

Social Security for Scotland: Benefits being devolved to the Scottish Parliament

March 2015

Ministerial Foreword



I welcome the new social security powers coming to Scotland and this publication helps us understand the scale and reach of these benefits.

Devolving these social security powers to the Scottish Parliament gives us more opportunity to tackle inequality and improve the lives of some of the most vulnerable people in Scotland. It also gives us a chance to show that there is an alternative to the UK Government's welfare reforms.

While we negotiate with the UK Government to agree the necessary legal and financial details, I want to start a discussion now about how best to take advantage of the new powers that are coming to Scotland, so that we can make a real difference to people's lives.

This is where we are starting from, and I look forward to having conversations with people and organisations across Scotland over the next few months about where we should be going with social security in Scotland in the future.

A handwritten signature in black ink, appearing to read 'Alex Neil'.

Alex Neil

Cabinet Secretary for Social Justice, Communities & Pensioners' Rights

Background to the benefit system

The benefit system currently in place in Scotland is distributed across a number of recipient groups. The majority of these benefits are currently reserved to the UK Government, with the exception of the Council Tax Reduction and Scottish Welfare Fund which were localised and devolved respectively to the Scottish Government from April 2013.

Benefits for people out of work	Benefits for elderly people	Benefits for people who are ill or disabled	Benefits for families with children	Benefits for people on low incomes	Other
Income Support In Work Credit & Return to Work Credit Job Grant Jobseekers Allowance	Financial Assistance Scheme Pension Credit State Pension State Pension Transfers TV Licences Winter Fuel Payments	Attendance Allowance Carer's Allowance Disability Living Allowance Employment & Support Allowance Incapacity Benefit Industrial Injuries Personal Independence Payment Severe Disablement Allowance Specialised Vehicles fund Statutory Sick Pay Vaccine Damage Payments	Child Benefit Child Tax Credit Guardians Allowance Maternity Allowance Statutory Maternity Pay	Council Tax Reduction Discretionary Housing Payments New Deal & Employment Programme Allowances New Enterprise Allowance Scottish Welfare Fund Social Fund (regulated) Working Tax Credit Housing Benefit	Bereavement benefits Christmas bonus Universal Credit Other small benefits such as child trust fund etc.

The Smith Commission

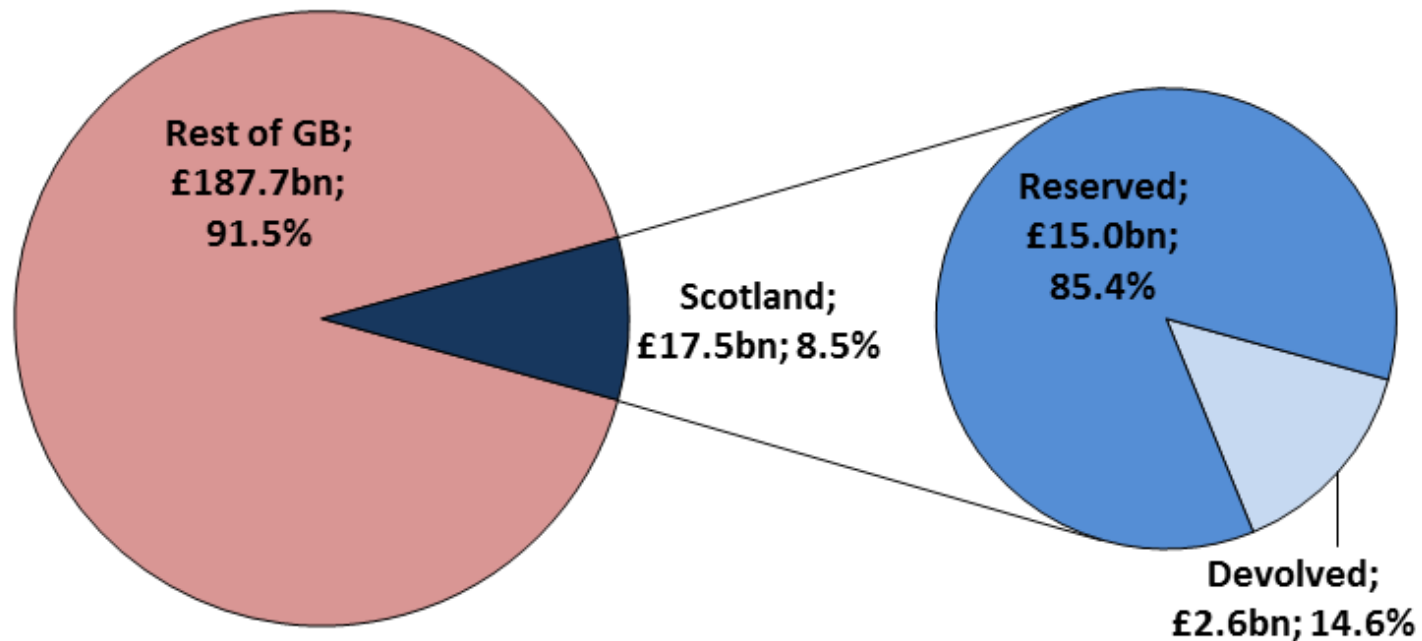
The Smith Commission was tasked with providing recommendations on potential financial, welfare and taxation powers that could be devolved to Scotland, following the independence referendum. Their Heads of Agreement, published on 27 November 2014, detailed a number of recommendations in relation to social security. These included the recommendation that the Scottish Parliament be given complete autonomy to determine the structure and value of a range of powers over disability, and devolution of the components of the Regulated Social Fund. In addition, the Scottish Parliament should be given the power to make administrative changes to Universal Credit and to vary the housing cost element. The Commission also made clear recommendations that the Scottish Parliament be given powers to create new benefits in areas of devolved responsibility, and top-up reserved ones.

