

SUBMISSION FROM SAVE THE CHILDREN

The Committee invites views on all aspects of the Bill. Responses should address all or any of the following points in turn:

Views on the Bill as a whole

1. Are you generally in favour of the Bill and its provisions?

Save the Children supports the Welfare Reform (Further Provision) (Scotland) Bill in principle. Following the Scottish Parliament's rejection of parts of the Legislative Consent Memorandum on the UK Welfare Reform Bill, it is our understanding that the legislation is a technical necessity, to ensure that Scottish Ministers can introduce regulations in order that devolved legislation can take account of changes to the benefits system introduced by the UK Government's Welfare Reform Act 2012.

Save the Children welcomes the Welfare Reform Committee's commitment to engage with stakeholders on the Bill and the wider implications of the UK Government's welfare reform. We therefore support the introduction of the Bill to Parliament at this early stage. This, we hope, will allow detailed consideration of and consultation on the regulations that will follow the enabling legislation itself. It is the detail of the regulations that will have a real impact on families in Scotland. As previously set out in evidence to the Committee, Save the Children is concerned that measures within the Welfare Reform Act 2012 will have a number of negative consequences on families with children and tackling child poverty in Scotland. We hope that the opportunity is taken to not only ameliorate these negative impacts, but to consider how the needs of the poorest families with children can best be met.

General Principles Underlying the Bill

The Bill proposes that the Scottish Government be given powers to introduce regulations under the UK Welfare Reform Act and amend other Scottish legislation that relates to it. This would allow the Scottish Government to make the link between the devolved welfare matters for which it has responsibility and the reserved welfare matters which have been amended by the UK Welfare Reform Act. The Bill is necessary because in December 2011 the Scottish Parliament voted to take responsibility for these aspects rather than agreeing that the Westminster Parliament do so.

2. What are your views on this principle?

Save the Children recognises the importance and urgency of taking steps to address access to passported benefits when universal credit is introduced. However, we note that the Bill does not include provision to deal with the newly devolved successor arrangements for Council Tax Benefit and parts of the Social Fund. The elements of the Social Fund that are being devolved play a crucial role in supporting families on the lowest incomes to meet essential costs that may otherwise not be met. The devolution of these areas is a real opportunity to further tackle child poverty and protect and enhance current access and entitlement so that families in Scotland are

supported. Save the Children, alongside a number of other organisations including The Poverty Alliance, Child Poverty Action Group and Shelter Scotland, has called for successor arrangements to these elements to have a clear national framework established in law setting out who is eligible for help. Save the Children cannot comment on how this should be done from a legal point of view but would encourage the Scottish Government to take whatever steps are necessary to ensure that they have the powers to put such a scheme in place. Save the Children would support any opportunity to consider these issues as part of this legislation.

Universal Credit

Section 1 of the Bill contains provisions relating to the introduction of Universal Credit. It gives the Scottish Government powers to introduce regulations and amend existing legislation in relation to the introduction of Universal Credit in April 2013.

3. What are your views on the proposed powers in relation to Universal Credit?

Save the Children's understanding is that following the rejection of this part of the Legislative Consent Memorandum on the UK Welfare Reform Bill, it is a technical necessity to introduce powers that enable the Scottish Parliament to make secondary legislation that will set out entitlement to passported benefits, which will be linked to universal credit. We are unable to comment from a legal point of view about whether the Bill as introduced does this.

4. Do you have any other comments on the introduction of Universal Credit?

Save the Children would urge the Committee and the Scottish Government to continue to press the Department for Work and Pensions for more detailed information on implementation of universal credit, including a clear timetable for implementation. This would enable robust scrutiny of the impact on devolved areas and arrangements put in place in time for April 2013.

Save the Children supports the stated aims of universal credit - to make work pay and simplify the benefits system. However, we believe that there are some blind spots that could leave some families worse off, pushing some families into poverty and some families further into poverty. Save the Children raised a number of concerns in relation to the introduction of universal credit in oral evidence to the committee earlier this year. Our main concerns are summarised below. These concerns may not have a direct impact in relation to the Bill but are important to consider in relation to the subordinate legislation that will follow the Bill.

In summary, our main concerns in relation to the introduction of universal credit are:

- *The expected increase in child poverty to the level recorded in 1999 – reversing all progress made to date.* Research from the Institute of Fiscal Studies has shown that low income families with children will be significantly worse off and lose more than other household types due to welfare reform. In order to support families living in poverty and to meet the aims of the *Child Poverty Strategy for Scotland* it will be necessary to look at how to mitigate some of these impacts by reducing essential living costs for families e.g. childcare, school meals.

