entitlement to disability benefits should remain universal.

The assessment process for disability benefits should be fair, accessible and proportionate. Much greater emphasis should be given to evidence from people who know the claimant, including health professionals, carers and family. A face-to-face assessment should only be carried out when absolutely necessary or when a claimant requests one.

Carers' benefits should properly recognise the contribution of carers and provide adequate support. The system should allow carers to participate more in education and employment. The level of benefit should properly reflect the contribution of carers and other support, such as sufficient respite care, should be consistently available.

For further information, details on the views of CAB advisers and clients and CAS recommendations for disability and carers' benefits see <http://www.cas.org.uk/publications/designing-social-security-system-scotland-disability-and-carers-benefit>

Universal Credit flexibilities

Whilst control over Universal Credit (UC), which will eventually replace six existing working age benefits, will remain reserved to Westminster, the Scottish Government will have powers to change the frequency of payments, vary the existing plans for single household payments, and pay landlords direct for housing costs in Scotland. The Scottish Parliament will also have the power to remove the Bedroom Tax in UC.

To find out what would work best for people who need support from the social security system, we surveyed 601 CAB clients across the country, most of whom currently receive one of the benefits being replaced by UC.

Based on what CAB clients told us, CAS recommends that **claimants are given the choice of being paid Universal Credit weekly, fortnightly or monthly**. Currently the UK Government plans for all UC recipients to be paid monthly. However, our research showed that people budget at different frequencies, and for different reasons. Given the choice, **just 13% would prefer a monthly benefit payment**, with 31% preferring a fortnightly payment and **the majority (55%) preferring a weekly payment**.

Running out of money was a significant problem for a number of those who took part in the survey. More than a third of those who currently claim one of the benefits due to be replaced by UC often run out of money, and have to borrow, get a Crisis Grant, or go to a food bank. Moving to monthly payments looks set to make this worse.

Almost half of respondents with a legacy benefit indicated that they would sometimes or often run out of money if their benefits were paid monthly.

CAS also recommends that **couples who claim Universal Credit are given the choice of whether they would prefer a single household payment, or individual payments to each partner.** In our survey there was an even split between those who would prefer the current plans for a single household payment (49%) and those who would prefer individual payments (51%). Most of those who would prefer a single payment would prefer it to be made to them rather than their partner.

When the Bedroom Tax was introduced, it caused a large number of problems for CAB clients in Scotland before it was mitigated by the Scottish Government. CAS recommends the Scottish Government **permanently removes the Bedroom Tax in Universal Credit when it gets the power to do so.**

We have also seen a number of problems caused by housing payments being rolled into one UC payment, which has caused CAB clients to quickly build up rent arrears. CAS recommends that **the housing element of UC be paid in the same way as Housing Benefit currently is, with claimants able to have housing payments made directly to social landlords.**

For further information, details on the views of CAB clients and CAS recommendations for Universal Credit flexibilities see

<http://www.cas.org.uk/publications/designing-social-security-system-scotland-universal-credit-flexibilities>

Funeral Payments

Funeral Payments should allow for families who require support to have a dignified but affordable funeral for their loved ones. However, the current system, which is part of the Regulated Social Fund, often fails to meet the needs of those struggling to meet the costs of a funeral. As a result of people struggling to pay funeral costs, CAB across Scotland are helping more people than ever before who find themselves in funeral poverty.

There are a number of problems with the current system, including the unclear eligibility criteria and application process. CAS recommends that **the criteria for any new funeral support are much more clearly defined to give certainty to the majority of applicants.**

Currently people are often required to pay a deposit upfront (frequently £500-£1000) to funeral directors, regardless of whether they will be successful in their application for a Funeral Payment. Particularly given the unclear eligibility criteria, families can inappropriately borrow money thinking that they will later get a Funeral Payment. If they are unsuccessful, they may be in debt they can't afford.

When the powers are devolved, **there should be an agreement between the Scottish Government and all funeral director trade bodies that where someone is eligible for funding support deposits will not be required.**

Applicants are also often unclear as to what will be paid for; what is not covered and payment amounts can vary and are often opaque. This means individuals can act on the assumption that the entire funeral will be paid for when in fact only a small payment will be made towards costs that are not core charges (e.g. transport, flowers, memorials etc.). **A clear fixed payment solution is needed to give certainty to applicants so they know what they are able to afford.**

CAS would support **a much clearer definition agreed by industry and government to what is included in a respectful, agreed, affordable funeral and how much this costs.** While we would support individuals to make additional arrangements subject to their own wishes, a clear affordable minimum should be provided.

