

# **Creating a Fairer Scotland**

## **A New Future for Social Security in Scotland**

**March 2016**



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## Ministerial Foreword

Our Vision: Social security is important to all of us and able to support each of us when we need it.



In October 2015 I published a paper, *Creating a Fairer Scotland: Social Security, the Story So Far and Next Steps*. This summarised what we had learnt from our conversations with citizens and organisations across Scotland. I have listened carefully to and reflected on all of the information we have heard from stakeholders, including feedback through the Fairer Scotland consultation in order to develop a vision for the future of social security in Scotland.

In this paper I outline that vision – that **social security is important to all of us and able to support each of us when we need it**. This is supported by **five principles** that will govern our decisions on social security policy and delivery. The principles focus on dignity, fairness and respect, and challenge the stigma that unfairly surrounds social security.

As a Government, we are committed to achieving a Fairer Scotland through the levers available to us, now and in the future. In our Programme for Government we set out our commitment to create a Scotland where no-one lives in poverty and all people, no matter who they are or where they are from, can achieve their full potential. The larger part of the benefits payments to be devolved are aimed at people with disabilities, regardless of their income, while others such as maternity grants and funeral payments are targeted at lower income households. These new powers therefore offer a real opportunity, over time, to make Scotland a fairer country.

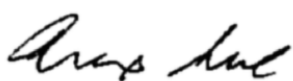
Although the benefits over which we will gain control do not, in the main, relate to employment, this is a vision and a set of principles that would apply equally to a future where the Scottish Parliament has full control over social security. The specific benefits that are being devolved do not, in general, relate closely to the world of work. However, our bigger goal is in tackling poverty and inequality. Helping people into work is already the keystone of our approach to tackling poverty –

combining our social security powers with our existing policies to support people back to work can be an important additional tool.

Throughout this programme of work, our first priority is secure transition - to make sure that as the powers are devolved, people in receipt of the benefits, many of whom are ill, retired or disabled, **continue to receive their benefits on time and in the right amount**. I have heard this time and again from members of the public, stakeholders and people in receipt of benefits. The transfer of social security powers to Scotland will be a long process, but we will make changes as soon as **practically possible** once the powers and finances are made available. We will only do this when we are confident that we have all the correct systems and processes in place and a transition plan is agreed with the UK Government. **However, where opportunities exist for immediate improvement we will grasp them.**

Placing dignity and respect at the heart of all we do means that the delivery of social security is as important as the policy. In this paper, I outline my proposal to establish an agency within the Scottish Government family. This means that, while our delivery platform will work in partnership with other organisations, there will be a public body at the centre, administering devolved benefits. This agency will work with stakeholders, practitioners and experts from local government, the third sector and representative organisations across Scotland, in order to derive maximum advantage from new partnerships and some of the excellent relationships and innovative approaches that are already in place.

I believe that full devolution would allow the Scottish Government to fully protect its most vulnerable citizens. The Scottish Government will therefore continue to make the case for further devolution of social security. The vision and principles set out in this paper – and the agency I propose to create – will shape our approach to both the powers currently to be devolved, and any other social security measures in the future.



**Alex Neil MSP**

**Cabinet Secretary for Social Justice, Communities and Pensioners' Rights**

## Introduction

A new future for social security in Scotland starts at the point at which we begin to make decisions for ourselves. To that extent, the future is already here. Scotland has distinct and separate policies in areas of devolved responsibility and we will set out in this paper some examples of how we will apply that agenda to the administration of devolved social security benefits.

In this paper we outline some of the early priorities that we will look to achieve through taking a fairer approach to social security, and the principles underpinning our approach.

The vision and principles have been developed following a substantial programme of engagement with many stakeholders across Scotland, and they incorporate the views and ideas from those who are affected by the powers: primarily those who will receive the devolved benefits, groups who represent their interests, and those who will be key to making the vision a reality. **Annex A** explains which existing UK benefits are to be devolved and **Annex B** contains more information on the disability related benefits to be devolved.

This is not the end of the conversation: the First Minister announced in the Programme for Government that a Social Security Bill would be introduced in the first year of the next term of the Scottish Parliament. Over the first half of 2016, we will continue to work with people across Scotland to determine how best to use the powers over devolved benefits, leading up to the introduction of that Bill. The Programme for Government also set out a strong commitment to participation by everyone in the debates and decisions that matter to them most, regardless of their circumstances or backgrounds. Facilitating this participation will be essential to our successful implementation of social security powers.

Separately, the Scottish Parliament will have powers over support for unemployed people through the employment programmes currently contracted by DWP (which are presently delivered mainly, but not exclusively, through the Work Programme and Work Choice) on expiry of the current commercial arrangements. The Scottish

Parliament will have the power to decide how it operates these core employment support services. Although there are clear links between employment and social security, and the principles we bring forward in this paper have close links with employment powers, the focus of this paper is on the social security powers.

### ***The context in which we will work***

The social security powers to be devolved come at a time of unprecedented cuts by the UK Government, which have led to falling budgets. The previous UK Government's package of welfare reforms will take just under £2.5 billion out of the Scottish economy in 2015/16 alone and around £6 billion cumulatively over the six years from 2010/11 to 2015/16. Initial Scottish Government estimates indicate that the current UK Government's further £12 billion cut will result in benefit expenditure in Scotland being reduced by around £1 billion per year by 2019/20.

