

PERTH AND KINROSS COUNCIL

Executive Sub-Committee of Housing and Health – 5 September 2012

**SCOTTISH PASSPORTED BENEFITS: CONSULTATION ON CHANGES
REQUIRED AS A RESULT OF THE INTRODUCTION OF UNIVERSAL CREDIT
AND PERSONAL INDEPENDENCE PAYMENT**

Report by Executive Director (Housing and Community Care)

ABSTRACT

This report provides an overview of the Perth & Kinross Council response to the Scottish passported benefits consultation on changes required as a result of the introduction of Universal Credit and Personal Independence Payment.

1. RECOMMENDATION

The Executive Sub-Committee of Housing and Health is asked to approve the content of this report and the attached Perth and Kinross Council consultation response (Appendix 1).

2. BACKGROUND

- 2.1 The Scottish Government began a consultation, on the Scottish passported benefits and changes required as a result of the introduction of Universal Credit and Personal Independence Payment, on 28 June 2012. The closing date for responses is 28 September 2012.
- 2.2 Passported benefits are either paid in cash or in kind and make a significant contribution to individual's health, well-being and educational outcomes where families are out of work or living on a low income.
- 2.3 Examples of passported benefits administered by the local authority include Free School Meals, Education Maintenance Allowances and travel concession passes. Other examples of passported benefits include Legal Aid and assistance with dental costs.
- 2.4 The Scottish Government has offered stakeholders the opportunity to respond to the consultation with a view to reforming the current passported benefits and/or their administration.
- 2.5 Stakeholders have been asked to comment on the principles underpinning the reforms in terms of simplification, auto-entitlement, information transfer and making work pay.

3. OVERVIEW OF PERTH AND KINROSS COUNCIL RESPONSE TO THE CONSULTATION

- 3.1 The Perth and Kinross Council response to the consultation on passported benefits (Appendix 1) supports the principles identified by the Department for

Work and Pension's Social Security Advisory Committee to an extent, in terms of simplicity, reducing bureaucracy, preventing delays in administration and customers having a better understanding of entitlements. Additional principles are also highlighted by the Perth and Kinross Council response; these are: equality, better use of local authority data, enablement and financial, digital and social inclusion.

- 3.2 In addition, the Perth and Kinross Council response highlights the risks that each of the principles may pose and in particular to certain groups i.e. vulnerable families, people with disabilities and people of different ages.
- 3.3 Finally, the Perth and Kinross Council response recommends a centralised benefit delivery model which takes a holistic approach to the administration of local authority passported benefits in each local authority area.

4. CONSULTATION

Consultation took place with representatives from Housing and Community Care, The Environment Service and Education and Children's Services.

5. RESOURCE IMPLICATIONS

There are no resource implications for Perth and Kinross Council at this stage in responding to this consultation; except for staff time in drafting this response.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

The Council's Corporate Plan 2009-2012 lays out five objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

This report contributes towards all of the above objectives in the Council's Corporate Plan 2009 – 2012.

7. EQUALITIES IMPACT ASSESSMENT (EqIA)

An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.

The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- i) Assessed as **not relevant** for the purposes of EqIA

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

9. CONCLUSION

The Executive Sub-Committee of Housing and Health is asked to approve the content of this report and the attached consultation response.

DAVID BURKE
Executive Director (Housing & Community Care)

Note: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report:

Scottish passported benefits: Consultation on changes required as a result of the introduction of Universal Credit and Personal Independence Payment (June 2012).

Contact Officer: Nicola Sutherland, 76905. NSutherland@pkc.gov.uk
Address of Service: Pullar House, 35 Kinnoull Street, PERTH, PH1 5GD
Date: 27.08.12

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting *(Alan Taylor)*



Council Text Phone Number 01738 442573

APPENDIX:1

Scottish passported benefits: Consultation on changes required as a result of the introduction of Universal Credit and Personal Independence Payment



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Perth & Kinross Council

Title Mr ☐ Ms ☐ Mrs ☐ Miss ☒ Dr ☐ Please tick as appropriate

Surname

Sutherland

Forename

Nicola

2. Postal Address

Pullar House

35, Kinnoull Street

PERTH

Postcode PH1 5GD

Phone 01738 476905

Email Nsutherland@pkc.gov.uk

3. Permissions - I am responding as...

Individual

☐

/

Group/Organisation

☒

Please tick as appropriate

- (a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate ☐ Yes ☐ No

- (b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available ☐

or

Yes, make my response available, but not my name and address ☐

or

Yes, make my response and name available, but not my address ☐

- (c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate ☒ Yes ☐ No

- (d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate

☒ Yes

☐ No

CONSULTATION QUESTIONS

Q1 The principles identified by the Social Security Advisory Committee to underpin the reform of passported benefits are: simplification, auto-entitlement, information transfer and making work pay. Do you think that these principles are helpful in the Scottish context?

