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Neil Gray MSP
Convener, Social Justice and Social Security Committee
The Scottish Parliament
Edinburgh
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1 October 2021

Scottish Government's Priorities

Thank you for your letter following my appearance at the Committee on 23 September when I provided evidence on the priorities for my portfolio.

That letter summarised points I committed to come back to the committee on. In this response I address those points you indicated related to the Committee's pre-budget consideration. I will follow up on the other points in due course.

Benefit take-up and the Fiscal Framework

Jeremy Balfour raised the issue of encouraging benefit take-up and how this would be reflected through the Fiscal Framework. You also indicated that it would be helpful if the response could cover how the Fiscal Framework works with the deep-end approach at GP practices

The Fiscal Framework sets out the principle of 'no detriment' as introduced by the Smith Commission: policy decisions taken in devolved areas should not disadvantage the other government and as a result, where a decision is taken by either government that results in either a cost or saving to the other, the government taking the decision shall bear the cost or benefit arising. Such costs and benefits are referred to as 'spillovers'.

Spillovers may arise through a direct, mechanical change (direct effects); or a change in associated behaviour (behavioural effects).

As stated in Scottish Government's Fiscal Framework, the UK and Scottish Government have agreed to account for all direct effects, and that behavioural effects that involve a material welfare cost or saving will be taken into account where these are in exceptional circumstances.

In social security it is common that reserved benefits, to which an individual is already entitled, can serve as qualifying benefits for eligibility to devolved benefits, for example Best Start Grant payments or Scottish Child Payment.

The Scottish Government and the Department for Work and Pensions (DWP) have agreed that where there is an increase in take-up of reserved DWP benefits to which an individual is already entitled and which serve as qualifying benefits for Scottish Government benefits, this increase would not be treated as a spillover cost. Correspondence between the then Cabinet Secretary for Social Security and Older People and the Secretary of state for Work and Pensions confirming this agreement is attached.

The Fiscal Framework is currently under review, and we are working with UK Government counterparts to agree the scope of this.

UK Welfare Reform impact on devolved social security priorities

You asked what analysis has been done on UK welfare reform's impact on the Scottish Government's ability to deliver on its devolved areas of priority in social security, including the Scottish Child Payment.

Welfare reform by the UK Government continues to have a significant detrimental effect on the efforts of the Scottish Government to tackle poverty. Recent analysis by the Scottish Government indicates that the UK Government's withdrawal of the £20-per-week uplift, together with their maintenance of the benefit cap and the two-child limit and previous removal of the family element, will reduce social security expenditure in Scotland by £586 million by 2023/24. This is obviously a significant and severe reduction in expenditure that will necessarily have an impact upon the Scottish Government's efforts to tackle poverty. Scottish Government analysis, published in November 2020, noted that removing the uplift to Universal Credit and Working Tax Credits and restoring the Minimum Income Floor for self-employed earners could push 60,000 people, including 20,000 children, into relative poverty.

Families with young children in receipt of Universal Credit, and who are therefore eligible for Scottish Child Payment, will be adversely affected by the withdrawal of the £20 uplift to Universal Credit. We estimate that around 2,000 children that received Scottish Child Payment as of 30 June 2021 did so as a result of the uplift to Universal Credit. This represents around 2% of all children in households receiving Scottish Child Payment, and these children stand to lose Scottish Child Payment if the uplift is withdrawn.

We will be undertaking further modelling of the net cost and impact of UK Government welfare reforms in due course and will of course share the resulting analysis with the Committee as soon as possible.

Additional costs of living for disabled people

Pam Duncan-Glancy asked what assessment the Scottish Government has carried out on the extra costs of living for disabled people.

As part of our ongoing commitment to establishing a better understanding of the priority families identified in our Tackling Child Poverty Delivery Plan, the Scottish Government published a report on child poverty in families with a disabled adult or child alongside this year's Tackling Child Poverty progress report. This outlined that it is generally recognised that disabled people face higher costs of living than non-disabled people. Extra costs may include specialist equipment and home adaptations, specialist therapies, specialist toys and play equipment, paid-for care and increased transport and energy costs. The Scottish Government has also previously noted that disabled people requiring personal assistants are likely to see the highest additional costs of living and that hospitalisation can represent another particularly significant source of costs for families with disabled members. These challenges highlight the importance of focusing our efforts on this priority group as part of our wider child poverty strategy.

The charity Scope produce estimates of the additional costs faced by disabled people and families with disabled children in the UK as a whole. They found that:

- On average, disabled adults face extra costs of £583 a month. For one in five disabled adults, these costs can increase to over £1,000 a month even after the receipt of benefits.
- Having one child with disabilities costs a family an extra £528 a month, rising to £823 a month in families with two or more disabled children. For almost one quarter of families with disabled children, extra costs amount to over £1,000 a month.