The Scottish Government has demonstrated a strong record on protecting people from the worst of these cuts, but this spend impacts on our ability to move beyond mitigation and take meaningful action to tackle wider inequalities and take cohesive action to lift people out of poverty.

### ***Financing Social Security in Scotland***

The Scottish and UK governments recently agreed a fiscal framework to underpin the powers to be devolved through the Scotland Bill - this will add resources to the Scottish Block Grant. Similarly, there will be transfers made which contribute towards the costs of setting up and running new social security infrastructure in Scotland.

Detailed costings for social security delivery are not yet available as a comprehensive appraisal process is underway to develop a business case for delivery of a full Scottish social security system. Ministers will consider the best way of meeting their aims for social security in the context of the rest of the Scottish Government's commitments as part of the normal Spending Review processes.

The fiscal framework combined with our new and existing powers means the Scottish Government has a wider range of financial tools with which we can aim to

meet the ambition of delivering a social security system which treats claimants with dignity and respect.

### ***Tackling Poverty***

The Scottish Government is fully committed to using all the levers it has to tackle poverty. In 2015 The Scottish Government appointed an Independent Poverty Advisor, Naomi Eisenstadt, to advise on recommendations needed to tackle poverty. Her first report, *Shifting the Curve*<sup>1</sup>, includes a number of recommendations for Scottish Ministers to consider in tackling poverty.

In particular, Ms Eisenstadt set out in her findings that new powers do offer an opportunity but that we must proceed with caution to ensure safe delivery. And that public service delivery should be respectful, person-centred and preserve the dignity of people in poverty. These findings are consistent with the approach set out in this publication.

The social security powers proposed through the Scotland Bill provide limited levers to address these issues fully, but they are an important additional tool, and we remain committed to doing all at our disposal to ensure better outcomes for people.

### ***Transition and delivery***

This will be a large-scale programme of transition and implementation and, where appropriate, reform to move responsibility for a range of benefits from the UK to Scotland. Successful delivery will enable the seamless transfer of functions from the UK to the Scottish Government.

Through this transition, stakeholders have been very clear that **our top priority must be to ensure there is a safe, secure transition from the existing UK benefits to our new Scottish arrangements**, so people have confidence they will continue to receive the support to which they are entitled. Once implemented, there will continue to be a very close and important relationship between Scottish and UK benefits. At this point, both the Scottish and UK Governments will enter an almost unprecedented new, 'shared competence', where both will have responsibilities for

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<sup>1</sup> <http://www.gov.scot/Resource/0049/00492430.pdf>

delivering social security in Scotland and where both governments will have to provide a seamless and user friendly interface between our systems.

Given the relationship which will exist between devolved and reserved benefits, we may still be reliant (at least in the early years) on some of DWP's existing systems. This may place practical limits on the pace at which change can happen once a safe, secure transition is achieved. We believe this requires both Governments to establish an **open and transparent relationship** which can support the process of devolution and, importantly, be seen to support the claimants who will receive benefits from both Governments in the future.

In particular, there must be openness and transparency in relation to proposed costs which one Government may seek to levy on another – for example, in relation to costs from DWP for the use of, or changes to, their existing systems and infrastructure. This will require new and innovative approaches to inter-governmental working in order to provide the necessary scrutiny, oversight and accountability to the public.

A key priority throughout this transition period will be ensuring that people who receive the devolved benefits – and the organisations who support and represent them – are kept informed about changes. **We will ensure our citizens, and those they turn to for advice, will fully understand what will happen to them well in advance of any change coming into effect.**

### ***Policy ambitions***

Whilst there remain significant hurdles to overcome in order to implement and deliver new powers, we have an opportunity to make a difference to areas where the UK Government approach has been found wanting. It is clear that there is an appetite for change, and that there exists a cross party consensus about some of the measures that will be needed if change is to be achieved.



We have heard again and again that people think the current system is not working for them and often works against them. It is clear that our Scottish approach needs to build a new foundation of trust. Our ambition in the long term is that social security is fully aligned with the other devolved services that support people, with the person at the centre, helping ensure the best outcomes for individuals and wider society. We believe that the principles set out in this paper will help to build that foundation.

## Vision & Principles

### ***OUR VISION: SOCIAL SECURITY IS IMPORTANT TO ALL OF US AND ABLE TO SUPPORT EACH OF US WHEN WE NEED IT***

The Scotland Bill will give Scottish Ministers new powers over social security for the first time; these are an important additional tool in tackling poverty and inequality. The way in which we use those new powers will be an important test, and have rightly been a key focus of much of the discussion with stakeholders throughout the Fairer Scotland conversations.

That engagement with the people of Scotland has informed the development of a vision for our social security powers, and a set of principles by which we will use them.

### **Principles**

Through our engagement with stakeholders, we have identified the following five principles which will guide the decisions we make about social security in Scotland.

#### **Principle 1: Social security is an investment in the people of Scotland**

- At the heart of our approach is an understanding that social security is an investment in the whole of Scotland, and an important tool for tackling poverty and inequality. Where some people in our society face additional costs in their daily lives - e.g. because of ill health or disability - then it is right that society as a whole helps to meet those costs.
- Social security should help provide protection and act as a safety net in times of need. It should also aspire to provide a springboard and maximise the life chances of everyone, acting as an early intervention to give people the best possible chance. It should work with other devolved services to ensure the best outcomes, contributing to the 2020 vision for health and social care.

