

WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION FROM AGE SCOTLAND

1. Introduction

Age Scotland welcomes the opportunity to give evidence to the Welfare Reform Committee's inquiry on the future delivery of social security. We are content for our response to be published.

2. Age Scotland's approach

A civilised society depends in part upon the existence and fair, effective and transparent system of social protection which should provide for those in pressing need, as well as entitlements based on citizenship. As described in the Beveridge Report,ⁱ such a system would tackle want, one of the five identified giant evils, but addressing the four others (disease, ignorance, squalor and idleness) requires "a comprehensive policy for social progress". The redistribution of wealth through transfer payments is seen as an essential function of the modern State. State pensions for older age have been around for over a century. Although these are not being devolved, many of the benefits which are have profound impacts on the lives and wellbeing of older people and their families.

However, the ability of any State to achieve such social progress depends largely upon the monetary means available to it. Our system of devolution, which will govern devolved benefits for the immediate future, does not elicit any automatic additional revenue. Some of the stated rationale for changes to benefits made since 2012 is to save public money; equally, we are concerned that they also challenge and undermine the principles which ought to underline social protection. In advising older people of their rights to benefits via our national telephone helpline, Silver Line Scotland, we have become aware of a number of issues which particularly affect older people. This response reflects these.

3. Personal Independence Payment (PIP)/Disability Living Allowance (DLA)

PIP is more restrictive than DLA, which it is gradually replacing; this appears to be a measure largely to save money. For example, PIP takes no account of support needs overnight, which is an important aspect of support for people with cognitive impairments such as dementia. All new claimants are assessed for PIP and rules and practices are applied to migrate many existing DLA claimants on to PIP instead. This process requires re-assessment and sometimes leads to a loss of benefit. Re-assessment, even if not leading to any reduction in benefit, can be stressful. The DWP advises that it currently has "no plans" to extend PIP to DLA recipients aged 65 or over, though the ability to do so is on the statute book. In our view PIP is problematic and unfair, and should be replaced by a better disability benefit. The rollout of PIP has already witnessed significant delays; if it is to be replaced, there seems little point in continuing the rollout if it were to be changed again, entailing a further round of re-assessments. It therefore seems to us to make sense, as others in the third sector have sought, to halt the rollout of PIP meantime.

4. Attendance Allowance and Carers' Allowance

The lack of a disability benefit based on need regardless of age creates other unfortunate effects. Most prominently, DLA and PIP are different from Attendance Allowance (AA) in terms of a mobility component. The effect is that people who suffer exactly the same incident which restricts their mobility (whether as a result of an accident or health condition) at different ages are treated quite differently. Someone aged under 65 to whom this happens can qualify for DLA with a mobility component, which can be kept beyond age 65; whereas someone aged 65 or over to whom this happens can only qualify for AA which has no mobility component. We have been unable to find any published official rationale for why this difference exists. This situation seems to imply that older people who have a disability somehow have less need to move around, or less need for financial support to allow them to do so, than those who experienced disability earlier. This seems indefensible on the grounds of fairness; the only reasoning we can think of is that it saves money, since most people who develop physical disabilities do so in later life, often as a result of age-related conditions (e.g. stroke, osteoporosis, falls, hip replacements etc.). Lack of resources to mitigate restricted mobility is likely to exacerbate loneliness and isolation, which is known to harm wellbeing.

The effects of this extend further because DLA/PIP are also gateway benefits for other forms of mobility support, but AA is not. Receipt of DLA/PIP acts as a "passport" to a Blue Badge, but AA does not; DLA/PIP recipients can access the Motability scheme but AA recipients cannot. AA recipients can apply for a Blue Badge but the process is more convoluted, making it particularly unsuited to people with severely impaired mobility or cognitive impairments such as dementia. This is manifestly discriminatory; it means that the age of a person when they became disabled determines the support available, not the severity of the disability itself.