Yes ☐ No ☐ To an extent ☒

Simplification: Perth & Kinross Council (PKC) supports simplification of any passported benefit entitlement in principle; however we would highlight the risks around combining benefits. Universal Credit (UC) introduces a major departure from the traditional payment methods and frequency of payments of means-tested benefits. We would highlight the risk that “combining” benefits may pose i.e. cash equivalent of Free School Lunches (FSL) may result in the cash not being used for its intended purpose and therefore not meeting the requirements of the most vulnerable children in our communities.

Simplification could address some of the inequality around entitlement to passported benefits as it stands in the current system. At the moment, claimants can be excluded from a passported benefit because of benefit type i.e. entitlement based on national insurance contributions, however the reality is that the amount of benefit paid could be the same as is paid in income-related benefit. As UC also includes housing costs and payment in respect of children this could become less of an issue and this inequality could be addressed as a result.

Auto-entitlement: PKC also supports a system where there is a reduced need for bureaucracy, that reduces error, increases uptake and that is easy for customers to understand. The consultation paper makes reference solely to the UC system and in doing so there is the assumption that only those with an entitlement to means-tested benefit or UC would qualify for passported benefits.

This is a significant departure from the current passported benefit system. Auto-entitlement in this context may disadvantage disabled people as a result. At the moment, needs-based passported benefits such as Blue Badges and travel concession passes are not means-tested. If auto-entitlement could be identified via the Disability Living Allowance (DLA) and/or Personal Independence Payment (PIP) system though then this would be a fairer more cost-effective method

PKC supports auto-entitlement in terms of the fact that the claimant has already undergone an assessment and this prevents further intrusion into their personal affairs.

Information transfer: PKC supports a system whereby there is a mechanism for information transfer as this would make administration of the passported benefits easier. In theory, information could be used to target those that may qualify for benefit and this may reduce barriers to claiming passported benefits i.e. stigma/lack of knowledge. Data sharing should always be in the best interest of the claimant with due regard to appropriate respect for confidentiality.

Making work pay: PKC agrees that passported benefits should not create barriers or disincentives to work and therefore supports a run-on scheme. An example could be that FSL could run on for six weeks or until a time of natural ending, i.e. end of term, whichever is sooner.

Q2 What other principles would you like to see underpin any reform of passported benefits in Scotland?

Equality: At the moment FSL are not paid to people in receipt of Pension Credit (Guarantee Credit) unless Child Tax Credit is also in payment. Often when older people have care of children it can be due to family breakdown of some kind and there can be significant delays or problems with benefits and tax credits changing from one parent/guardian to another.

It seems unfair that individuals under state pension credit qualifying age can qualify automatically based on means-tested benefit such as Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance. Any changes to FSL eligibility should take this into account.

Better use of Local Authority data: Social Work databases often hold information that may support applications for passported benefits i.e. Occupational Therapist assessments, which may contain sufficient information to give rise to a Blue Badge or a travel concession pass which would prevent claimants from having to have an additional needs assessment. Local authorities working closely with healthcare professionals are aware of the time constraints on our partners within the NHS. Requesting reports from GPs and other healthcare professional not only adds a layer of bureaucracy but also adds time delays to those most in need.

Enablement: Access to benefits should enable claimants to maintain a reasonable quality of life that reduces the demand on other public services, such as NHS, the Judiciary and Social Work.

Financial, digital and social inclusion: Ideally, any reform of passported benefits in Scotland should be based on financial, digital and social inclusion. The long-term aim should be to create the right conditions for individuals to be able to empower themselves.

In order to be able to participate in society people need to be able to access what they are entitled to. Scottish local authorities should embrace the UK Government's agenda of "digital by default" and prepare their communities for the shift to more electronic methods of communication and application for benefits.

Q3 Do you feel that it would be desirable to replace benefits in kind (i.e. providing the goods or services directly) with a cash alternative for some passported benefits?

Yes ☐ No ☒ To an extent ☐

PKC would alert the Scottish Government to the potential risks around cash alternatives for some passported benefits. Passported benefits are paid for a specific purpose i.e. FSL are paid so that the most vulnerable children in our communities have access to a nutritious meal, NHS dental care/optical vouchers are paid so that people can afford to attend for treatment when the need arises.