**Principle 2: Respect for the dignity of individuals is at the heart of everything we do**

- At every step of our engagement with individuals, we will treat people with dignity and respect.
- Treating people with dignity and respect means using language that is carefully considered and does not stigmatise.
- Social security should be regarded by everyone in society as an integral component of a fair and prosperous country.

**Principle 3: Our processes and services will be evidence based and designed with the people of Scotland**

- The starting point for the design of our policies and processes is that they are based on the best evidence, and that the individuals who are affected by them should have their say and are listened to. By combining the best evidence available with the views of applicants and professionals who provide support in this area, we will be able to design more effective policies and services, and those services will be better equipped to meet the needs of those who need them.

**Principle 4: We will strive for continuous improvement in all our policies, processes and systems, putting the user experience first**

- In the first instance, our priority will be to ensure a smooth transition from the existing UK benefits to our new Scottish arrangements, so that people have confidence that they will continue to receive the support to which they are entitled.
- Our policies, processes and systems should evolve in response to how Scotland and its people change over time. We will ensure that they remain fit for purpose with a transparent approach to monitoring and review, built around listening to applicants and recipients.

## **Principle 5: We will demonstrate that our services are efficient and value for money**

- Taxpayers are entitled to expect that the investment we all make in social security should be well managed, cost effective and streamlined. We will look to align what we do with other services, where appropriate.
- We know from our consultation that the system can be complex for individuals. We will look to reduce the bureaucracy involved in claiming benefits and ensure that, at all stages, people are provided with the relevant information on how the system will work for them.
- We will continue to work closely with other Scottish public services, learning from good practice and innovation with a view to working smarter to help deliver better objectives at a time of falling budgets.

## **Aims**

The principles set out above will guide the decisions we make about social security in Scotland. We can use our new social security powers, alongside existing devolved responsibilities, to make a real difference to outcomes for the people of Scotland.

Our **fundamental aim is to create a fairer society**, using these new social security powers as a springboard to maximise life chances and opportunities for those people that rely on our help. Our social security powers can contribute to our goal of tackling poverty and inequality. A top priority will be to use our powers to help people move into or stay in work, where this is possible for the individual. We will continue our discussions with citizens and organisations across Scotland so everyone has the opportunity to have a say in shaping our approach.

For most, a high quality and fulfilling job will be important. Where appropriate, and taking into account people's abilities, we will ensure that the social security system helps and encourages everyone to find suitable employment. We will also enable and encourage other wider contributions to society, families and communities.

To support this overarching aim, we will work towards the following outcomes.

***In the short to medium term we will ensure that:***

- Recipients are treated with respect and dignity.
- Benefits are administered in a swift and streamlined manner that meets the varying needs of recipients.
- People can access help and advice to claim the benefits to which they are entitled.
- Benefit take-up is maximised.
- There is efficiency for Scottish taxpayers.
- Scottish social security works well alongside other services.
- Benefit recipients have positive experiences of Scotland's social security.

***In the longer term, we will ensure that:***

- There is a person-centred social security service aligned with other services including, health and social care, housing, employment, and other local services.
- Our changes to social security in Scotland mean there is less pressure on other public services.
- Benefit take-up continues to be maximised.
- There is greater integration with other types of support, including Self Directed Support.
- People with ill health or disability are supported to participate in society, fulfilling their potential in life and, if possible, in work.
- Recipients have an increased sense of control over their lives.
- The people of Scotland have more positive attitudes to social security and to people who are supported through it, valuing social security as they do other public services.

## **What does this mean in practice?**

### **What we already do**

Where we already have some control, we have a proven record of success – both of using our powers to mitigate the worst impacts of recent UK Government changes and cuts to the social security system, and in ensuring that public services in Scotland provide the support that is needed. Our current and planned funding will result in an investment of around £296 million over the period 2013/14 to 2015/16. This will help to limit the damaging effects of the UK Government's welfare reforms.

### **Mitigating the impact of UK Government welfare reforms**

#### ***The Scottish Welfare Fund***

Since April 2013, the Scottish Welfare Fund has provided a safety net for those most in need, helping almost 178,000 vulnerable households. It is a national grant scheme, delivered by all 32 Local Authorities. Developed in partnership with the Convention of Scottish Local Authorities (COSLA), and in consultation with the third sector, the Fund is made possible by the Welfare Funds (Scotland) Act 2015. This is the first substantive example of social security-related legislation to pass through Scottish Parliament. At the core of the Fund is a requirement that local authorities ensure applicants are treated with respect and dignity. This is important not only to the day-to-day operation of the scheme, but also in setting a precedent for the type of social security this Government seeks to create - one which is centred on the individual.

#### ***The Bedroom Tax***

We have been vocal in our opposition to the spare room subsidy reduction, or bedroom tax as it is commonly known. This impacts around 72,000 households in Scotland. We have taken steps to mitigate the effect of this on the people of Scotland by providing additional funding for Discretionary Housing Payments (DHPs). Since 2013, we have given £90 million to local authorities to allow them to top up DHPs to meet the estimated £44.8 million required each year to fully mitigate the cost of the bedroom tax.

### ***Advice and Advocacy Services***

Since April 2013 we have committed over £23 million for a range of projects to provide advice, advocacy and support for people affected by welfare reform and to tackle poverty. To date, the advice and advocacy projects we have funded have collectively supported over 300,000 people to navigate the welfare system, maximise their income, transition on to new benefits or manage debt.