The cost of a basic dignified funeral has been allowed to increase at eye-watering levels over the past decade. The cost of an average basic funeral in Scotland can now range from £2,500 to £5,000. These costs can be completely unaffordable for many in society, especially those in low pay employment who may be paying for a funeral of a partner who was the main income earner in the household. CAS recommends that **rising costs be addressed by the Scottish Government as a matter of priority.** One option to be considered would be to cap the amount that can be charged to those in receipt of funeral grants for the disposal of a body.

CAS has conducted extensive research on funeral poverty in Scotland. For further details see <http://www.cas.org.uk/publications/designing-social-security-system-scotland-funeral-payments> and <http://www.cas.org.uk/publications/funeral-poverty>

Winter Fuel Payments and Cold Weather Payments

The Scottish Parliament will get new powers over financial assistance provided through the Regulated Social Fund, which includes Winter Fuel Payments and Cold Weather Payments. The Scottish Parliament will be able to change who is entitled to receive these payments, or replace them entirely.

Scotland has some of the highest rates of fuel poverty in Great Britain, along with some of the **highest costs of energy**, coupled with relatively lower incomes. This means that far too many people are struggling to affordably heat their homes to an adequate standard. Winter Fuel Payments and Cold Weather Payments, together with energy supplier obligations such as the Warm Home Discount Scheme, are a package of measures that help to maximise the incomes of households most at risk of fuel poverty.

The devolution of Winter Fuel Payments and Cold Weather Payments will mean that **support can be tailored to the Scottish context**, and aligned with wider strategies in Scotland for supporting fuel poor households. Other issues with the current system, such as the inflexible administration of claims and payments, can also be addressed. Ultimately, **all households who are struggling to affordably heat their home should receive appropriate support.**

For further information on CAS evidence on winter fuel and cold weather payments see <http://www.cas.org.uk/publications/designing-social-security-system-scotland-winter-fuel-and-cold-weather-payments>

For evidence and information on **employment programmes and Discretionary Housing Payments (DHPs)** see <http://www.cas.org.uk/publications/designing-social-security-system-scotland-employment-programmes-and-dhps>

Scottish Social Security Bill and Scottish Social Security Agency

The Scottish Government has pledged to bring a Scottish Social Security Bill before the Parliament during the next year, preceded by a public consultation in the next few months. This is expected to establish a new Scottish Social Security Agency, the administrative processes that will underpin the new system, and the rights and responsibilities of people who receive benefits. The specific design and rules for the devolved benefits are expected to be made by separate legislation and regulations.

Many of the social security issues citizens advice bureaux advise clients on relate to administrative problems or the rights of the people who receive benefits. Based on evidence from CAB clients, CAS would regard that ensuring the new system is well-administered is equally as important as getting the design and amounts of benefits correct.

Whilst CAS welcomes the creation of a Scottish Social Security Agency to administer the benefits, there are a wide range of processes and practice which will determine the success of the new system. It is vital that the design of these processes and systems are informed by evidence from people who will require support from the devolved benefits, people who currently receive support from the UK system and the expertise of those who advise them on their rights on a daily basis.

Citizens Advice Scotland stands ready to inform MSPs on the development of Scotland's new social security system with high quality evidence from the frontline.

Wider Social Security issues affecting Scotland

Of the ten most common issues that people sought advice on from a Scottish CAB in 2014/15, seven related to reserved benefits – Employment and Support Allowance (ESA), Housing Benefit, Jobseekers Allowance (JSA), Personal Independence Payment (PIP)ⁱ, Working Tax Credit and Child Tax Credit.

Whilst policy control over these is reserved to the UK Parliament, social security issues have a significant impact on the lives of hundreds of thousands of Scots on a daily basis, and have a knock-on impact on devolved services – such as the NHS, social work, social care and the Scottish Welfare Fund.

Research conducted for the Welfare Reform Committee in the previous session suggested that the cumulative impact of changes to the social security system between 2010 and 2015 had cost the Scottish economy £1.5 billion per year without having any causal impact on the labour market.ⁱⁱ Further work from the same researchers anticipates that this will rise to £2.2 billion by 2021, as a result of further changes to the social security system since 2015ⁱⁱⁱ. This is equivalent to a loss of £640 per year for every working age adult in Scotland, although in reality the losses are likely to be greater for those on the lowest incomes.

In the last Scottish Parliament session, the Welfare Reform Committee undertook considerable valuable activity in scrutinising the impact of changes to the UK social security system on Scotland. Citizens Advice Scotland would urge the successor Committee, as well as the Parliament as a whole, to continue to monitor the impact of continuing and further changes as they impact on Scotland alongside its important role in scrutinising the establishment of a devolved social security system.