Cash alternatives in respect of FSL could result in an increase in applications for crisis loans/grants and could lead to school lunch debt for the most vulnerable families.

There is a risk that attendance and attainment could be affected for vulnerable pupils who may not attend school as a result of not being able to afford to pay for school meals/packed lunches or where there is a school meal debt outstanding if cash alternative is used for other purposes.

In terms of the health associated passported benefits there may be an increase in urgent/emergency dental treatment and therefore additional pressures on the NHS as a result.

Furthermore, cash equivalent of optical vouchers that are not used for this purpose could affect educational attainment for both children and adults in the longer term.

The proposal of cash equivalents to passported benefits could also potentially give rise to additional pressures in terms of emergency/crisis work within local authorities and within the NHS, with not only health/educational outcomes affected but costs could shift to a different source i.e. local successor arrangements to the Social Fund or Social Work budgets Section 12 or Section 22 payments.

Q4 Do you feel that it would be desirable to roll existing cash payments for passported benefits into the Universal Credit payment, to create a single income stream?

Yes ☐ No ☒ To an extent ☐

Whilst it is acknowledged that a single income stream would simplify the system for claimants, PKC does not support rolling existing cash payments for passported benefits into the UC payment.

This could potentially over complicate the payment system. It is unlikely that families/individuals in the greatest need will have the ability to budget for a time when they may need to travel to hospital for treatment or for a time in the future when they may need legal assistance. There is the risk that people on low incomes could be in a more disadvantaged position.

It may also be argued that this is a departure from the principles of prevention and early intervention which are fundamental to the report from the Christie Commission.

The UK Government's shift to monthly, direct payment of benefit in arrears is a radical departure from the current system and adds another budgeting requirement for the claimant. In the longer-term this may be desirable however it may not be prudent at this time.

Q5 Do you think that the welfare system (i.e. receipt of Universal Credit or Personal Independence Payment) should form the basis for access to passported benefits?

Yes ☐ No ☐ for some entitlements only (please specify which) ☒

PKC supports this to an extent. If both the UC and the PIP systems work, in terms of data transfer, as is being proposed, then this could reduce bureaucracy in terms of "auto-entitlement". This could reduce administration costs and reduce delays for our customers on the basis that their claim for passported benefit has already been verified.

We would emphasise the point however that not everyone is aware of their benefit entitlement and some people may lose out. There is a need for a robust method of administering passported benefits so that the local authority can be pro-active in terms of income-maximisation.

In addition, people should not be disadvantaged if they choose not to claim benefits.

Similarly, there are also concerns that the criteria for PIP will be significantly higher than the test that currently exists for DLA. There is the potential for the standard of living of people with disabilities to be affected if PIP is the sole criteria for needs-based passported benefits.

Q6 If yes, what existing alternative mechanisms can you suggest to identify recipients and verify claims?

PKC supports entitlement to other benefits to determine entitlement to Blue Badges etc. For example, specific Industrial Injuries Disablement Benefit awards; on payment of War Disablement Benefit or on payment of Employment & Support Allowance (ESA) for specific reasons. Using information available within the local authority i.e Occupational Therapist assessments could also be considered as evidence of entitlement; this could result in less pressure on colleagues in the NHS to provide evidence.

The use of e-claims which incorporate risk-based verification software is also a means of verifying claims for passported benefits.

Q7 What could be done to make it easier for people to find out what benefits they are entitled to?

PKC would support the Scottish Government and Scottish local authorities taking a joined-up approach to benefit take-up and benefit delivery. A delivery model which places people at the core and which takes a holistic approach.

A delivery model based on each local authority having one form (e-claim) to assess entitlement to all local authority financial assistance; including financial assessments for residential and non-residential care services, Discretionary Housing Payments (DHP), local successor arrangements to the Social Fund, Local Council Tax Benefit scheme and the passported benefits such as FSL, EMA, School Clothing Grants etc.

A frontline team(s) in each Scottish local authority administering all of these benefits/financial assistance by staff that have sufficient knowledge to be able to identify entitlement to all DWP benefits as well as local sources of support such as Money Advice, furniture projects, alternative sources of financial assistance and low cost home contents insurance.

Including information about passported benefits on DWP decision letters would be helpful.

Finally, the use of existing methods of communication in the local community i.e. through Council Tax billing, via the internet, via tenant/customer newsletters, staff training programmes, libraries and schools etc.

Q8 Do you wish to highlight any of the groups protected under the Equality Act as being particularly at risk in the reform of passported benefits?