### ***Food Poverty***

The Scottish Government's Emergency Food Action Plan is providing £1 million over 2014/15 and 2015/16 to help combat food poverty in Scotland. We want to help food aid providers support even more people and make sure those using food banks as a result of the UK Government's welfare reforms are able to access appropriate advice and support. Examples of what this funding supports includes 26 emergency food aid projects in 17 local authority areas and the FareShare initiative that tackles food waste and food poverty across Scotland. FareShare takes good quality surplus food from the food industry and makes it available to charities and community groups, providing vital support for the most vulnerable in Scotland who are suffering from food poverty.

### ***Independent Living Fund***

Scotland has a range of progressive approaches and systems for people that require support from the state which are increasingly characterised by principles of choice, flexibility, control and empowerment. This creates a strong platform upon which to build. The UK Government closed and disbanded the UK Independent Living Fund (ILF) on 30 June 2015 and responsibility for the Fund was devolved to Scotland. Scottish Ministers committed to a new national Scottish ILF, to safeguard the rights of society's most severely disabled people to live independent lives and to ensure the fund's long-term future.

In setting up ILF in Scotland, the Scottish Government undertook a truly collaborative approach, developing the work with strong engagement with people with disabilities through representative organisations. The new scheme went live on 1 July 2015, with the establishment of ILF Scotland, and all 2800 Scottish users transferred on

this date. On top of the £47.2 million per year transferred from UK Government for existing users, the Scottish Government is providing new funding of £5 million to open up the scheme to new users, for the first time since the UK scheme was closed to new applicants in 2010.

### ***Passported Benefits***

The Scottish Government controls a number of disability related and income based passported benefits which people can qualify for if they receive one or more UK social security benefits. The Scottish Government believes that the passported benefits, such as exemptions from optical and dental charges are valued by citizens and we will continue to support these, including where the passporting benefit remains reserved to the UK Government.

### **What we will do: early priorities**

Feedback from stakeholders has consistently told us that the most immediate priority is to ensure a safe, secure transition from the UK Government to the Scottish Government, making sure people see no disruption to payments which are a lifeline for many.

No decision has yet been taken through the Scotland Bill or fiscal framework negotiations on the exact dates for transferring individual benefits to Scotland. **It is right that we work closely with DWP to ensure we transfer responsibility for managing and delivering each devolved benefit at the most appropriate time to guarantee payments are not interrupted.** Social security in the UK is a hugely complex system, which has evolved over the past 30 to 40 years. Many people who receive the devolved benefits will also continue to receive support from DWP, so we need to ensure we fully understand the impacts on a user's experience and entitlements overall from changes we make.

It is also right we take the time to consider with those who are affected what might be the best ways to move towards our desired outcomes. Ensuring that we develop processes and systems that work properly, and that reflect the needs and priorities of the people who use them, takes time to do properly – and it is crucial that we get this right.



However, there are some areas where we believe we can and should make progress in the short term. These areas include:

- fundamental building blocks which will allow us to make progress towards longer term outcomes
- achievable but significant changes which will make a difference to the user's experience
- resolving some of the most unfair aspects of the current system, especially in relation to levels of benefit and eligibility criteria.

We have already made **four commitments** to using our new social security powers to improve the financial support available to benefit recipients:

1. To effectively abolish the bedroom tax.
2. To begin to increase Carer's Allowance to the level of Jobseeker's Allowance.
3. To abolish the 84-day rule, under which children with disabilities and their families stop receiving Disability Living Allowance and Carer's Allowance if they are in hospital for more than 84 days.
4. To enable Universal Credit to be paid directly to social landlords, and to offer twice monthly payments to recipients rather than monthly payments.

### ***A holistic approach***

One of the key opportunities devolution brings is to enable a more holistic approach to support for disabled people and their carers. Our ambition is that people have a sense of control over their lives and can reach their full potential, regardless of background or impairment. We are keenly aware that for many people, accessing support can feel difficult and disjointed – adding stress to what is already often a difficult situation. People in need of different types of support because of the same issue should not need to contact myriad organisations to get it.

To address this, we will work with all the organisations that provide support. In the long term we aim to have a person-centred social security service aligned with public services including health and social care, housing, employment, and other local services.

### ***Assessment***

We will design a person-centred assessment process. With the permission of the applicant, we will work with health services to ensure relevant information that is already available can be shared. We will stop the 'revolving door' of assessments that have caused so much stress and anxiety. For those with long-term conditions, we will introduce long-term awards and wherever possible assessments for them will be paper-based rather than face-to-face.

There is potential to better align the ill health, disability and carers benefits with other devolved services, especially in the health and social care field. We are exploring the shorter and longer-term options with Scottish Government colleagues, local government, health, housing, employability, the third sector and other stakeholders.

We appreciate that people require different support at different times in life. We therefore aim to introduce flexibility into disability benefits so that these individual needs are better taken into account. We recognise that this is a complex issue where many people will want to give their views.

### ***User engagement***

The Scottish Government will work with users and wider support services to develop working practices and processes which are humane, supportive and joined up. Engaging with the people who have direct experience of benefits will enable us to provide clear information and develop straightforward application forms and processes. We will ensure people are aware of what is needed from them at each step of the process.

We will build on the success of the recent devolution of the ILF to Scotland, an approach which was co-produced with disabled people, the organisations representing them and with its statutory sector partners. The new organisation ILF Scotland has been fully operational since 1 July 2015 and is run nationally with

disabled people at the heart of its decision making. ILF Scotland makes £47.2 million in direct payments of support to 2,800 disabled people in Scotland who have high support needs to enable them to live in their communities and lead independent lives.