For carers, disabled people & those who are ill	Currently part of the Regulated Social Fund	Other
Attendance Allowance (AA)	Cold Weather Payment (CWP)	Discretionary Housing Payments (DHP)
Carer's Allowance (CA)	Funeral Payment (FP)	
Disability Living Allowance (DLA)	Sure Start Maternity Grant (SSMG)	
Personal Independence Payment (PIP)	Winter Fuel Payment (WFP)	
Industrial Injuries Disablement Benefit (IIDB)		
Severe Disablement Allowance (SDA)		

Benefit expenditure in Scotland – 2013/14

In 2013/14, £205.2 billion was spent on benefits in Great Britain, of which £17.5 billion (8.5 per cent) was spent on individuals in Scotland. The Commission's proposals would devolve around £2.6 billion (14.6 per cent) of Scottish benefit expenditure to the Scottish Parliament.

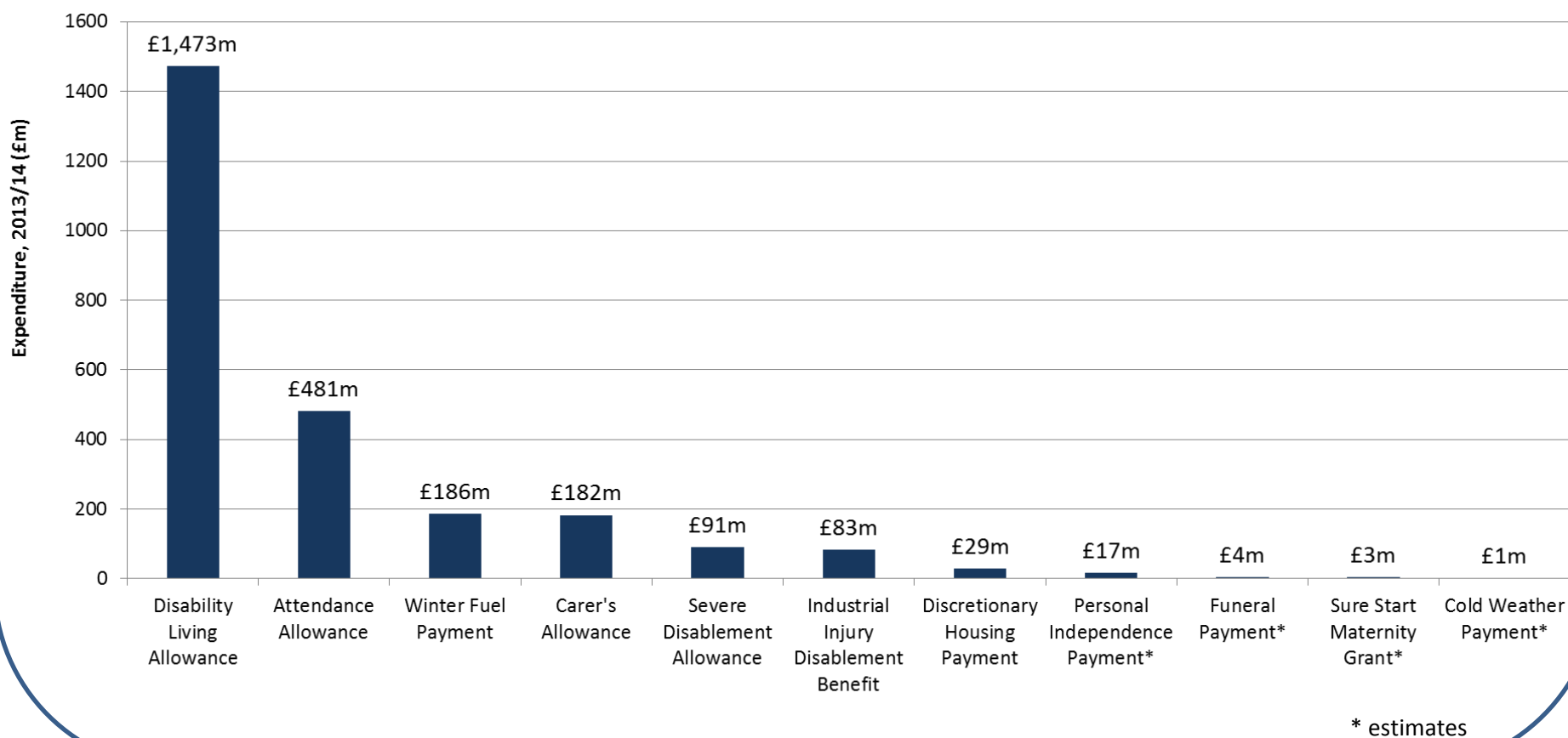
These figures exclude nearly £400 million of expenditure on the Council Tax Reduction Scheme and Scottish Welfare Fund which are already devolved to the Scottish Parliament. If they are included, total benefit expenditure in Scotland in 2013/14 was around £17.9 billion.



