

Scottish passported benefits: Consultation on changes required as a result of the introduction of Universal Credit and Personal Independence Payment



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

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3. Permissions - I am responding as...

Individual

/ Group/Organisation

Please tick as appropriate

- (a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes No

- (b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

- (c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes No

- (d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate Yes No

CONSULTATION QUESTIONS

Q1 The principles identified by the Social Security Advisory Committee to underpin the reform of passported benefits are: simplification, auto-entitlement, information transfer and making work pay. Do you think that these principles are helpful in the Scottish context?

Yes No To an extent

Please explain your answer

We are broadly in agreement with the SSAC principles, but with some important caveats:

(1) **Simplification.** We support the aims of making benefits easier to understand and aligning eligibility thresholds where possible. However, particular simplification proposals would have to be assessed in detail in terms of any positive and negative impacts on future eligibility compared with current eligibility for passported benefits (PBs).

(2) **Auto-entitlement.** The consultation paper states that “eligibility for passported benefits could be identified automatically by the Universal Credit IT system. This would require a simpler system of eligibility criteria across entitlements. It could potentially enable auto-enrolment, where people receive relevant entitlements automatically”.

The proposal clearly has many attractions, including: (i) providing **fuller uptake** of passported benefits (PBs), and (ii) potentially **saving on administrative costs** associated with separate claim and assessment systems. However, there are 4 problems, or groups of problems:

(a) (i) Eligibility for the Blue Badge scheme and concessionary travel for under 65s currently depend in part on **DLA eligibility**, not on the benefits that are being subsumed within Universal Credit. Basing these passported benefits on auto-enrolment from the replacement of DLA by Personal Independence Payments (PIP) will mean a reduction in entitlement, since the transition to PIP will reduce eligibility (the DWP has planned for 20% savings in current DLA spend, and we understand that 35% of current claimants will be financially worse off).

(a) (ii) There is currently a serious anomaly in that **Attendance Allowance** for people aged 65+ is not recognised for Blue Badge passporting purposes, unlike the equivalent benefit for younger adults (DLA). This anomaly should be resolved in a new Scottish scheme for passported benefits.

(a) (iii) In addition, currently people who do not have the relevant DLA payments, may still be eligible for blue badges following an assessment of their level of disability or mobility problems by a GP or Occupational Therapist. It is important that such “**needs-based**” **entitlements** to “passported” benefits are retained, and the application process simplified.

(b) The transition to **Universal Credit** from the current benefits that provide eligibility for passported benefits is also likely to reduce entitlement for some people in need.

(c) The concept of “**auto-entitlement**” **should be defined minimally** as establishing entitlement from the UC and PIP systems. It should not be confused with the separate issues of (i) “cashing up” (adding passported benefits in cash to UC and PIP payments); (ii) whether PB payments should be in cash or kind; (iii) whether cash PBs should be paid monthly, like UC; (iv) who in the household should receive the PB. All these issues require separate consideration.

(d) Auto entitlement has carries risks associated with an over-zealous “**welfare into**

work” philosophy whereby people are forced off UC because they have failed to keep an appointment or job interview or have provided insufficient evidence of seeking work. What this could mean, for example, is that children were no longer entitled to free school meals. Sanctions applied to parents should not reduce entitlements for children in need.

(3) **Information transfer.** We support welfare data sharing across central and local government departments, and the NHS, responsible for delivering benefit-linked entitlements, subject to strict data security and confidentiality safeguards. This would also assist local authorities with income maximisation and with charging for social care and other means tested services. Health and Social Care Integration also offers opportunities for closer alignment of NHS and local authority data about people with disabilities which could expedite assessments of people for needs-based benefits such as Blue Badges, wigs and fabric support, and other assistance.