Some of the issues that CAS would recommend the Parliament pay particular attention to as a priority are:

Gaps in income and food banks

Since CAS began capturing data on advice regarding food banks in 2012, CAS has seen a huge increase in this area of work over the last four years. Advice relating to food banks was provided on over 7,400 occasions by citizens advice bureaux in Scotland during 2014/15, and advice on this issue increased by 47% since 2013/14. During 2014/15, at least 1 in 42 enquiries featured advice regarding food banks.

CAS has also seen a rise in those seeking support from the Scottish Welfare Fund Crisis Grants which, in 2014/15 increased by 58% as a proportion of benefits-related advice compared to the previous year. Between 2012/13 and 2014/15, advice regarding Crisis Grants increased by 134% on advice regarding Crisis Loans (the predecessor scheme, delivered by the Social Fund) suggesting that demand for Crisis Grants has more than doubled during that time.

On-going analysis of CAB case evidence over the last four years suggested that more and more bureaux clients were experiencing periods of no income, and were unable to afford essentials including food, gas and electricity to heat their homes, and priority payments such as rent. More worryingly still, were the number of clients who presented at bureau in extremely poor health, having not eaten in a number of days.

Citizens Advice Scotland will shortly be publishing comprehensive research on the causes of gaps in income, particularly with regards to the benefits system, the impact of gaps in income on CAB clients, and the adequacy of existing crisis assistance provided by statutory agencies. We will make recommendations for the UK Government, Scottish Government, local authorities and charities in the following areas:

- **Increasing people's resilience to income shocks** to ensure that people have enough to cover basic needs such as food, housing and heating without getting into debt.
- **Preventing gaps in income** to ensure that no-one is left without enough money to buy the essentials they need to live.
- **Improving crisis assistance** to ensure that people do not suffer when crises and emergencies happen.

CAS will publish this research by the end of June. For further details please contact Steven Livingston on steven.livingston@cas.org.uk or 0131 550 1064.

The roll out of Universal Credit

Universal Credit is the most ambitious change to the social security system since its establishment. It will eventually encompass people at a wide range of different points of their lives and in different circumstances – in work, out of work, in sickness and in health, when single, with children, and in a range of situations where they are vulnerable and in need of financial support - and will eventually be received by over 800,000 people in Scotland.

After a delayed introduction, between February 2015 and April 2016 Universal Credit has been gradually rolled out across Scotland. At this point, with a couple of exceptions, it is only available for single jobseekers without children or complex circumstances. This represents a small fraction of people who will eventually receive Universal Credit. However, it does mean that we can start to see how well it works in practice.

Citizens Advice Scotland has always supported the principles behind Universal Credit – simplifying the benefits system and making work pay. However, it is important that Universal Credit works in practice important and that amidst the desire to make savings to the welfare bill, it is kept in mind that the social security system is a safety net for people who need support at various times of their lives, which is perhaps the most important principle, and practice of all. Meeting this is key to the future success of Universal Credit.

CAS will shortly publish early evidence from citizens advice bureaux on the initial rollout of Universal Credit in Scotland. This evidence will allow us to start to identify some of the design challenges, transitional and administrative challenges, and future challenges to the success of Universal Credit, and make recommendations for how these obstacles can be overcome.

CAS will publish this evidence report next week. For further details please contact Steven Livingston on steven.livingston@cas.org.uk or 0131 550 1064.

The roll out of Personal Independence Payment (PIP)

Personal Independence Payment (PIP), the UK Government's new disability benefit which will eventually replace Disability Living Allowance (DLA) for people aged 16-64. Both PIP and its predecessor DLA are crucial benefits for many sick and disabled people. They aim to help with the extra costs of being sick or having a disability, such as additional heating, additional travel costs, special diets or specialist equipment.

Since its introduction, new claimants have experienced significant problems in claiming PIP, particularly as a result of delays in the assessment, decision-making and appeals process, and they have turned to their local CAB for advice and support. Advice on PIP is now one of the largest and fastest-growing areas of advice for citizens advice bureaux in Scotland. The majority of the 190,000 existing DLA claimants are due to be migrated to PIP between October 2015 and October 2017.

Whilst CAS has previously called for the migration of existing DLA claimants in Scotland to PIP to be halted given the problems and delays new claimants have had

to face, and the future devolution of powers over disability benefits to the Scottish Parliament, it is likely that PIP will be completely rolled out by the time a new Scottish system is established.

Citizens Advice Scotland continues to monitor issues related to Personal Independence Payment in Scotland, including problems with assessments, and the potential of further changes to the rules surrounding PIP ahead of the transfer (further changes were announced and then reversed in March 2016).

