

CARER'S ALLOWANCE SUPPLEMENT (SCOTLAND) BILL

FINANCIAL MEMORANDUM

INTRODUCTION

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Carer's Allowance Supplement (Scotland) Bill ("the Bill"), introduced in the Scottish Parliament on 22 June 2021.
2. The following other accompanying documents are published separately:
 - Explanatory Notes (SP Bill 2-EN);
 - a Policy Memorandum (SP Bill 2-PM);
 - a Delegated Powers Memorandum (SP 2-DPM);
 - statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 2-LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

BACKGROUND

4. Carer's Allowance Supplement (£231.40 in 2021-22) is a payment made twice annually to persons who, on the qualifying date for each supplement, were in receipt of Carer's Allowance and resident in Scotland (or otherwise met the eligibility conditions referred to in section 81(2A) of the Social Security (Scotland) Act 2018 ("the 2018 Act")).
5. Carer's Allowance Supplement payments are made in recognition of the vital role of carers and to address the fact that Carer's Allowance is otherwise the lowest of all working age benefits. It was initially set at a level which would raise Carer's Allowance to the equivalent of Jobseeker's Allowance but, following uprating of the supplement, the combined support was more than Jobseeker's Allowance in 2020-21.
6. The coronavirus outbreak has had an impact on many of Scotland's unpaid carers which is specifically connected to their caring role. While it is not possible to quantify this impact precisely, the Scottish Government considers that many unpaid carers will have experienced a loss of income and increased costs during the coronavirus outbreak.

7. In most cases, this is likely to be more severe for those unpaid carers with a more intensive caring role and lower financial resilience. The Scottish Government considers that the receipt of Carer's Allowance is a way of identifying these unpaid carers, because it requires 35 hours or more caring per week with a weekly income threshold of £128. Around 83,000 unpaid carers in Scotland receive Carer's Allowance,¹ and they are more likely to be in the bottom half of income deciles and have poorer health and educational outcomes.

8. An increased amount of Carer's Allowance Supplement was also paid to carers in Scotland who qualified for Carer's Allowance on 13 April 2020 in recognition of the impact of coronavirus, through provisions made in the Coronavirus (Scotland) (No. 2) Act 2020 (paragraph 6 of schedule 1 of that Act temporarily modified the 2018 Act to insert a new section 81(4A)). The Scottish Government intend to provide for the expiry of this provision in September 2021 since this payment period has passed and it is no longer necessary.

POLICY OBJECTIVES OF THE BILL

9. The Bill aims to provide unpaid carers who receive Carer's Allowance with extra financial support in recognition of the extra burden the pandemic has placed on carers and due to the loss of income and increased costs many have faced as a result of the coronavirus outbreak. It is intended that this will help to mitigate negative financial impacts and help to relieve some of the stress associated with additional and different caring responsibilities. This is in line with the Scottish Government's broader policy objective to support carers to protect their health and wellbeing, so they can continue to care if they so wish, and have a life alongside caring.

10. This extra support will be paid as an increased amount of Carer's Allowance Supplement for the period from 1 October 2021 to 31 March 2022. As the extra support for this period is intended to help address the effects of the coronavirus outbreak, the amount by which the Carer's Allowance Supplement is increased is referred to in this document as the 'Coronavirus Carer's Allowance Supplement'.

11. The Bill also proposes to confer a delegated power on the Scottish Ministers to enable the Scottish Ministers to introduce regulations to provide unpaid carers who receive Carer's Allowance with extra financial support if necessary.

12. The provision of the Carer's Allowance Supplement under section 81 of the 2018 Act was intended as a short-term measure until Carer's Allowance for unpaid carers in Scotland was replaced by a new carer's assistance under the framework of the 2018 Act. The delays to delivery of the programme for the devolution of social security resulting from the coronavirus pandemic mean that the provisions in section 81 of the 2018 Act will be in place for longer than previously anticipated.

¹ DWP Stat-Xplore: <https://stat-xplore.dwp.gov.uk/webapi/jsf/login.xhtml>

OUTLINE OF BILL PROVISIONS

Increase to carer's allowance supplement

13. The Bill provides that the amount of a Carer's Allowance Supplement in respect of the period of 1 October 2021 to 31 March 2022 is £231.40 greater than that calculated according to the formula in section 81(4) of the 2018 Act.

14. This Coronavirus Carer's Allowance Supplement is not expected to result in cost implications for local authorities or other bodies, individuals and businesses. Cost implications for the Scottish Administration are set out later in the memorandum.

Power to increase Carer's Allowance Supplement

15. The Bill will also introduce an enabling power to allow for future increases to Carer's Allowance Supplement to be made through regulations. This will allow for more flexibility for the Scottish Government to provide for increased payments of Carer's Allowance Supplement.