Note: figures may not sum due to rounding

Benefit expenditure in Scotland – 2013/14

The size of expenditure on each benefit to be devolved varies considerably. Nearly £1.5 billion was spent on Disability Living Allowance in 2013/14, accounting for almost 60% of total expenditure on the benefits to be devolved. This is in comparison to the £1 million spent on Cold Weather Payments in 2013/14.



Benefits to be devolved to Scotland

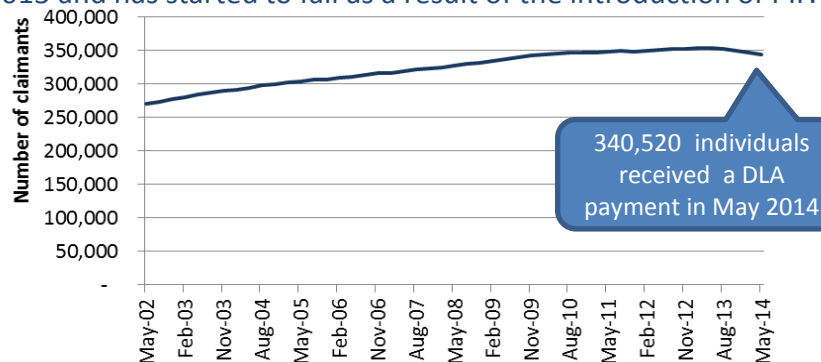
Group	Benefit	Primary Purpose
For carers, disabled people & those who are ill	Attendance allowance	To help with personal care for individuals aged 65 or over with a physical or mental disability.
	Carer's Allowance	To help an individual look after someone with substantial caring needs. To be eligible the individual must be 16 or over and spend at least 35 hours a week caring for them.
	Disability Living Allowance	Help if your disability or health condition means one or both of the following are true: <ul style="list-style-type: none"> You need help looking after yourself You have walking difficulties DLA is closed to new working age claimants and being replaced by PIP.
	Personal Independence Payment	Helps with some of the extra costs caused by long-term ill-health or disability for individuals aged 16 to 64. Replacement for DLA for working age individuals.
	Industrial Injuries Disablement Benefit	For individuals who are ill or disabled as a result of an accident or disease caused by work or while you were on an approved employment training scheme or course.
	Severe Disablement Allowance	For working age individuals who are unable to work due to illness or disability. SDA has been replaced by Employment Support Allowance (ESA).
Currently part of the Regulated Social Fund	Cold Weather Payment	A payment for individuals on certain benefits when the temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over 7 consecutive days.
	Funeral Payment	For individuals on low income and needing help to pay for a funeral they are arranging.
	Sure Start Maternity Grant	A one off payment of £500 to help towards the costs of having your first child for individuals who are in receipt of certain benefits.
	Winter Fuel Payment	A tax-free payment to help pay for heating bills if you were born on or before 5 July 1952 (Current SPA for women).
Other	Discretionary Housing Payments	Additional help for those in receipt of Housing Benefit and having difficulty meeting their rent payments. Paid at the discretion of the LA.

Disability Living Allowance in Scotland – May 2014

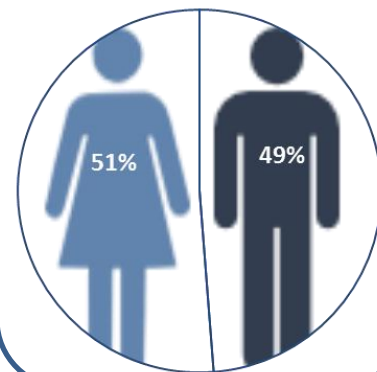
DLA provides help for an individual if their disability or health condition means one or both of the following are true: They need help looking after their self or have walking difficulties. DLA is closed to new claimants and being replaced by PIP.

In 2013/14 £1.5bn was spent on DLA in Scotland, 10.7% of the GB total which is more than Scotland's population share (8.6%).

DLA caseload steadily increased between May 2002 and May 2013 and has started to fall as a result of the introduction of PIP.