For previously published CAB evidence and information on the rollout of PIP in Scotland see <http://www.cas.org.uk/publications/voices-frontline-halt-roll-out-pip-scotland> or <http://www.cas.org.uk/publications/cas-response-consultation-personal-independence-payment>

Welfare Reform and Work Act and further UK Government changes

The UK Government was elected in May 2015 with a manifesto that included a commitment to “find £12 billion from welfare savings, on top of the £21 billion of savings delivered in this Parliament.”^{iv} Details of how the target for savings would be met emerged in the July 2015 Budget and November 2015 Autumn Statement, with a number legislated for in the Welfare Reform and Work Act 2016.

Citizens Advice Scotland is concerned that a number of these changes will have a detrimental impact on people in Scotland. In particular, we are concerned at the likely impact on vulnerable people, people who have disabilities or health conditions, those with children, those in low-paid work and young people, who are likely to be hardest hit by the changes. Some of these specific changes include:

ESA work-related activity payments reduced to the same level as JSA

From April 2017, the value of the Work Related Activity Group (WRAG) component of Employment and Support Allowance (ESA) is being reduced to the same rate as Jobseeker’s Allowance (JSA), along with an equivalent change in Universal Credit. Currently work-related activity ESA is £29.05 per week higher per week than JSA^v.

ESA is an income-replacement benefit for people who are unable to work due to illness or disability. CAS is concerned that this change will result in a large number of clients who require additional financial support to find work will no longer receive it, making it harder for them to find sustained employment.

We are concerned at the impact of clients who are unable to work in the medium term, or who may never be fit for work again, only receiving the same financial support as JSA claimants without health conditions who are only expected to need short-term support. CAS is also concerned that clients physical and mental health will worsen as a result of the changes; and clients also now face the prospect of losing all their income if they are sanctioned.

For more information on the potential impact of change see <http://www.cas.org.uk/publications/welfare-reform-and-work-bill-briefing-mps-0>

Reductions in Universal Credit Work Allowances

From April 2016, the work allowances in Universal Credit have been reduced and removed entirely for non-disabled claimants without children. Work allowances are the amounts of money people can earn through employment before Universal Credit starts to be withdrawn. These replicate in Universal Credit the proposed changes to Tax Credits, which were withdrawn in the Autumn Statement after being heavily criticised for being unfair and removing support from low-paid workers.

CAS expects to see more clients who are in low-paid work who are struggling to pay for essentials, and are unable to access sufficient support from the social security system. We are concerned that this could lead to an increase in in-work poverty.

Benefit Cap reduced to £20,000

The existing household Benefit Cap will be reduced from £26,000 to £20,000 per year for families, and £18,200 to £13,400 for single people. Currently, the Benefit Cap affects relatively few households in Scotland, but we can expect this to increase from less than 800 households to around 9,000, although the UK Government has only made UK-wide estimates).

CAB clients already affected by the Benefit Cap to be worse off by a further £6,000 per year. At the moment this is mainly large families and lone parents. This will cause increased rent arrears and risk of an increase in the number of families made homeless. The precise impact on other groups is largely unknown, although more lone parents are likely to be affected and have their housing benefit reduced.

Freeze on value of working age benefits

The value of benefits such as Universal Credit JSA, ESA, some types of Housing Benefit, Child Benefit, WTC and CTC (except family and child elements) will be frozen for four years until 2020, regardless of any rise in inflation.

CAS expects this to have a subtle but significant impact, with a steady rise in the numbers of benefit claimants who are struggling to pay for essentials as prices rise. Any significant rise in inflation could lead to a rapid increase in the number of clients unable to afford basic living costs.

Further changes which are likely to have a negative impact on groups of people in Scotland include:

- Increase work-related requirements for parents
- Restrictions on housing support for 18-21 year olds
- Child element of tax credits and Universal Credit restricted to the first two children

For more on the potential impact of these changes, see

<http://www.cas.org.uk/publications/welfare-reform-and-work-bill-cas-written-evidence>

For more information, please contact:
Rob Gowans, Policy Officer
Email: rob.gowans@cas.org.uk
Phone: 0131 550 1087

ⁱ The Daily Living and Mobility components of PIP are listed separately in CAB statistics, both of which are in the top ten.

ⁱⁱ The Impact of Welfare Reform on the Scottish Labour Market: An Exploratory Analysis – Scottish Parliament Welfare Reform Committee 4th Report, 2015 (Session 4)

<http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/91683.aspx>

ⁱⁱⁱ The uneven impact of welfare reform: The financial losses to places and people – Sheffield Hallam University, April 2016 https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016_1.pdf

^{iv} Conservative Party Election Manifesto 2015, p.8

^v ESA with the Work-Related component is worth £102.15 per week, compared with £73.10 per week JSA.