Homelessness funding

Miles Briggs asked whether the £50m announced in the Programme for Government was in addition to the Ending Homelessness Fund and, if so, how much of 2017 money was left.

The £50m announced in Programme for Government 2021 is new, as set out in response to PQ S6O-00212. The current £50m Ending Homelessness Together fund covers the period 2018/19 to 2022/23. £16m of that funding remains to be allocated and will be committed in that time period.

I hope this information is useful to the committee and will ensure that the further information requested reaches you by the date you have indicated.

In the meantime I look forward to continued constructive engagement with the committee.

SHONA ROBISON

Department for Work & Pensions

THE RT HON THERESE COFFEY MP
Secretary of State for Work & Pensions

Shirley-Anne Somerville MSP
Cabinet Secretary
for Social Security

Dear Shirley-Anne

7th February 2020

Thank you for your letter of 4th February asking about the circumstances in which the UK Government would consider that activity by the Scottish Government engages the spill-over provisions in the Fiscal Framework. My officials have discussed this matter with Her Majesty's Treasury.

I can confirm that we do not consider the circumstance you set out in your letter to be a spill-over effect following the principles set out in the Scottish Government's Fiscal Framework.

I understand that our officials continue to work together to discuss the wider interpretation of the provisions set out in the Fiscal Framework as we continue our joint work on the provision of services to people in Scotland by our two Governments.

I am copying this letter to the Secretary of State for Scotland, to the Chief Secretary to the Treasury and to the Cabinet Secretary for Finance, Economy and Fair Work.

Yours sincerely,

Thérèse

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The Rt Hon Thérèse Coffey MP
Department for Work and Pensions

04 February 2020

Dear Thérèse,

I would like to extend my thanks to your officials for their appearance in front of the Scottish Parliament's Social Security Committee on 13 January as part of the Committee's ongoing inquiry into benefit take-up; I am sure their insight will be invaluable to the Committee.

As you know, the Scottish Government's approach to social security is founded on dignity, fairness and respect, and is based on the principle that social security is a human right. In relation to benefit take-up, our starting point is that encouraging individuals to claim the benefits and assistance to which they are entitled is a duty for government and a social responsibility.

Our view is that people in Scotland should receive all of the financial support to which they are entitled. Where one of the qualifying criteria for a Scottish benefit is that entitlement is conditional on receipt of a reserved benefit – in the main income-related benefits - Social Security Scotland will signpost clients to these reserved benefits. This will be particularly important in relation to take-up of the Scottish Child Payment, which will be opening for applications in the autumn with first payments to be made by Christmas, as a key component of our wider commitment to tackle child poverty.

I note that in response to the report of the UN Special Rapporteur on extreme poverty and human rights, the UK Government states that 'tackling poverty will always be a priority for this government.'

I very much welcome that commitment, not least because reducing poverty is a primary focus for this government. The Scottish Child Payment is a key lever in achieving this, and once fully rolled out, the payment will benefit up to 410,000 children and reduce child poverty by 3 percentage points, lifting 30,000 children out of relative poverty.

On the basis of our shared aspiration, I write to ask that we work together to maximise take up of the Scottish Child Payment by setting out clearly the eligibily criteria for the underlying, reserved, benefits. As part of that work, I trust we can agree an approach to the spillover provisions in the Fiscal Framework which does not pose a fiscal threat in the face of our duty to promote benefit take-up.

Stakeholders, including Child Poverty Action Group and the Scottish Commission on Social Security, have consistently expressed concerns about the potential of the spillover provisions to undermine take-up of Scottish benefits when many of our payments rely on reserved qualifying benefits. We are committed to maximising take-up of the Scottish Child Payment, and do not want to be constrained in our ability to highlight or encourage checking of eligibility for UC during our promotion of Scottish Child Payment. This is inconsistent with our socio-economic duty and with commitments set out in our Child Poverty Action Plan.

I recognise that officials from both governments continue to discuss what further guidance might be required to support the interpretation of the existing provisions. However, in the interim, I consider it imperative that we reach a shared understanding on the scope of the spillover provisions in relation to a scenario where there is an increase in take-up of reserved benefits where an individual already has a pre-existing entitlement. It is my view that such a scenario is out of scope of the policy spillover provisions.

I am therefore seeking your agreement that an increase in take-up of reserved benefits to which an individual is already entitled is outside the scope of the spillover provisions and that the DWP will not seek to raise a spillover claim in this scenario. If you wish to discuss this further, I suggest we meet to do so, or include it on the agenda for the next meeting of the Joint Ministerial Working Group on Welfare.

I am copying this letter to the Cabinet Secretary for Finance, Economy and Fair Work and the Chief Secretary to the Treasury.

Yours Sincerely,

SHIRLEY-ANNE SOMERVILLE

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