(4) **Making work pay.** We agree *in principle* that passported benefits should not create barriers or disincentives to work, with phased withdrawal when someone ceases to be eligible. However, as we stated in our response at 2(d) above, there will be many circumstances where a parent or parents have been taken off UC for failures to adhere to expected work-seeking behaviours, where the consequence of auto-entitlement might be cessation of PBs such as free school meals. This needs to be worked out in some detail to maintain the intended health and social outcomes delivered by the passported benefit.

Q2 What other principles would you like to see underpin any reform of passported benefits in Scotland?

Equality: the extension of passported benefits to people in **low paid work** should be given further consideration, in order to reduce the existence of poverty traps. Universal credit will include working tax credit, which is largely excluded from current passporting criteria (for example, for EMA, Legal Aid, and Individual Learning Accounts). Using Universal Credit (and PIP) as passporting criteria, after housing costs, could resolve this anomaly and reduce low pay poverty.

We agree with the point made in Perth & Kinross Council’s submission (which has kindly been shared with ADSW), which is that eligibility for Free School Lunches (FSL) should be extended to cover **older people with limited means** who are caring for children or grandchildren. As Perth & Kinross note, currently “FSL is not paid to people in receipt of Pension Credit (Guarantee Credit) unless Child Tax Credit is also in payment. Often when older people have care of children it can be due to family breakdown of some kind and there can be significant delays or problems with benefits and tax credits changing from one parent/guardian to another”.

Evaluation and monitoring. We agree with the positive assessment by the SSAC (and others) of the health social and inclusion outcomes delivered by passported benefits. It is essential that any positive or negative impacts of changes to the passported benefit system in Scotland are monitored and evaluated.

Q3 Do you feel that it would be desirable to replace benefits in kind (i.e. providing the goods or services directly) with a cash alternative for some passported benefits?

Yes No To an extent

The current arrangements for **free school meals** are far better suited to delivering health, nutritional and educational benefits than any cash replacement would be. Paying the cash equivalent to the parent or parents, risks their use of this money for other purposes, particularly at a time when unemployment remains high, and the UK Government's Welfare Reform agenda as a whole will significantly increase child and adult poverty, according to analyses by the Institute for Fiscal Studies and other independent analysts.

We agree with the comments made by Perth & Kinross in their submission that "cash alternatives in respect of FSL could result in an increase in applications for crisis loans/grants and could lead to school lunch debt for the most vulnerable families. There is a risk that attendance and attainment could be affected for vulnerable pupils who may not attend school as a result of not being able to afford to pay for school meals/packed lunches or where there is a school meal debt outstanding if cash alternative is used for other purposes". We agree that this would also increase pressures on social work Section 12 or Section 22 payments, on local successor arrangements to the Social Fund, and would increase emergency/crisis work within local authorities and within the NHS.

Similar arguments apply to other passported benefits currently paid in kind.

Some PBs are already paid on a cash basis, such as Educational Maintenance Allowance (paid to the young person), while others are paid to providers of services (such as Legal Aid, free dental treatment, free glasses, student loans cancellations). Some PBs consist in not having to make a payment (such as Road Tax exemption, Court fees exemption). We see no advantages in changing these arrangements.

Q4 Do you feel that it would be desirable to roll existing cash payments for passported benefits into the Universal Credit payment, to create a single income stream?

Yes No To an extent

We agree with the Scottish Government's intention not to implement in the near future the proposals made by the SSAC about "cashing up" passported benefits within Universal Credit/PIP, thus delivering a single income stream that would simplify the system for claimants.

Replacing cash payments to persons, with the particular needs that the payment is intended to address, with cash payments to the household in which the person is a member, is likely to increase income inequalities within the family: between men, women and children.

As a policy, "cashing up", does not sit well with "personalisation" policies for the public sector. Moreover, targeting benefit on individuals, rather than households, stands a better chance of delivering prevention and early intervention.

