



The Scottish Parliament
Pàrlamaid na h-Alba

WELFARE REFORM COMMITTEE

Sent by email to—
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Maureen Watt MSP
Convener
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Dear Convener,

Scottish Government's Draft Budget 2013-14

I am writing to you in connection with the above.

The UK Government's welfare reform programme, including the measures contained in the Welfare Reform Act 2012, is the biggest change to welfare in Britain for a generation. It will come into effect over the course of this budget period.

My Committee has become aware through evidence that it has taken on the Welfare Reform (Further Provision) (Scotland) Act and beyond, that this wave of welfare reform will have far-reaching effects on many aspects of the Scottish Budget. It will for instance take £2.5 billion out of the Scottish economy.

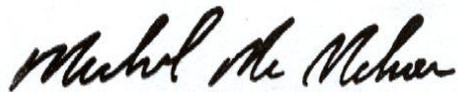
However, this does not appear to be fully reflected within the Scottish Government's Draft Budget, which includes only one reference to welfare reform, in relation to the Social Fund (table 9.15). This point has also been made by a number of stakeholder groups.

I appreciate that your committee will already have decided on its priorities for scrutiny of this budget and I have no desire to meddle in the affairs of other committees. However, I would urge you to consider some of the significant impacts that welfare reform is likely to have on the departmental budgets that fall within your committee's remit.

In order to assist this process, I outline below some of the major impacts of which we have been made aware and where they sit in terms of committee remits. I hope that you find this information helpful in scrutinising the Budget. If you require any further information on these impacts, do please contact me.

I am copying the letter to the Convener of the Finance Committee.

Yours sincerely,

A handwritten signature in black ink, reading "Michael McMahon". The signature is written in a cursive, flowing style.

**MICHAEL MCMAHON MSP
CONVENER**

1. Issue: Universal Credit will be paid to claimants not direct to landlords as happens in over 90% of cases at present.

Impact:

- Potential loss of income for social landlords
- Cost of borrowing for social landlords increases
- Evictions for non-payment increase boosting homelessness
- Increased costs to local authorities in rehousing homeless

**Committees: Infrastructure and Capital Investment
Local Government and Regeneration**

2. Issue: assessments of those on incapacity benefit and disability living allowance will move many more into situation where they must actively seek work

Impact:

- Big increase in demand for 'employability' services

Committee: Economy, Energy and Tourism

3. Issue: Big changes in rules which affect almost everyone on benefits.

Impact:

- Big increase in demand for advice from local authority housing and social work services, and charities (e.g. Citizens Advice Bureaux)
- Big increase in demand for support for appeals
- Increase in demand for medical assessments from GPs to support appeals

**Committee: Local Government and Regeneration
Health and Sport Committee**

4. Issue: Universal Credit will only be paid into bank accounts

Impact:

- Requirement for many claimants to acquire accounts
- Increased demand for money management skills

Committee: Economy, Energy and Tourism

5. Issue: Universal Credit will be paid monthly in arrears

Impact:

- Increased demand for crisis loans (Social Fund)
- Increased risk of indebtedness (see 1. above)
- Increased demand for money management skills

Committee: Local Government and Regeneration

6. Issue: Tenants will lose some benefit for 'over-occupying' property – the “bedroom tax”

Impact:

- Reduced income for tenants
- Increased demand for smaller properties from social landlords
- Higher tenant movement and need for adaptations

Committee: Infrastructure and Capital Investment

7. Issue: all Universal Credit will be paid to one person in household

Impact:

- 'purse to wallet' transfer of income?

Committee: Equal Opportunities

8. Issue: welfare reform will differentially impact on different groups

Impact:

- Single parents will be the biggest losers
- Most single parents are women
- Disabled most affected by changes to Incapacity benefit and Disability Living Allowance.

Committee: Equal Opportunities

9. Issue: welfare reform introduces more conditionality and sanctions

Impact:

- More claimants likely to lose benefits
- Increased demand for crisis loans
- More children taken into care?

**Committee: Local Government and Regeneration
Education and Culture**

10. Issue: Number of claimants moved to reduced or no benefits

Impact:

- £2.5 billion lost from Scottish economy
- Will have concentrated impact in some neighbourhoods

**Committee: Economy, Energy and Tourism Committee
Local Government and Regeneration**

11. Issue: Reductions in benefits for those no longer receiving Incapacity Benefit or Disability Living Allowance

Impact:

- Less income to local authorities from charging for care services
- Increased demand for care services

Committee: Local Government and Regeneration

12. Issue: reduced income for claimants for housing, energy, food

Impact:

- Increased demand on GP services
- Increased hospital admissions

Committee: Health and Sport