Carers' Allowance (CA) is subject to overlapping benefits rules, meaning that, for example, state pension recipients who satisfy its criteria do not receive it. An older carer who receives their State Pension and Pension Credit receives no CA, but a means-tested additional amount or premium to reflect their caring responsibilities is included in their Pension Credit or housing benefit calculation. As has been noted elsewhere, both CA and the carers' premium sum are wholly inadequate to address the real impact of a full-time caring responsibility, and significantly less than the minimum-wage equivalent. Many working-age CA recipients whose caring responsibility makes them unable to work will inevitably be reliant on other benefits such as income support even if they also receive CA. This effectively means that caring responsibilities are barely acknowledged in themselves, despite informal care saving local authorities an enormous amount of money.

Carers' Allowance is also the only income-replacement benefit which is proposed to be devolved, and so it has a more complex relationship with other benefits which are being reserved than the others being discussed; this should be considered during scrutiny of the Scotland Bill so that everyone is clear how a change to CA would impact on and be affected by reserved benefits like Pension Credit.

5. Universal Credit and Discretionary Housing Payments

Universal Credit (UC) is only available for people under Pension Credit qualifying age (PCA): however, its conditions apply to households, so where UC applies it affects households where one partner or spouse has attained PCA but the other has not (defined as “mixed-age couples”). When it comes into effect, this will have the bizarre and discriminatory effect that someone’s entitlement to make a new claim for Pension Credit is effectively rescinded when someone else in the same household is eligible to claim UC; this deprives them of £115 a week, around half of their prospective income. It also means that someone above PCA could be subjected to the under-occupancy charge (or “bedroom tax”) because of their younger partner, whereas if they lived alone in the same residence they would not be. As such, it represents a financial incentive for partners and spouses not to remain together. This policy also risks driving families apart and exacerbating loneliness and isolation, an increasing problem for older people.

The rollout of universal credit has been slow and beset by difficulties, so it only currently applies to single people with no special circumstances in a select few postcode areas. It would therefore be relatively easier than for PIP to halt its roll-out and to reverse it. We have therefore joined sector calls to halt the roll-out of UC. The Scottish Parliament could tackle the interrelationship with housing costs, but not the amount payable for day-to-day living costs, as the impact of Universal Credit upon Pension Credit would continue to be set by Westminster.

6. Work Programme and Work Choice

Age UK and the Centre for Economic and Social Inclusion co-commissioned research, published last year, on older people’s experience of unemployment and the Work Programme.ⁱⁱ We recommend it to the Committee. This highlighted that age in itself (irrespective of health or disability) acts as a barrier to participation in the labour market. Age discrimination laws have been in place since 2006, but have not fully addressed workplace cultures and assumptions about older employees: the UK Government themselves have acknowledged this in their Fuller Working Lives policy and Age Positive initiative. The Work Programme’s success rates fall drastically for jobseekers aged 50 or older. It tends to provide generalist, not specialist, employability support; its main beneficiaries are those closest to the labour market with most recently-acquired qualifications or skills (so-called “low-hanging fruit”); older people require more tailored support which the Work Programme is not giving them. This will become more important as the State Pension age increases and people are expected to work for longer and new provision in Scotland should be tailored to meet the support needs of older people.

7. Regulated Social Fund

Winter Fuel Payments (WFPs) represent some of the largest social security spend in Scotland which is proposed to be devolved. Age Scotland acknowledges that universal benefits like WFPs are often better than means-tested ones for a variety of reasons: people tend not to claim benefits if they do not know about them, if they perceive that a benefit does not apply to them or that a claim would be unsuccessful; or if they do not wish to disclose their financial details to a public authority. Over a third of those entitled to Pension

Credit do not claim, for example. We also acknowledge that greater benefit might be felt for older people if their homes were more energy efficient: this might mean assistance with upgrading heating systems or improving home insulation. Upgrading housing stock in this way would also help Scotland to achieve its climate change targets. However, there is a risk that people would experience fuel poverty for the substantial period of time likely to be needed to implement energy efficiency measures. Any proposal to shift resources from WFPs to energy efficiency measures, or to address other needs, would in our view have to be sanctioned by older people themselves, among whom WFPs have proved popular and successful.