The Perth & Kinross submission contains further reasons for rejecting "cashing up":

"It is unlikely that families/individuals in the greatest need will have the ability to budget for a time when they may need to travel to hospital for treatment or for a time in the future when they may need legal assistance. There is the risk that people on low incomes could be in a more disadvantaged position.

A further reason for not cashing up benefits is the fact that the UK Government plans to shift to monthly payment of benefit in arrears. It is not possible for people on low incomes

to budget for unexpected expenses such as travel to hospital for outpatient treatment, or dental treatment”.

For all these reasons, we believe that the Scottish Government should rule out the “cashing up” of passported benefits in the longer term as well as in the near future.

Q5 Do you think that the welfare system (i.e. receipt of Universal Credit or Personal Independence Payment) should form the basis for access to passported benefits?

Yes No for some entitlements only (please specify which)

Receipt of Universal Credit should form the basis for access to income-related passported benefits, subject to the many caveats and qualifications already discussed in our answers to earlier questions. “Auto-entitlement” has significant potential to reduce administration costs and reduce delays for our customers on the basis that their claim for passported benefit has already been verified.

We have already stated concerns that people with disabilities who currently are eligible for DLA may not be eligible for PIP and we would support eligibility criteria for needs-related passported benefits that continued entitlement. Similarly, entitlement to Blue Badges does not currently depend solely on DLA receipt and this should continue (as we argued in our response 2(a)(iii) to Question 1).

We also support entitlement to other benefits to determine entitlement to Blue Badges etc. For example, specific Industrial Injuries Disablement Benefit awards; on payment of War Disablement Benefit or on payment of Employment & Support Allowance (ESA) for specific reasons. Some arrangement would need to be put in place to carry on passporting for people entitled to ESA (Contributory) who lose entitlement after one year.

We also think that receipt of Attendance Allowance should trigger entitlement to a Blue Badge for those over age 65 automatically.

Finally, some people will not be aware of their entitlements to UC or PIP and there will need to be a clear communication and access strategy for all passported benefits which includes pro-active income maximisation work with applicants.

Q6 If yes, what existing alternative mechanisms can you suggest to identify recipients and verify claims?

If the Scottish Government wished to set entitlement for all PBs at a higher threshold level than is implied by Universal Credit, then it may be necessary to examine Council Tax Benefit successor arrangements to establish whether CTB receipt could be used as an alternative mechanism to identify recipients and verify claims?

For disability-related PBs, being registered blind or deaf could be considered as criteria for automatic passporting. This would help offset some of the negative impact of the transition from DLA to PIP, at least for people with visual or hearing impairments.

Using information available within the local authority i.e Occupational Therapist assessments could also be considered as evidence of entitlement for disability-related PBs; this could result in less pressure on colleagues in the NHS to provide evidence.

Q7 What could be done to make it easier for people to find out what benefits they are entitled to?

It would be useful for the Scottish Government to lead a publicity campaign on the Welfare Reform changes, included those to passported benefits.

Councils and the NHS should build on existing methods of local communication such as internet websites, public newsletters, Council Tax billing, via tenant/customer newsletters, staff training programmes, information in GP surgeries, libraries and schools, credit unions, and CABx and other voluntary organisation offices, etc. This needs to cover the wider Welfare Reform changes as well as specific information on passported benefits. Welfare Rights take-up campaigns should also be considered

The DWP should be asked to provide information about passported benefits in DWP decision letters, etc.

The integration of Health and Social Care Services provides an opportunity to ensure that all who access these services are offered a benefit check and advice and assistance with benefit claims to ensure maximisation of take up.

Social Media such as Facebook and Twitter should be used to inform and advise people who are comfortable using these communication media.

Q8 Do you wish to highlight any of the groups protected under the Equality Act as being particularly at risk in the reform of passported benefits?

Disabled people are at risk if passported benefits rely solely on awards of PIP (or only on UC), for reasons already mentioned.

Gender and age are protected characteristics – benefits currently paid to mothers and young people are at risk from the “cashing up” proposals (as discussed in our answer to Question 4).