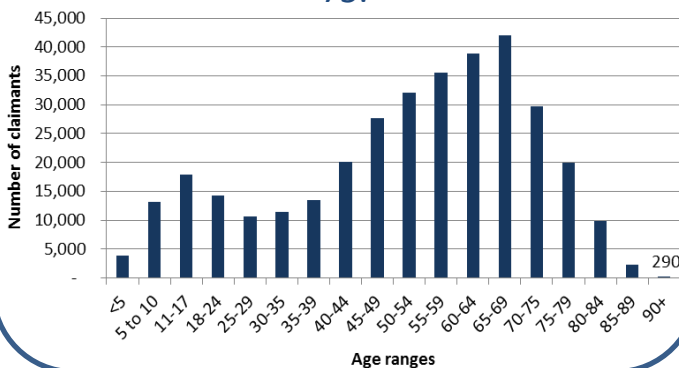


Gender split

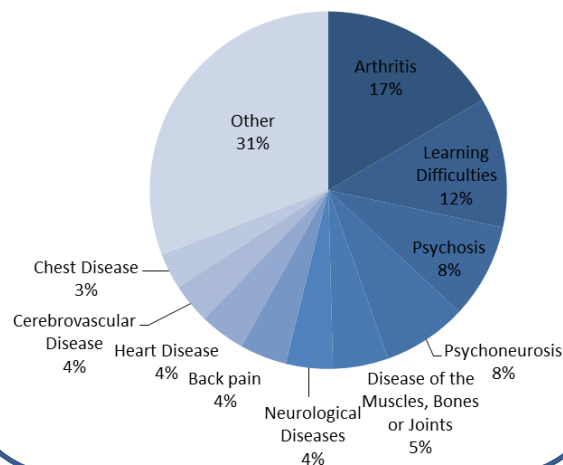


The majority (79%) of claimants have been receiving DLA for over 5 years, with 14% receiving DLA for between 2 to 5 years.

52% of all DLA claimants are aged 50 to 75.



There are a wide range of qualifying conditions for DLA with arthritis and learning difficulties being the most common.



78% of DLA claimants are in receipt of both the Mobility and Care elements of DLA.

		Mobility Award Rate		
		Higher	Lower	Nil
Care Award Rate	Higher	17%	7%	1%
	Middle	16%	17%	3%
	Lower	12%	9%	6%
	Nil	10%	3%	0%

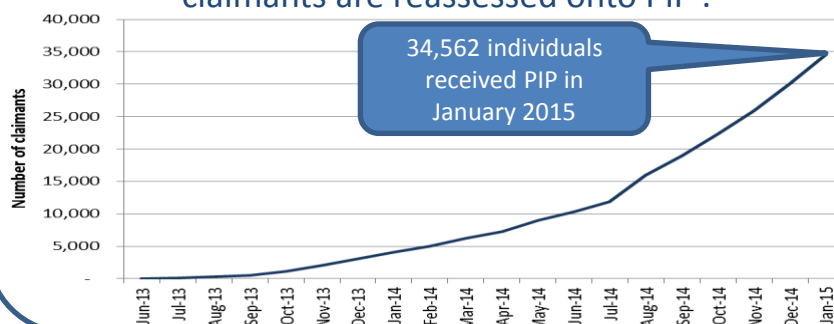
Personal Independence Payment in Scotland – January 2015

PIP helps with some of the extra costs caused by long-term ill-health or disability for individuals aged 16 to 64. It is also replacing DLA for working age individuals.

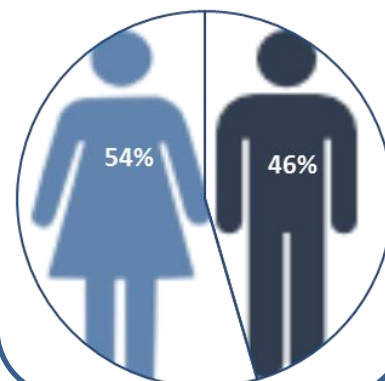
Actual PIP expenditure data for Scotland is not available.

However, it is estimated that in 2013/14 around £17m was spent on PIP in Scotland based on Scotland's proportion of the GB caseload.

PIP was introduced in June 2013 to Scotland for new claims. Its caseload will continue to increase as DLA claimants are reassessed onto PIP.



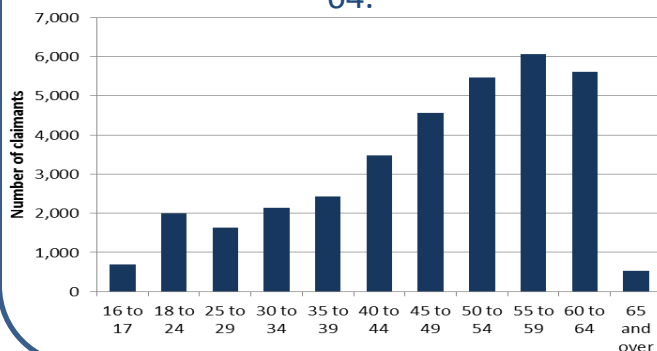
Gender split



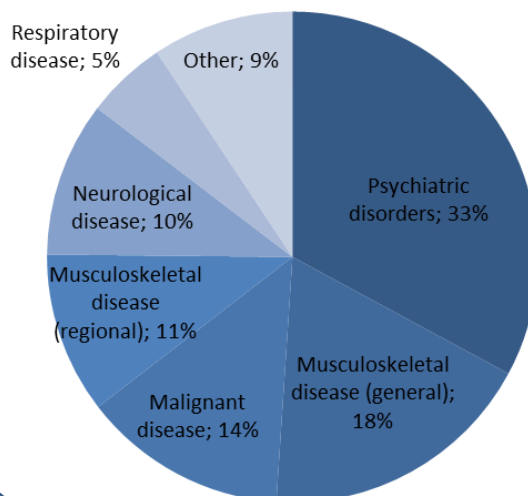
Only 9% of current PIP claimants have been reassessed from DLA.