### ***Disability Living Allowance for children***

Our priority for action to support families with disabled children is to abolish the 84-day rule for families of children in hospital. This rule currently means that children and their families have DLA payments stopped for the duration of the hospital admission once that 84-day threshold is breached. This also affects the payment of Carer's Allowance. In Scotland, we shall continue to pay DLA and carers for the entire duration of hospital stays.

### ***Disability benefits for adults – Disability Living Allowance and Personal Independence Payments***

We know that many people will be undergoing a stressful transition from Disability Living Allowance (DLA) to Personal Independence Payments (PIP) over the next three years. Our priority is to provide stability in the early years of transfer to the new system for people already receiving benefits.

That is why we will not ask anyone to be reassessed for the new Scottish benefits until they either wish to do so themselves, or they reach their reassessment point with their PIP award.

### ***Attendance Allowance - disability benefits for older people***

Support for people who become ill or disabled as pensioners is currently delivered through Attendance Allowance. We are examining the disability-related benefits across the lifespan to ensure that eligibility (alongside application, assessment and award) is as consistent as possible, appropriate to age ranges, and reflects needs in Scotland.

### ***Severe Disablement Allowance***

As a disability benefit, the Severe Disablement Allowance fits with the disability-related package being devolved to Scotland. It has multiple interactions with

reserved work-related benefits, and was closed to new applicants in 2001. In Scotland around 13,470 individuals receive the benefit with expenditure of £77 million in 2014/15. Of those, around 80% are of working age and will be migrated onto Employment and Support Allowance. Those of pension age will continue to receive the benefit. We will consult on how best to integrate this allowance into the new social security set-up in Scotland.

### **Carer's Allowance**

We acknowledge the immense contribution carers make in Scotland and it is essential that they are supported and sustained in this role. The devolution of Carer's Allowance provides us with an opportunity to better recognise this through the benefits system, alongside the wider support for eligible carers through the Carers (Scotland) Act 2016.

It is estimated that unpaid carers in Scotland save the Scottish economy £10.8 billion per year. This estimate, given in the Carers UK report *Valuing Carers 2015*<sup>2</sup> highlights the importance of the contribution carers make, unpaid, in relation to the amount of money spent annually on health and social services<sup>3</sup>. Poor carer health can result in greater use of health and care services by the cared for person<sup>4</sup>. Therefore, effective support for carers to maintain their health and wellbeing can help prevent use of health and care services by the cared for person.

Last year, we announced that when powers are transferred, we will begin to increase Carer's Allowance to the same level of Jobseeker's Allowance. This will result in eligible carers receiving around £600 more each year.

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<sup>2</sup> <http://www.carersuk.org/for-professionals/policy/policy-library/valuing-carers-2015>

<sup>3</sup> The estimate of the value of carers' contribution presented is calculated using a unit cost of replacement care of £18 per hour. This is an official estimate of the actual cost per hour of providing home care to an adult Unit cost for adults and older people receiving home care - NHS Information Centre, PSS EX1 Return for 2009-2010.

<sup>4</sup> Armstrong, M. (2000) Factors affecting the decision to place a relative with dementia into residential care. *Nursing Standard*, 14, 33-37.; Pearson, B., Skelly, R., Wileman, D. and Masud, T. (2002) Unplanned readmission to hospital: A comparison of the views of general practitioners and hospital staff. *Age & Ageing*, 31, 141-143. <http://ageing.oxfordjournals.org/content/31/2/141.full.pdf+html>; and Williams, E. and Fitton, F. (1991) Survey of carers of elderly patients discharged from hospital. *British Journal of General Practice*, 41, 105-108. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1371622/>

### ***Motability Scheme***

The Motability scheme is popular with its users and is felt to be beneficial and good value for money. We will therefore maintain access to the Motability Scheme in Scotland, working with Motability to ensure that it develops in a way that continues to meet Scottish needs.

### ***Industrial Injuries Scheme***

The Industrial Injuries Scheme seeks to provide compensation and support for people who are disabled because of an accident at work, or who have one of a certain list of prescribed diseases caused by their work. We have identified a range of issues with the current approach, and we broadly agree with the UK Government that employers and insurers should play a greater role in providing support for those who suffer from industrial injuries in the workplace. When the UK Government report into this is published we will assess the implications of the proposals and recommendations before we make firm commitments.

### ***Bedroom Tax***

We have been firm that once the powers to vary the housing elements of Universal Credit are devolved, we will effectively abolish the bedroom tax for that benefit.

### ***Funeral Payments***

We recognise the impact of rising funeral costs on families on low incomes.

Devolution of funeral payments provides an opportunity to set up a new benefit which is more streamlined, predictable and better integrated with Scottish policy, as part of our wider focus on funeral costs and funeral planning.

We have listened to stakeholder concerns about the impact of long processing times.

We will aim to process applications for the funeral payment, once this power has been devolved, within ten working days of receipt of a completed application and make payments as soon as practicable thereafter. Building on stakeholder engagement to date, the Scottish Government will form a stakeholder reference group to ensure that the processes for the successor to the DWP funeral payment meet the needs of users and form part of a more coherent package of support. We plan to create a more transparent benefit which allows applicants and those supporting them to make better informed decisions when planning a funeral, with a

better understanding of what the contribution to the costs is likely to be from the funeral payment. We believe that this will create more certainty for funeral directors, allowing them to give appropriate advice and potentially eliminating any need to take a deposit from those who make a successful application.