16. This power is not expected to result in cost implications for local authorities or other bodies, individuals and businesses. Cost implications for the Scottish Administration are set out below.

SUMMARY OF ESTIMATED COSTS AND SAVINGS TO THE SCOTTISH ADMINISTRATION

Increase to Carer's Allowance Supplement	<p>The Scottish Fiscal Commission estimates the cost of a payment to all eligible recipients for the period from 1 October 2021 to 31 March 2022 is forecast to be circa £21.0 million. Uncertainty in the spend could be +/- £2 million by the end of the forecast.</p> <p>This figure has been forecast by doubling the amount of the Carer's Allowance Supplement in respect of this period (which would otherwise have been calculated in accordance with section 81(4) of the 2018 Act) using the same model as the Scottish Fiscal Commission used for the Budget 2021-22 forecast in January. It has also been checked against data published subsequently by the Department for Work and Pensions and Social Security Scotland.</p> <p>Additional costs to Social Security Scotland to implement and administer the payment would likely relate to communication with users about the increased payment, though these costs are expected to be minimal as payment and communication would be made alongside existing Carer's Allowance Supplement payment dates.</p>
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Power to increase Carer's Allowance Supplement	<p>The Bill proposes to confer a delegated power on the Scottish Ministers to enable the Scottish Ministers to introduce regulations to provide unpaid carers who receive Carer's Allowance with extra financial support if necessary. The Scottish Government considered limiting the use of the delegated power specifically to responding to the current coronavirus pandemic, but consider that recent experiences have highlighted the need for greater flexibility to respond to unforeseen future events and that a broader power would be more appropriate.</p> <p>Indicative costs arising from the exercise of this power would be dependent on the amount of extra financial support specified in the regulations in respect of a period. As indicated above, the Scottish Fiscal Commission estimates the cost of a payment to all eligible recipients for the 6-month period from 1 October 2021 to 31 March 2022 is forecast to be circa £21.0 million.</p> <p>Should the power be exercised in a similar way to double the amount of the Carer's Allowance Supplement that would otherwise be payable in respect of the equivalent 6-month period in 2022-23 or 2023-24, the estimated cost would be in the region of £22 million or £23 million respectively (albeit uncertainty in the spend could be +/- £2 million by the end of the forecast). The estimated cost for each year would be approximately twice the corresponding additional cost for the year, if the amount of the Carer's Allowance Supplement for both 6-month periods in that year (calculated in accordance with section 81(4) of the 2018 Act) were doubled.</p> <p>This is based on the current Carer's Allowance Supplement forecasts, but policy changes to disability benefits could result in a higher caseload and consequently higher spend in future years.</p> <p>98% of Carer's Allowance Supplement payments in a given financial year are expected to be paid to the client in the same year, with most of the remaining 2% of payments paid the following year. It is assumed that costs will either be paid out in the year in question or be accrued into that year as required, and hence will not lead to a spread across multiple years.</p> <p>The above costs are purely illustrative and exercise of the power would be very dependent on the circumstances that apply at the time.</p>
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	<p>As qualification for Carer's Allowance is reliant on the cared for person being in receipt of disability benefits,² changes to disability benefits could result in more Carer's Allowance recipients and consequently higher costs associated with providing a double payment in future years.</p> <p>Additional costs would be incurred by Social Security Scotland to implement and administer the payment. These costs will be negligible as future payments would be made alongside existing payment Carer's Allowance Supplement payment dates. Costs would therefore be absorbed as part of the existing Social Security Scotland Carer's Allowance Supplement running costs.</p>
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COSTS ON LOCAL AUTHORITIES

17. Coronavirus Carer's Allowance Supplement is not expected to result in cost implications for local authorities.

18. Providing additional support for unpaid carers has the potential to secure preventative savings in terms of improved health and wellbeing outcomes for both the cared for person and the carer. These savings are likely to be incurred in local authorities social care budgets, however, these would be very difficult to quantify.

COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES

19. Coronavirus Carer's Allowance Supplement is not expected to result in cost implications for other bodies, individuals and businesses.

20. Providing additional support for unpaid carers has the potential to secure preventative savings for other bodies, individuals and businesses in terms of improved health and wellbeing outcomes for individuals. This is likely to lead to strengthened individual ability to continue to provide care, if they choose to do so, or remain in employment alongside their caring role.

² Carer's Allowance eligibility is reliant on the cared for individual being in receipt of Personal Independence Payment - daily living component, Disability Living Allowance - the middle or highest care rate, Attendance Allowance, Constant Attendance Allowance at or above the normal maximum rate with an Industrial Injuries Disablement Benefit, Constant Attendance Allowance at the basic (full day) rate with a War Disablement Pension or Armed Forces Independence Payment.

This document relates to the Carer's Allowance Supplement (Scotland) Bill (SP Bill 2) as introduced in the Scottish Parliament on 22 June 2021

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