

SMITH AGREEMENT INQUIRY: CALL FOR EVIDENCE FROM WELFARE REFORM COMMITTEE

1.0 EXECUTIVE SUMMARY

- 1.1 The Welfare Reform Committee of the Scottish Parliament has invited all interested parties to submit written evidence on the Smith Agreement about how we can use the proposed devolved powers to deliver better benefits in Scotland. They plan to hold an inquiry into this topic in the Autumn and are focussing on the practical implementation of the social security schemes outlined in the Smith Agreement. The call for evidence was issued on 1 July and the deadline for responses is 28 August. Submissions are to be on no more than 4 pages of A4. They pose 4 specific questions:

How should the new welfare powers proposed by the Smith Agreement be used to improve or change:

- Personal Independence Payments, Disability Living Allowance, Attendance Allowance and Carer's Allowance;
- Universal Credit (housing element and administrative payment arrangements) and Discretionary Housing Payments;
- The Work Programme and Work Choice;
- The Regulated Social Fund, new benefits, top-ups and delivery of benefits overall.

- 1.2 Under these workstreams the Committee would particularly welcome practical suggestions to ensure that the principles of dignity, respect, support, equality and common sense are embedded into the new system. They are also seeking views on the integration of Scottish devolved benefits with existing devolved powers and any possible unintended consequences of changes, and views on a system of intergovernmental working in regard to benefit delivery.

- 1.3 The draft response is attached for approval.

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2.0 INTRODUCTION

- 2.1 The Welfare Reform Committee of the Scottish Parliament has invited all interested parties to submit written evidence on the Smith Agreement about how we can use the proposed devolved powers to deliver better benefits in Scotland. They plan to hold an inquiry into this topic in the Autumn and are focussing on the practical implementation of the social security schemes outlined in the Smith Agreement. The call for evidence was issued on 1 July and the deadline for responses is 28 August. Submissions are to be on no more than 4 pages of A4. They pose 4 specific questions:

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3.0 RECOMMENDATIONS

- 3.1 Policy and Resources Committee is asked to approve the draft response attached at Appendix 1.

4.0 DETAIL

- 4.1 The following changes are proposed by the Smith Commission report in relation to welfare benefits to be devolved to Scotland:

Universal Credit

- 4.2 Universal Credit (UC) will remain a reserved benefit administered and delivered by the Department for Work and Pensions (DWP). Within this framework, the Scottish Parliament will be given the administrative power to change the frequency of UC payments, vary the existing plans for single household payments, and pay landlords direct for housing costs in Scotland. They will have the power to vary the housing cost elements of UC, including varying the under-occupancy charge and local housing allowance rates, eligible rent, and deductions for non-dependents. The power to vary the remaining elements of UC and the earnings taper will remain reserved as will conditionality and sanctions. Additional administration and programme costs directly associated with the exercise of these powers will be met by the Scottish Government.

Benefits devolved outside Universal Credit

- 4.3 Powers over the following benefits in Scotland will be devolved to the Scottish Parliament:
- (1) Benefits for carers, disabled people and those who are ill: Attendance Allowance, Carer's Allowance, Disability Living Allowance (DLA), Personal Independence Payment (PIP), Industrial Injuries Disablement Allowance and Severe Disablement Allowance.
 - (2) Benefits which currently comprise the Regulated Social Fund: Cold Weather Payment, Funeral Payment, Sure Start Maternity Grant and Winter Fuel Payment.
 - (3) Discretionary Housing Payments.

Powers to create new benefits and top-up reserved benefits

- 4.4 The Scottish Parliament will have new powers to create new benefits in areas of devolved responsibility, and to make discretionary payments in any area of welfare without the need to obtain prior permission from DWP. Any new benefits or discretionary payments introduced by the Scottish Parliament must provide additional income for a recipient and not result in an automatic offsetting reduction in their entitlement to other benefits or post-tax earnings if in employment. All administration and programme costs directly associated with this will be met by the Scottish Government. The UK Government's Benefit Cap will also be adjusted to accommodate any additional benefit payments that the Scottish Parliament provides.

Employment provision

- 4.5 The Scottish Parliament will have all 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.

Draft response

- 4.6 The draft response considers these new powers in the light of the questions posed by the Welfare Reform Committee and their desire for practical suggestions and views on the integration of Scottish devolved benefits with existing devolved powers. A draft response is attached at Appendix 1 for consideration. The welfare rights team in Community Services and the Employability Team in Development and Infrastructure Services have contributed to this draft response as well as Benefits staff in Customer and Support Services. The draft response has been considered and approved at the Welfare Reform Working Group meeting of 24 July which includes a number of our community planning partners.

5.0 CONCLUSIONS

- 5.1 Policy and Resources Committee is asked to approve the draft response attached at Appendix 1.

6.0 IMPLICATIONS

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| 6.1 Policy: | Affects those on low incomes who are among most vulnerable members of our community. |
| 6.2 Financial: | Scottish Government will need to provide funding for any new or changed benefits. |
| 6.3 Legal: | Legislation will follow in due course |
| 6.4 HR: | None. |
| 6.5 Equalities: | Changes will need to be subject to an equalities impact assessment at a national level. |
| 6.6 Risk: | Main risk is of unintended consequences due to interactions between Scottish and UK benefits removing expected benefits; and of the cost of Scottish benefits exceeding available funding. |
| 6.7 Customer Service: | Impact will depend on selected delivery mechanism for Scottish benefits. |

Appendices

- 1 Draft response to consultation questions

Douglas Hendry
Executive Director Customer Services
12 August 2015

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager, Tel 01586 555237