We also commissioned a separate report and recommendations, by John Birrell, chair of the Scottish Working Group on Funeral Poverty. The report<sup>5</sup>, and the Scottish Government's response<sup>6</sup> were published on 3 February 2016.

The report effectively illustrates that it will take concerted action from a number of sectors to have an impact on funeral poverty. It documents the recent rise in funeral costs and the failure of DWP support to keep pace which means that paying for a funeral is now a significant financial shock for people on low incomes. This results in unsustainable debt, distress and delayed grief. We have accepted, in principle, the majority of the report's recommendations that are for Scottish Ministers and plan to progress these alongside the development of the new benefit. This is a long term objective and we look forward to taking steps, alongside the other organisations referenced in the report, to improve the situation of families who are struggling to pay for funerals in the future.

### ***Sure Start Maternity Grants***

The Sure Start Maternity Grant can improve the resilience of families on low incomes when faced with the costs of a first child as part of an integrated package of social security, health and social care. We have heard from stakeholders about the barriers that prevent women from getting a grant.

We will seek to embed the Sure Start Maternity Grant with existing devolved support, for example by looking at how the grant can be used to link applicants to other services. We will also ensure effective connections are made with midwives, health visitors and other services, such as Family Nurse Partnerships, which are already in contact with potentially vulnerable mothers. This will make it easier for women to get

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<sup>5</sup> <http://www.cas.org.uk/publications/funeral-poverty>

<sup>6</sup> <http://www.gov.scot/Resource/0049/00493566.pdf>

the support they need during pregnancy, making a contribution to tackling child poverty and giving children a better start in life.

### ***Winter Fuel and Cold Weather Payments***

Tackling fuel poverty is already a priority for the Scottish Government and we have made available a record £119 million in 2015/16. We are considering how best to use Winter Fuel Payments and other relevant powers to be devolved to tackle fuel poverty and make homes warmer. We have made it clear we will not means-test Winter Fuel Payments and that everybody who is currently eligible will retain that entitlement. Within those boundaries, we are looking at whether it would be appropriate to extend eligibility to other vulnerable households and whether it would help people more if the payment was converted to a fuel bill rebate.

### ***Universal Credit***

Universal Credit remains reserved to the UK Government, but we will use the administrative flexibilities offered to do things differently and on Scotland's own terms.

We intend to enable applicants to have their housing costs paid direct to social landlords and people will have the choice to have having their payments made twice a month, from the start of their claim. This will go a long way to ensuring that Universal Credit's introduction in Scotland will be better suited to our needs and will give people more choice about how they manage their money. We intend for all Scottish applicants to have the choice to sign up to these measures and in doing so want to give people more control over how they manage their Universal Credit account.

We are discussing with stakeholders the opportunity to offer tenants in the private sector the same choice of having their rent paid directly to their landlord.

The Scotland Bill will also give the Scottish Government the power to vary the existing plans for single household payments of Universal Credit. This means that payments can be split between members of a household. This is currently available by DWP as an Alternative Payment Arrangement (APA) although there are no

examples of it being used yet given the current focus on rolling out Universal Credit to single claimants first.

We will monitor how these arrangements will work in practice and will continue to engage closely with stakeholders and claimants as Universal Credit is rolled out to keep this issue under review. If there is a case for change, we will use our powers to bring this about.

### ***Sanctions***

We continue to have significant concerns about the way that DWP is applying sanctions to people on benefits. Our own research has found that claimants who face sanctions are often unable to comply with conditions for a range of complex reasons, including: lack of awareness, knowledge and understanding of the process, practical and personal barriers. We will do all we can, working with welfare rights officers and others, to reduce the number of people who are sanctioned and help them when they are. This includes continuing to make explicit in our Scottish Welfare Fund Guidance that people on benefits who are sanctioned can apply for a Crisis Grant. As a matter of urgency, we are exploring how we can use the UK Government's new 'Early Warning' trial to minimise the number of sanctions that are imposed.



# A Better Future

## Establishing a Social Security Agency

We will establish a new national social security agency. This means that, while we will look to deliver these new powers in partnership with other organisations, there will be a public body at the centre, overseeing devolved benefits.

We have chosen this option following the completion of Stage 1 options appraisal<sup>7</sup>. Following this initial appraisal stage, more detailed work will be undertaken to develop configurations for the ‘back room’ processes and the user interface for a full Scottish social security system. These will be fully costed and appraised as part of a stage 2 fuller business case. This business case will be by drawing upon the “5 cases” model suggested by HMT guidance that provides best practice for public investment and will focus on value for money; financial affordability; and achievability of options.

Scotland already has a distinct, separate policy agenda, which will be reflected at every stage – from policy making to implementation and delivery. Our new agency will be accountable directly to Scottish Ministers (who are, in turn, accountable to the Parliament). This means that the people who will implement policy decisions in relation to devolved benefits will be answerable to the people of Scotland in a way that has not been possible before.

Better links between the agency, Parliament and stakeholders will place the levers of policy and delivery closer to the hands of those who depend on this important support and should mean that it will be possible to make and implement policy changes, to reflect shifts in need, more quickly and responsively.