9% of current PIP claimants are classed as being terminally ill.

73% of all PIP claimants are aged 40 to 64.



There are a wide range of qualifying conditions for PIP with psychiatric disorders being the most common.



58% of PIP claimants are in receipt of both the mobility and daily living elements of PIP.

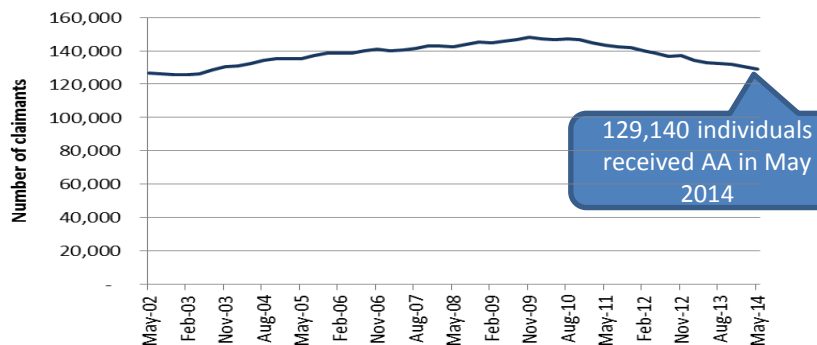
		Mobility Award Rate		
		Enhanced	Standard	Nil
Daily Living Award Rate	Enhanced	28%	11%	16%
	Standard	6%	13%	19%
	Nil	2%	6%	0%

Attendance Allowance in Scotland – May 2014

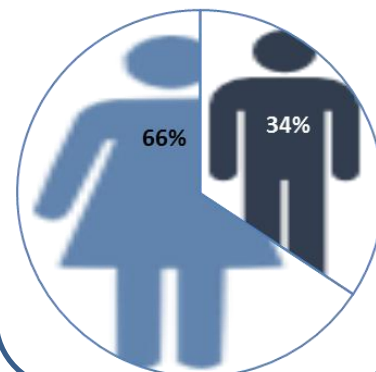
AA provides help with personal care for individuals age 65 or over with a physical or mental disability.

In 2013/14 £481m was spent on AA in Scotland, 9% of the GB total which is slightly more than Scotland's population share (8.6%).

AA caseload has been declining since reaching a peak in November 2009 of 148,030 claimants.

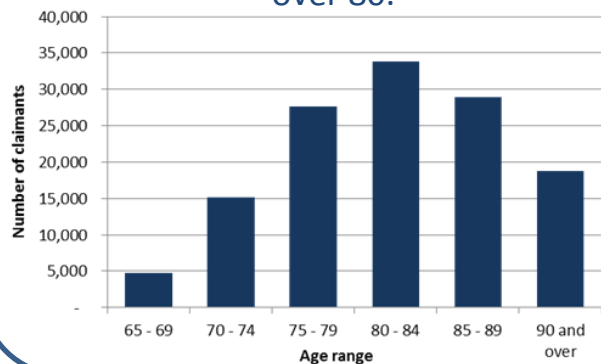


Gender split

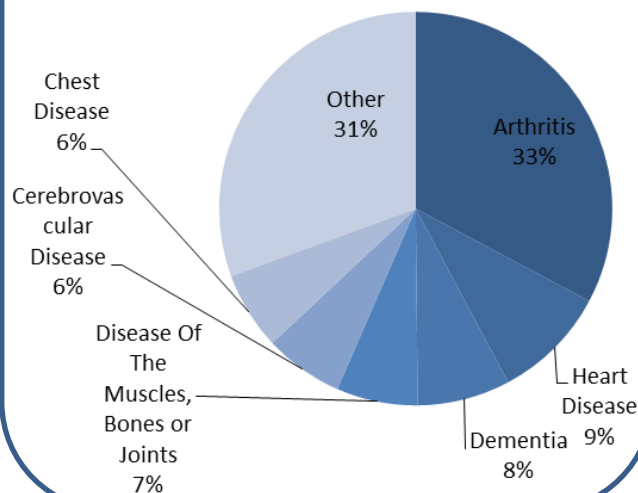


Half of all claimants have been receiving AA for over 5 years, with over a quarter (27%) receiving AA for between 2 to 5 years.

Over 63% of all AA claimants are aged over 80.



There are a wide range of qualifying conditions for AA with arthritis being the most common.