Disabled people may be at risk if passported benefits such as Blue Badges and travel concession passes rely on awards of PIP. The assessment for PIP is deemed to be a higher test than for DLA and therefore people with disabilities may lose out.

Furthermore, disabled people will also be affected if entitlement to either of these passported benefits are dependent on an award of UC as per the auto-entitlement description in the consultation paper.

People of state pension credit qualifying age do not currently qualify for FSL at the moment unless Child Tax Credit is in payment. A change to include Pension Credit (Guarantee Credit) as a qualifying benefit could address this issue.

It could also be argued that there is positive discrimination in terms of bus passes for older people as the only qualifying criteria is the age of the person applying.

Q9 What robust sources of evidence with regards to impact on protected equality groups should we draw on when considering the impact of future proposals?

Equality Impact Assessments for PIP and UC and the affect of UC on passported benefits by the Social Security Advisory Committee.

Q10 Over the longer term, should the Scottish Government aspire to a move to a more coherent system of eligibility criteria for low-income benefits, such as linking income thresholds to one of the measures of poverty?

Yes ☐ No ☐ To an extent ☒

PKC would support a more coherent system of eligibility criteria linked to the After Housing Costs poverty measure.

The reason for this is that housing costs are effectively a 'given' and must be met; it is the money left over after that that is therefore the measure of a person's standard of living. Another reason is that the 'before deducting housing costs' measure treats a rise in Housing Benefit consequent upon a rise in rent as an *increase* in income (rather than no change).

Q11 Should the Scottish Government assess income:

At household level ☐

At individual level ☐

It should vary according to the entitlement being applied for ☒

As income-related passported benefits are traditionally attached to means-tested benefit entitlement and Universal Credit is paid to the household, then it may be prudent to assess means-tested passported benefits at household level.

As needs-related passported benefits i.e. Blue Badges tend to address the needs of a particular individual then it may be prudent to assess needs-related passported benefits at individual level.

Q12 Should the Scottish Government adopt a savings limit for some or all benefits?

All ☐ None ☐ Some (please specify which) ☒

PKC acknowledges that this could be an opportunity for the Scottish Government to adopt a savings limit for some or all benefits. The capital limits set by the DWP, as they are at the moment, are arbitrary and have not changed for several years.

The Scottish Government may also decide to completely disregard savings limits for all passported benefits, if there was evidence to show that this could incentivise saving.

It is essential, however, to ensure that resources are targeted at those most in need first and foremost and that although policy can drive behaviour having no savings limit could be an added burden to already over-stretched budgets.

Q13 If you answered None, please suggest how we could identify those who do not qualify for Universal Credit because they have more than £16,000 savings.

Q14 Should the Scottish Government adopt the same savings limit as the Department for Work and Pensions – i.e. that no one with savings (excluding equity in your home) of more than £16,000 should receive any passported benefit?

Yes ☒ No ☐

In principle, PKC supports the harmonisation of savings limits with the DWP limit in terms of simplicity as it could reduce bureaucracy, prevent delays in administration and customers may only be subjected to one assessment. This would be limited to income-assessed passported benefits only. Perth and Kinross Council does not support savings limits for needs-assessed passported benefits such as travel concession passes and Blue Badges.

The DWP figure of £16,000 is arbitrary and has not been reviewed for some time. This could be an opportunity for the Scottish Government to set its own savings threshold, if there was evidence to show that this would provide an incentive for people to save.

PKC does however acknowledge that policy can drive behaviour and having a savings limit may be a disincentive to people saving at all.

Q15 Do you have any other comments within scope?

PKC strongly supports the centralisation of local authority administered passported benefits and other financial assistance such as DHP, local successor arrangements to the Social Fund, financial assessments for care services etc to one front-line local authority team in each local authority.

Administration of these passported benefits should be the responsibility of one frontline team in each local authority area and this should result in a holistic approach to benefit delivery. The team's remit should include educating and empowering people with regard to financial, digital and social inclusion. The team of staff should have sufficient knowledge to be able to identify entitlement to all DWP benefits as well as local sources of support such as Money Advice, assistance with fuel poverty, furniture projects, alternative sources of financial assistance and low cost home contents insurance. Strong joint-working arrangements with agencies including DWP and the 3rd sector would also be essential.

These agencies could work together with local authorities to ensure that people know their entitlements and the longer-term aim should be to create the right conditions so that people can have the opportunity to empower themselves.

Please send your response to passportedenefitsconsultation@scotland.gsi.gov.uk by Friday 28 September 2012.

An Easy Read version of the consultation is also available at www.scotland.gsi.gov.uk