We recommend that no change is made to Cold Weather Payments. These have clear and fair criteria related to temperature, and the availability of cash payments are particularly suited to rural areas or residences where different methods are used to heat homes (e.g. coal, bottled gas, oil or peat).

Funeral payments rarely meet the real costs either of burials or cremations.ⁱⁱⁱ The nature of funeral costs, since they involve contracting with a third party (funeral directors), and the need is immediate and short-term, mean that clients cannot and do not cancel contracts for funeral services because of unexpectedly large costs: instead, they get into debt. People who may be receiving only Pension Credit-level incomes may acquire several thousand pounds worth of debt which would take several years to pay off, if at all. A standard payment would aid certainty and might affect the disparity in burial and cremation costs but would be unlikely to solve it completely.

8. Delivery

The new tax and welfare powers proposed to be devolved via the Scotland Bill are different from other legislative competences. On a daily basis, tax liabilities must be assessed and taxes collected, and benefit entitlements must be assessed and payments made. There are substantial administrative architectures behind these processes. The devolved institutions will not only acquire a power to decide, they will also acquire a responsibility to deliver. Effective delivery is therefore vital.

The creation of Revenue Scotland points to an emerging devolved infrastructure for taxation, but as yet there is no equivalent for social security. Accordingly, we (and no doubt others) assumed that the only practical solution in the short-term would be for the DWP and JobCentrePlus to act as a delivery agent for the payment of benefits. However, this could have the effect of limiting the Scottish Parliament's effective scope for discretion. If, as the Smith Commission suggests, the Scottish Government would have to recompense the DWP for any administrative costs, and DWP advises that (for example) none of their processes to assess eligibility for WFPs is based on postcode, then the cost of changing their systems might of itself incur administrative costs of around £200 million – around the same cost as doubling the level of payments. The implications of this are profound enough if the existing structure and eligibility of benefits were largely maintained with only minor changes; it would clearly be unsustainable if the Scottish Government and Parliament wished to make fundamental changes to benefit structures and rates.

Local authorities administer the payment of housing benefit, council tax reduction and, since 2013, welfare funds for short-term need, but the scope of benefits to be devolved is of a much greater order. We have no difficulty with local authorities acting as the delivery agent for standardised payments, since these would reduce the risk of different approaches being taken in different parts of the country, but there could be a conflict of interest where payments for care needs and responsibilities were involved. The whole issue of care costs and charges remains a live issue which inevitably interacts with benefit entitlements and one that the Scottish Government must address sooner rather than later, especially as an increased minimum wage begins to impact upon the care sector.

One other issue is that application, assessment, and appeal processes themselves are often not suited to older people, especially those with cognitive impairments. The shift to providing public services online makes it difficult for some older people to access their entitlements; people with dementia cannot easily complete long application forms or stay focused enough to remain on a phone call for a long period. Whatever delivery agent is chosen, the service must be required to provide a consistent, accessible, face-to-face service, and processes should be assessed to ensure they are dementia-friendly.

9. About us

Age Scotland is the national charity for older people, their rights and interests. We aim to help Scotland's people enjoy a better later life. We believe that everyone should have the opportunity to make the most of later life, whatever their circumstances, wants and needs.

We work to change and improve the perception of later life and older age. We campaign for older people's empowerment, improved health and wellbeing, participation in and engagement with communities, which in turn make communities stronger, more inclusive and resilient. And we work in partnership with other charities within the Age Network – Age UK, Age Cymru and Age NI – to pursue similar aims across the UK.

For further details, please contact Derek Young, Policy Officer, using the contact details on page 1 of this response.

ⁱ *Social insurance and allied services*, Sir William Beveridge, Cmd 6404 (1942). See <http://j.mp/BevRept>.

ⁱⁱ *Employment support for unemployed older people*, Foster, Colechin, Bivand and Foster, for Age UK and Centre for Economic and Social Inclusion (2014). See <http://j.mp/ES4OP>.

ⁱⁱⁱ See for example *The Cost of Saying Goodbye: burial and cremation charges in Scotland 2015*, Citizens Advice Scotland. See <http://j.mp/TCOSG2015>.