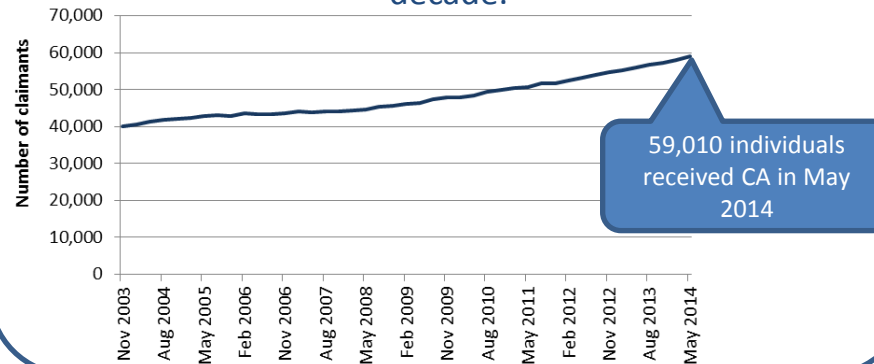
62% of AA claimants receive the higher rate of care, meaning they require both day and night care or are terminally ill.

Carers Allowance in Scotland – May 2014

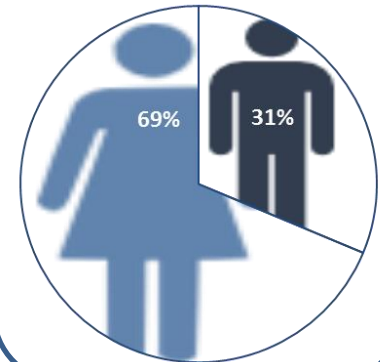
CA is provided to help an individual look after someone with substantial caring needs. To be eligible the individual must be 16 or over and spend at least 35 hours a week caring for them.

In 2013/14 £182m was spent on CA in Scotland, 8.7% of the GB total which is slightly more than Scotland's population share (8.6%).

CA caseload has been increasing steadily over the last decade.



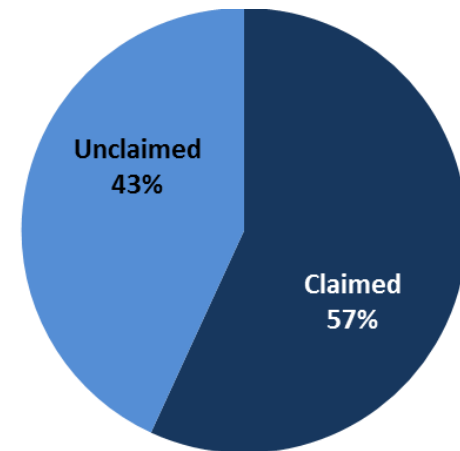
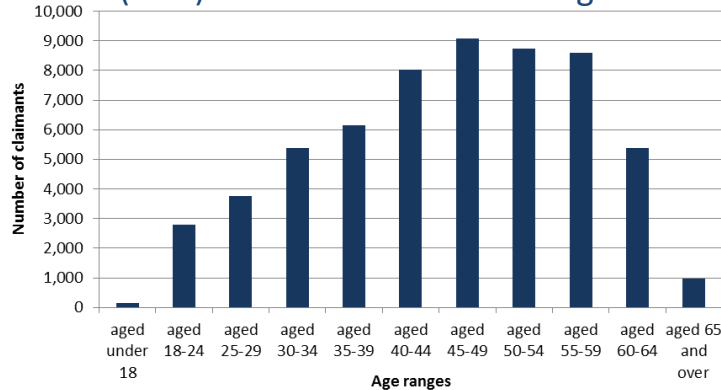
Gender split



The majority (66%) of claimants have been receiving CA for over 2 years, 38% have been receiving CA for over 5 years.

43% of CA claimants are entitled to CA but do not receive a CA payment. This is because they are also in receipt of another benefit, such as State Pension, JSA or ESA, which provide a higher level of income.

Over half (58%) of all CA claimants are aged 40 to 59.

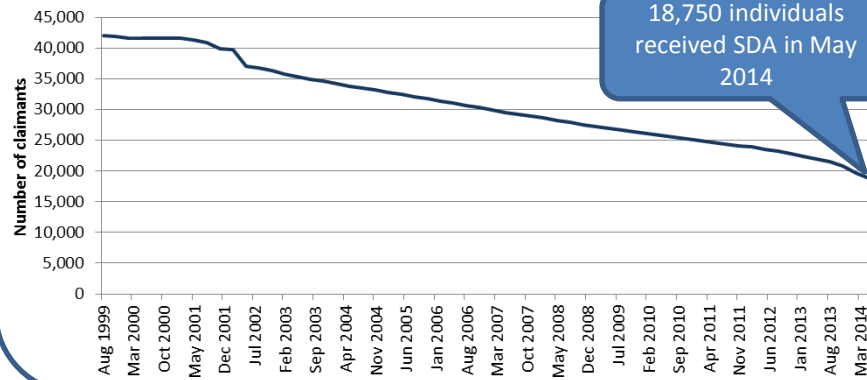


Severe Disablement Allowance in Scotland – May 2014

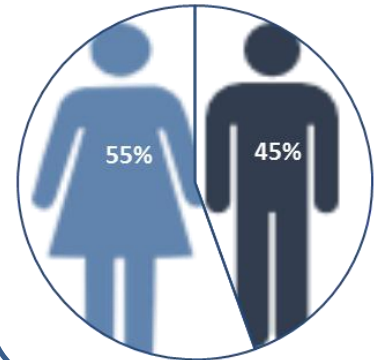
SDA is for working age individuals who are unable to work due to illness or disability. It was replaced by Incapacity Benefit in April 2001, which has subsequently been replaced by Employment and Support Allowance.