- *Support with school meal costs must be maintained for families currently receiving free school meals* and must not be subject to a ‘benefit cliff edge’, i.e. families should not suddenly lose all support when earnings increase.
- *The impact on supporting parents, particularly mothers into work.* Insufficient earnings disregards for working mothers, lack of (and reduced) support with the cost of childcare and universal credit payments being withdrawn too quickly will affect parents’ ability to take up work and the number of hours they can work. Save the Children’s research found that single parents working longer hours (16 hours or more) on low pay and some second earners will be substantially worse off under the new system.
- *Conditionality* placed on parents must take into account whether job offers truly make parents better off. Due regard must be given to the impact of sanctions on children.
- *Practical issues in delivering the new system.* Save the Children’s research found that parents’ were concerned about what would happen in the event of system (IT) failure or errors being made. It is crucial that elements of the universal credit payment are protected or ‘firewalled’ through a minimum payment guarantee in order to ensure that claimants receive some income if there is a delay or dispute in calculating any element. In addition, we believe that the child element of the universal credit payment should be made to the main carer or second earner in couple families, to better reflect the realities of low income families’ budgeting needs. To meet different budgeting needs, payments should be offered on a weekly as well as monthly basis.

Personal Independence Payments

Section 2 of the Bill contains provisions relating to the introduction of Personal Independence Payments. It gives the Scottish Government powers to introduce regulations and amend existing legislations in relation to the introduction of Personal Independence Payments in April 2013.

5. What are your views on the proposed powers in relation to Personal Independence Payments?

No comment.

6. Do you have any other comments on the introduction of Personal Independence Payments?

No comment.

Subordinate Legislation

Subordinate Legislation is legislation below the level of Parliamentary Bills – often regulations. Section 4 of the Bill contains provisions relating to subordinate legislation. It gives the Scottish Government powers to make regulations that relate to the UK Welfare Reform Act directly or indirectly.

Sections 1-3 of the Bill also include new subordinate legislation powers for the Scottish Government. Under these sections it may make regulations which amend Acts as well as old regulations.

7. What are your views on the proposed subordinate legislation powers in the Bill?

In principle, it would appear appropriate and reasonable to include provision for Scottish Ministers to be able to change primary and subordinate legislation that relates to the consequences of the Welfare Reform Act 2012, for example to amend criteria for passported benefits. We are unable to comment from a legal perspective on whether the powers as they are set out in the Bill will achieve these aims. Save the Children would urge the Committee to ensure that the powers allow for robust and appropriate scrutiny of any future changes to primary or subordinate legislation, given the potential impact these could have on low income families with children and tackling child poverty in Scotland.

8. Do you have any other comments on regulations that would follow this Bill on 'passported' benefits and eligibility for them?

Passported benefits provide essential support to low income families with children. We therefore welcome the Scottish Government's commitment to *take whatever steps are necessary, in the timescale required, to ensure that we protect access to passported benefits when universal credit is introduced.*

In designing a new system, there is an opportunity to not only maintain current levels of entitlement but enhance entitlement to ensure more low income families with children can access such benefits. Passported benefits play an important role in enabling the Scottish Government to meet key objectives, particularly in relation to the *Child Poverty Strategy for Scotland*. In considering how devolved passported benefits fit with the new universal credit such considerations and outcomes need to be given as much, if not more, weight than an arbitrary limit on the amount which such entitlements cost. Designing a new system also provides an opportunity to consider how to maximise take up of passported benefits amongst families with children.

Save the Children believes that *any* universal credit entitlement should be enough to establish eligibility to devolved and local benefits such as free school meals, school clothing grants and energy assistance package. Universal credit will be claimed by both working and non working families. Half of all children living in poverty in Scotland live in working families, while the other half live in non working households. We urge the Committee to consider this option as a starting point for designing a new system.

The benefits of such an approach would be to avoid creating a series of cliff edges when people suddenly lose their entitlement as they move into work or increase their earnings. It would reduce administration costs and provide a simple, easy to understand system thus reducing complexity for claimants and the potential to increase take up.

In relation to free school meals, Save the Children believes that support with costs must be maintained for families currently receiving free school meals and must not be subject to a benefit cliff edge.

Save the Children is a member of the Scottish Campaign on Welfare Reform (SCOWR). See SCOWR's response to the Social Security Advisory Committee's consultation on passported benefits in universal credit for further information.

Financial Memorandum

The Financial Memorandum accompanying the Bill outlines the costs associated with this Bill and summarises them in a table at the end. However, as the Scottish Government states in the Memorandum 'the timetable being pursued by the UK Government presents limits to the Scottish Parliament's ability to assess the financial implications of legislation it considers.'

9. Do you have any views on the assumptions and calculations contained in the Financial Memorandum?

The financial memorandum states that *it is expected that provision of passported benefits will be retained at the current level and that the cost will be met from existing budgets*. Save the Children welcomes the Scottish Government's commitment to retain the current level of funding, however we would urge the Scottish Government to go further. Whilst we recognise the challenges in the current financial climate, the new system should be based on need and not on existing budgets. As outlined above, we believe there is an opportunity to further support low income families with children and mitigate against the negative impacts of welfare reforms by helping families to reduce living costs. Committing additional resources to support a new system could support the Scottish Government to meet its aim to maximise household resources and reduce the impact of material deprivation on children.