Proposals to treat older people on the same basis as other adults are implicit in our comments on the need to recognise Attendance Allowance (Question 1, response 2 (a)(ii), and on the need to recognise elderly carers of children (see Question 2 response).

Ethnic minorities have a continuing disadvantage where there are language or cultural barriers and these need to be taken into account in any new arrangements.

Q9 What robust sources of evidence with regards to impact on protected equality groups should we draw on when considering the impact of future proposals?

Equality Impact Assessments for PIP and UC and analyses by the Social Security Advisory Committee of the impacts on passported benefits.

We also recommend that monitoring and evaluation arrangements are put into place (see response to Question 2).

Q10 Over the longer term, should the Scottish Government aspire to a move to a more coherent system of eligibility criteria for low-income benefits, such as linking income thresholds to one of the measures of poverty?

Yes No To an extent

This aspiration is worthy of further exploration to establish costs and benefits, prior to further public debate. However, widening income inequalities are a feature of most developed countries since the late 1970s/ early 1980s, and are now also visible in developing countries. In the UK income inequalities are set to increase still further. These trends have been reflected in widening pay differentials in both the private and public sectors in the UK and elsewhere.

Income and wealth inequality has been accepted by the World Health Organisation and other bodies as a significant cause of health inequality within nations.

Anti-poverty and health inequality strategies therefore need to engage with the way in which the economy is structured, including the ways in which this is sustained at the level of ideas and representations, in order to develop majority support for policies and actions that are genuinely able to achieve a fairer society, rather than focusing only on necessary amelioration.

Q11 Should the Scottish Government assess income:

At household level

At individual level

It should vary according to the entitlement being applied for

Since Universal Credit is paid to the household, the Scottish Government will need to assess income at the household level. However, many passported benefits are currently delivered to individuals, not households, and it is desirable that this continues where possible, to ensure that these benefits achieve the intended outcomes. Therefore, the Scottish Government will need to be able to assess individual income where this is required.

Q12 Should the Scottish Government adopt a savings limit for some or all benefits?

All None Some (please specify which)

We are not able to answer this question without further analysis of the impact of Universal Credit changes on eligibility for passported benefits. The Scottish Government consultation paper suggests that the proposed upper savings limit of £16,000 for Universal Credit will impact negatively on eligibility for PBs. However, a savings limit of £16,000 already applies to Income Support, Job Seekers Allowance, and income-based Employment and Support Allowance (ESA), and therefore applies to PBs for which receipt of these benefits is part of the eligibility criteria. If the Scottish Government wished to adopt a higher savings threshold, then this would increase demand for PBs above current levels and would need to be funded. Whether that would be desirable cannot be answered outwith a wider consideration of anti-

poverty strategies and consideration of other demands on public expenditure.

Q13 If you answered None, please suggest how we could identify those who do not qualify for Universal Credit because they have more than £16,000 savings.

We are not clear why this is necessary – see answer to Question 12.

Q14 Should the Scottish Government adopt the same savings limit as the Department for Work and Pensions – i.e. that no one with savings (excluding equity in your home) of more than £16,000 should receive any passported benefit?

Yes No

In principle, we support the harmonisation of savings limits with the DWP limit in terms of simplicity as it could reduce bureaucracy, prevent delays in administration and customers may only be subjected to one assessment. This would be limited to income-assessed passported benefits only. We do not support savings limits for needs-assessed passported benefits such as travel concession passes and Blue Badges.

Q15 Do you have any other comments within scope?

Further work is required on policies and mechanisms to increase benefit uptake for people who are eligible. People who contact local government, the NHS, and the third sector, should, where possible and appropriate, receive benefits checks and advice to ensure their income is maximised. Particular Scottish Government policy priorities, such as Health and Social Care Integration, and Self-Directed Support, should be considered in terms of opportunities for benefits take maximisation.