In 2013/14 £91m was spent on SDA in Scotland, 10.6% of the GB total which is more than Scotland's population share (8.6%).

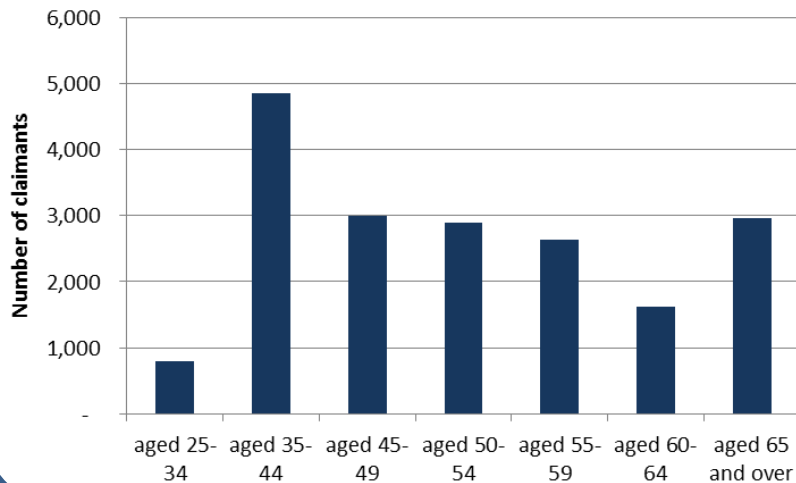
SDA caseload is falling as it is closed to new claimants.



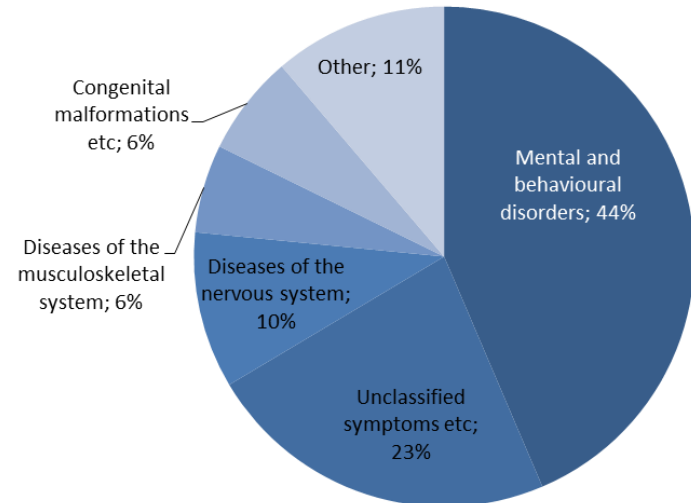
Gender split



Individuals aged 35 to 44 account for just over a quarter (26%) of all SDA claimants.



There are a wide range of qualifying conditions for SDA with mental and behavioural disorders being the most common.

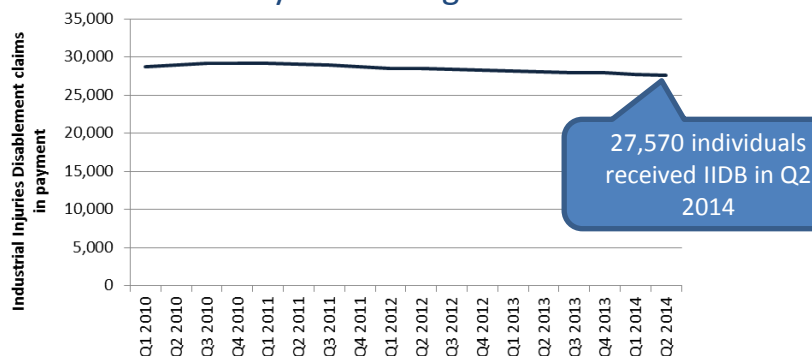


Industrial Injuries Disablement Benefit in Scotland – Q2 2014

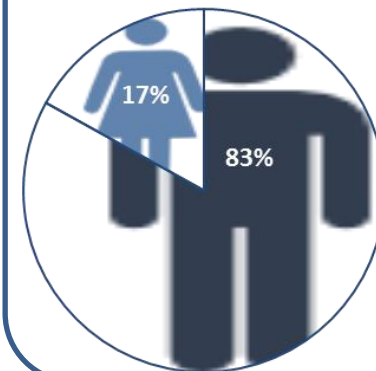
IIDB is for individuals who are ill or disabled as a result of an accident or disease caused by work or while they were on an approved employment training scheme or course.

