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

a. Personal Independence Payments, Disability Living Allowance, Attendance Allowance and Carer’s Allowance

The Smith Agreement proposes devolving only those disability benefits, which are intended to compensate individuals for the additional costs of living with disability to the Scottish Parliament.

According to UK Government figures a total of £60.2 million of benefit expenditure in Aberdeenshire in 2013/2014 was attributable to disability living allowance, attendance allowance and carer’s allowance, which is 2.8% of the total expenditure on these benefits in Scotland. The UK Government anticipates that the move to personal independence payments will reduce expenditure by 20%. Therefore given the Smith Agreement’s proviso that any additional expenditure on devolved benefits has to be met from the Scottish budget, the scope for increasing expenditure appears on the surface limited.

Nevertheless Officers are of the view that the Smith Agreement creates an opportunity through local government and integrated joint boards, to improve access to disability benefits as part of the health and social care integration agenda. The powers proposed create the potential to look at ways in which financial support and entitlement schemes for disabled people and their carers’ can be better aligned, so that they are easier to access, administration is made more streamlined, decision-making becomes more efficient and the results have a greater focus on outcomes for the individuals.

Such an approach would not be easy to achieve or quick to implement but it would enable carers, disabled people, the chronically sick and those who support them to have a say in an evolutionary approach to a single support system that better meets their needs, is sufficiently fair and robust to command the support of the Scottish public, is sustainable and stable.

It also has the potential to develop a more efficient integrated approach to the administration of these benefits involving local government, the integrated joint boards and the existing administration agencies of the DWP so that the best use is made of existing resources and systems, thereby avoiding exorbitant set-up costs and getting best value for the public purse, with any savings being used to enhance the level of benefits being awarded.
b. Universal Credit (housing element and administrative arrangements arrangements) and Discretionary Housing Payments

According to UK Government figures housing benefit expenditure in Aberdeenshire amounted to £36.9 million, 70% of which is paid in respect of social housing tenants. Therefore the calculation of the housing cost element of universal credit, the ‘bedroom tax’ and the payment arrangements for universal credit are of major concern to social landlords.

The proposed new welfare powers under the Smith Agreement would enable the housing costs element of universal credit to be varied for Scottish claimants so as to remove the ‘bedroom tax’ reduction. The Scottish Government already provides discretionary housing payment funding, which it believes is sufficient to achieve the policy aim of fully mitigating the impact of the social sector size criteria in Scotland and therefore would be able to meet the funding condition attached to the exercise of this power. This would remove the need for a discretionary housing payment application, be simpler from the claimant’s perspective and reduce the administrative burden on local authorities. There may however be administrative or software costs associated with changes to DWP processes and systems associated with the exercise of this power.

Housing benefit expenditure for homeless claimants in Aberdeenshire total £738,000 in 2013/14 based on the eligible rent charge for the accommodation for example £285 per week for hostel accommodation.

The housing cost element of universal credit for claimants in temporary accommodation is limited to the local housing allowance rate for the size of the household concerned e.g. £75.63 for a single claimant under 35 or £127.25 if aged 35 or over. This means that there will be a significant shortfall when households are placed in bed and breakfast or hostel accommodation. Therefore when a homeless household is given a mainstream tenancy they can be starting that tenancy with debt issues, making it harder to sustain the tenancy.

This issue will be exacerbated by the “whole month assessment” approach used for calculating universal credit. If a homeless household is placed in mainstream accommodation, which has a lower rent charge, mid-way through the month long assessment period, the lower rent charge payable at the end of the assessment period will determine the level of housing costs used in universal credit for the whole of assessment period. Therefore the new welfare powers proposed by the Smith Agreement should be used to revise the way in which the housing costs element of universal credit is calculated for temporary accommodation. Officers do recognise that analytical work would be required to determine the financial implications of such a change.

The Direct Payment Demonstration Projects highlighted the problems associated with a default position of direct payment to the claimant. Given that social housing tenants tend to have a higher degree of vulnerability,
Officers take the view that the Smith Agreement powers should be used to create a default position whereby housing costs for tenants of social landlords in Scotland are paid direct to the landlord unless the tenant specifically requests direct payment and even then the tenant would have to demonstrate that they did not have a history of rent arrears.

In terms of varying the frequency of payments the “whole month assessment” approach to the calculation of universal credit makes it difficult to vary the payment frequency for universal credit in a uniform way.

c. the Work Programme and Work Choice

Officers would like to see the powers proposed under the Smith Agreement used to rationalise the various national and local funding streams so that access to funding for employability services was made easier and the outcomes from funded projects could be more easily analysed. This in turn would enable assessments to be made about the effectiveness of services and help ensure that those accessing the services achieve better outcomes.

A rationalisation of this nature has the potential to provide greater stability when it comes to the funding of employability projects designed to meet local need and circumstance. This would in turn enable projects to take a more long term view and would encourage a more integrated approach to service design.

It is important that any changes to the way that employability services operate or are funded take account of the way that economies can differ at a local level so that services are designed to reflect local labour markets and infrastructure.

d. the Regulated Social Fund, new benefits, top-ups and delivery of benefits overall

The Smith Agreement proposes that a number of smaller welfare budgets such as winter fuel payments, cold weather payments, funeral payments and sure start maternity payments are devolved to the Scottish Parliament.

This proposal creates an opportunity to review these benefits alongside the various financial assistance and entitlement schemes to see if there are any synergies and whether or not they are achieving the purpose for which they were established.

Such a review should also look at the operational delivery of these benefit and entitlement schemes to ensure that access and payment arrangements best meet the needs of those claiming the benefits, whilst providing value for money in terms of the public purse.
Officers take the view that until such a review takes place it would be advisable to refrain from creating any additional benefits, particularly given the budget constraints that will be faced by the Scottish Parliament.