At the same time, once we implement our new powers, the Scottish and UK Governments will ‘share competence’ and both will be accountable for delivering elements of social security in Scotland. This will require new and innovative approaches to inter-governmental working, scrutiny and oversight. We believe that the work of our agency, and our social security policy choices, should be supported

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<sup>7</sup> <http://www.gov.scot/Resource/0049/00494859.pdf>

by independent, expert analysis and scrutiny – both of the impact that we are able to have on devolved areas of responsibility and of the impact that the UK social security system has in Scotland.

Designing bespoke processes to support the delivery of devolved benefits by a new agency also creates an opportunity to simplify some of the existing bureaucracy. We will take this opportunity to simplify systems and processes wherever and however we can, in order that more of our resources can be spent on ‘front-end’ support rather than ‘back-room’ costs.

## **Treating people with dignity and respect**

Users have told us that one of the key problems with the current system is the negative way it makes them feel. Scotland’s public services will be based on a culture of respect. We will have a social contract with the people of Scotland that Scotland’s public services will treat people with respect and dignity and the public will treat staff in those services in the same way.

As a first step, when we talk about social security we will look to build trust and confidence by using language that doesn’t stigmatise individuals. We describe the powers that are being devolved as powers over ‘social security’ and not ‘welfare’. This distinction is intentional and important. We will work with users to identify and ensure we use appropriate words, and challenge others to do the same.

Placing dignity and respect at the heart of all we do means that our agency will have to support services that can be shaped flexibly to users’ needs – rather than requiring everyone to undergo a mechanical, arbitrary ‘one size fits all’ approach. Experience from the Northern Ireland Social Security Agency shows that it is possible for devolved administrations to deliver benefits cost-effectively while, at the same time, maintaining high-levels of user friendliness and customer satisfaction.

Ensuring the safe delivery of payments to recipients is essential, but as well as this, we will provide clear and timely information throughout all processes. We will work with users to ensure that application forms, letters and other information we provide is easy to understand. We will always make clear to applicants how long it will take

for their application to be considered, when they are likely to be paid, and where they should go for information or advice. We will also engage with front line support staff, such as welfare rights advisors, so that they receive the necessary information on benefits in the right format at the right time.

We know that uncertainty about changes to benefits can cause significant stress to recipients. We will ensure that, each time there is a change – and particularly when responsibility transfers for each benefit from DWP to Scottish Ministers – we have a transition planning process in place with DWP to make this transition as smooth as possible.

If there are times when our services do not meet expectations, we will set out a statutory process which will enable individuals to challenge the decisions we make and we will provide information on this process at the point at which we tell people about the decisions we have made. The process will be clear and transparent, with clear timescales, so that everyone will be able to easily understand what action they need to take to challenge a decision, what information and advice will be available to support their challenge and how long it will be before they hear the outcome.

## **Participation**

The Programme for Government makes clear the need to encourage and facilitate participation by everyone in the debates and decisions that matter to them most. We will continue our ongoing and wide-reaching programme of engagement and discussion with stakeholders across the range of social security powers, as well as this, we will establish user panels made up of a sample of benefit recipients, to help understand user views, shape the design of processes, and to monitor the impact of transitions and changes.

We are committed to working with stakeholders, representative organisations and current users of the system, at every stage and every step on the way, to fully integrate real-life knowledge, experience and understanding, with the detailed process by which we will design, develop and implement our devolved social security powers.

## **Demonstrating value for money**

Demonstrating value for money means being clear on what we are trying to achieve and gathering the right information to tell us what whether we are, and if not, why not. While our priority in the short term is to ensure a smooth transition and implement key changes, in the longer term we will want to be able to review the extent to which benefits we control in Scotland deliver against wider Scottish Government priorities. That means designing and implementing effective and proportionate data gathering, and actively using this data to improve what we do.

Our data gathering will incorporate both hard data like statistics and the views of service users.

In the first instance, the establishment of new services and processes is likely to have an upfront cost. In the longer term, if there is any scope for reduction in administrative costs, we would expect those to be reinvested in the services provided.

## Longer-term reform

Once successful transition is assured, we will start to introduce longer term changes which are supported by our extensive evidence base – and on the things we learn during the transition process. This will include, for example on disability benefits, consideration of any opportunities for creating consistent criteria across the lifespan and development of assessment processes which combine a person-centred approach with making the best of the services and resources that already exist to support and care for people. As we begin to introduce reform, we will ensure the devolved disability benefits reflect our wider aspects of our vision for social security, such as better alignment and integrating social security powers with existing devolved services and support. As part of this, we will consider whether a single benefit for people with ill health and disabilities should replace, in the longer term, the existing different arrangements for children, older people and working age adults.

There is a wide range of existing advice, advocacy and support services currently provided in Scotland by organisations such as Citizens Advice Bureaux, charities and representative groups, social landlords, local authorities and DWP. Our agency will not, cannot and should not replace these services, but it will have to align with them and support a seamless customer experience – from advice, to application, to payment. Effective alignment with local services is reflected in our principles, and could drive some significant cultural shifts from the way benefits are currently delivered. This will set some of the standards by which we expect to measure the effectiveness of our new system.

When the devolved benefits are established, we will continue to work with the UK Government to ensure that individual users who are entitled to support through both reserved and devolved benefits can access that support as easily as possible.

Where people should be entitled to other devolved services because they are in receipt of a benefit, or vice versa, we will work with users and with the organisations that provide those other services to align application processes or draw on information already held. We will also work across all the devolved services that support people who are in receipt of benefits, to help ensure social security is aligned with them, and focused on the best outcomes for people.

We will be transparent, ensuring that people know how long processes will take, and what will happen to them during their application or assessment, and we will monitor services carefully to be able to improve them.

For the first time, responsibility for the administration of devolved benefits will sit within the Scottish Government administration. This means that performance, in terms of the payment of devolved benefits and the various support services required, can be linked to the Scottish Government's National Performance Framework and the range of outcomes and indicators by which government performance is already measured. Over time, this should make it easier to identify areas for improvement – both in terms of the delivery of the devolved benefits themselves and in cross-cutting areas, where our investment in social security could be used to drive progress towards other outcomes, in areas such as health and social care.

Of course, improving performance is not just about outcomes at a national level, it can have a very direct and personal impact on people's lives. We know, for example, that maladministration and burdensome bureaucracy in the existing system can have a significant effect – causing delays to payments, leaving individuals without enough money for basics such as food, heating and rent. This should not happen; at the very least, a social security system should deliver the safety-net it is supposed to provide within a reasonable time-frame. We cannot speed up decisions in the 85% of the social security system that will remain reserved to DWP. What we can and will do is set out clear timescales for applications, assessments and decisions we make.

We will also make a wide range of advice and information available, to ensure everyone understands which benefits are being devolved and what new services our agency will provide. We will make sure that anyone who claims Scottish benefits is kept up to date and informed about how to make a claim, the status of their claim and any changes that might affect their claim or their entitlement. We understand that different people seek out advice and information in different ways and we will ensure that all of these options are covered. Our information and guidance will be accessible to all; there will be online services for those who are able to use them and trained staff available to answer questions over the phone.

We should be able to build on current, positive levels of engagement and ease of access without introducing additional bureaucracy and barriers to communication. The path between stakeholders' suggestions and delivery will be shorter and simpler to navigate. It will be easier for stakeholders, representative groups and local delivery organisations to feedback on performance and for future improvements to the service to be 'co-produced' by drawing on Scottish knowledge, experience and need.

## **Powers for a Purpose**

This paper has focused on the issues and decisions we need to consider to make best use of the social security powers that are expected to be devolved through the Scotland Bill; but those powers are not comprehensive. The bulk of expenditure and responsibility for benefits will remain with the UK Government.

In June 2015 the Scottish Government published *Beyond Smith - Scottish Government proposals for more powers for the Scottish Parliament*<sup>8</sup> which was submitted in a letter from the Deputy First Minister, John Swinney MSP to David Mundell, the Secretary of State for Scotland. The paper outlined the Scottish Government's priorities for devolution *beyond* the Smith proposals. These build on existing devolved powers and the Smith proposals to enable the Scottish Government and Parliament to take an integrated approach to a range of issues, such as support for employers and those seeking employment, business taxation, and tackling in work poverty and inequality.

The Scottish Government is clear that only responsibility for the whole social security system would allow the Scottish Parliament to meet Scottish priorities, and to fit with the delivery of other services in Scotland, based on prevention and early intervention, responding to individual needs and tackling inequalities. Such a system could also ensure greater coherence with devolved policy related to, for example, children's services, employment support programmes, and tackling poverty and inequalities. Whilst our immediate focus will be on delivering the benefits to be devolved we will continue to make the case for further devolution.

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<sup>8</sup> <http://www.gov.scot/Topics/constitution/publications/morepowersproposals>

## ANNEX A: Devolved Powers

The Smith Commission Heads of Agreement proposed a number of new powers in relation to social security. These were:

- Powers to vary housing cost elements of Universal Credit.
- Administrative powers over Universal Credit.
- Powers over benefits for carers, disabled people, and those who are ill (currently Attendance Allowance, Carer's Allowance, Disability Living Allowance and a range of others).
- Devolution of the Regulated Social Fund, namely Winter Fuel Payments, Cold Weather Payments, Sure Start Maternity Grants and Funeral Payments.
- The Scotland Bill contains provisions to devolve these benefits plus a new power to, essentially, create new benefits for people of working-age in Scotland.

The size of expenditure on each benefit to be devolved varies considerably. Nearly £1.5 billion was spent on Disability Living Allowance in 2014/15, accounting for almost 55% of total expenditure on the benefits to be devolved. This is in comparison to the estimated £3 million spent on Sure Start Maternity Grant.

Benefit	Expenditure (2014/15)	No. of recipients in Scotland
Disability Living Allowance	£1,465m	316,050 individuals (Aug 2015)
Personal Independence Payment	£164m	55,369 (Oct 2015)
Attendance Allowance	£485m	128,240 (Aug 2015)
Winter Fuel Payment	£184m	1,076,870 (2014/15)
Carer's Allowance	£203m	66,140 (Aug 2015)
Severe Disablement Allowance	£77m	11,880 (Aug 2015)
Industrial Injuries Benefits	£92m	27,050 (Q2, 2015)
Discretionary Housing Payment	£50m	117,832 (2014/15)
Cold Weather Payment	£7m	268,000 (2014/15)
Funeral Payment	£4m	n/a <sup>9</sup>
Sure Start Maternity Grant	£3m	n/a

<sup>9</sup> Funeral Payments and Sure Start Maternity Grants are benefits currently administered through the UK Government Regulated Social Fund. Estimates of expenditure are based on Scotland's proportion of GB. Caseload data is not published at a Scottish level.



# ANNEX B: Devolved Disability Benefits – Key Facts