It is estimated that in 2013/14 £83m was spent on IIDB in Scotland, around 9.5% of the GB total which is slightly more than Scotland's population share (8.6%). This estimate is based on the proportion of Industrial Injuries Benefits expenditure spent on IIDB at the GB level.

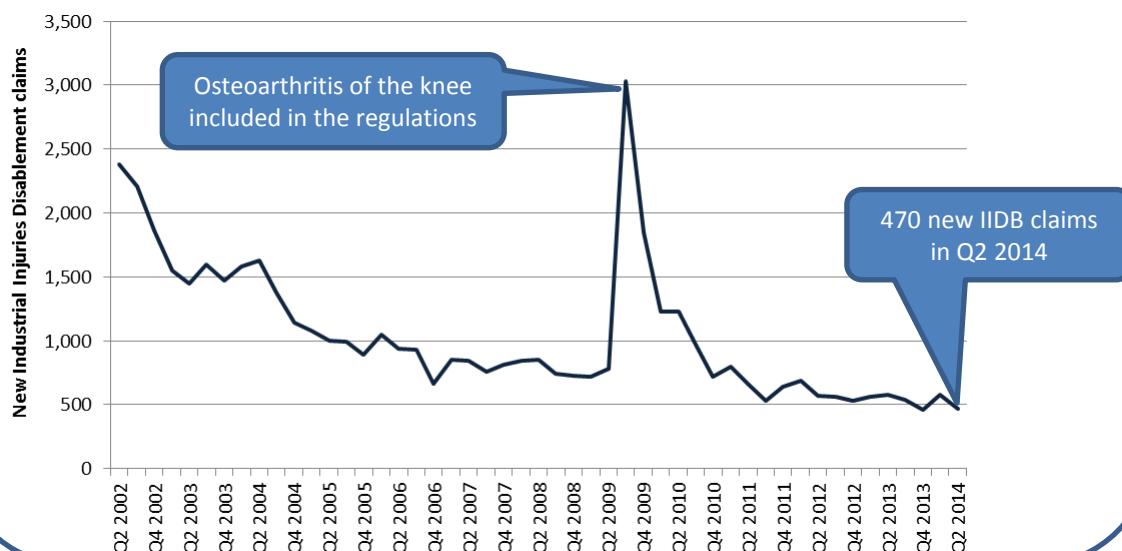
The number of IIDB claims in payment has been slowly decreasing since 2010.



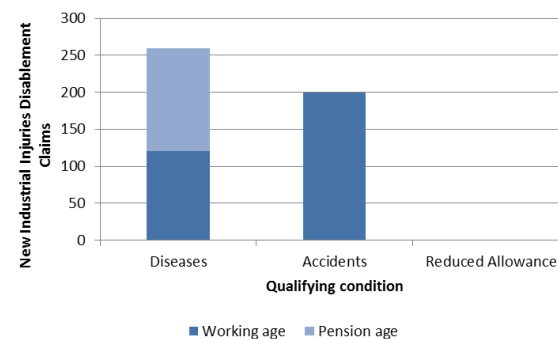
Gender split



The number of new claimants has been on a general downward trend since 2002.



Diseases are the most common qualifying condition for IIDB accounting for 55% of all new claims. However, accidents account for 63% of all new working age claims.



Discretionary Housing Payment in Scotland – Q2 2014

DHP provides additional help for those in receipt of Housing Benefit and having difficulty meeting their rent payments. It is paid at the discretion of the Local Authority.

In 2013/14 £29m was spent on DHP in Scotland, over 16.3% of the GB total which is greater than Scotland's population share (8.6%).

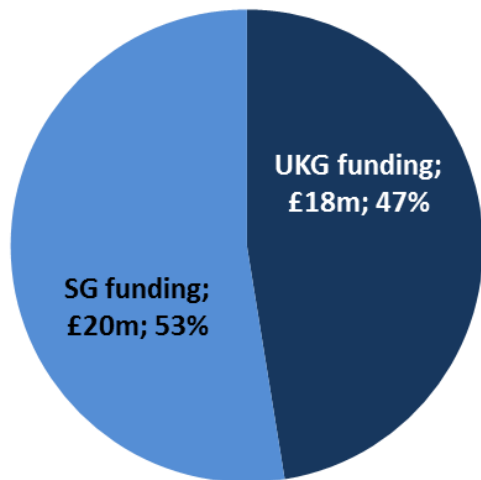
This is due to Scottish Government using DHP to counter the effects of the "Bedroom Tax".

In 2013/14 there were 87,362 DHP awards in Scotland.



The average DHP award in Scotland was around £335. This is less than the average award at the GB level (around £450) and reflects the difference in accommodation costs.

The Scottish Government provided slightly more than half of the funding for DHP in 2013/14



While £38m of DHP funding was available in 2013/14 only £29m was spent. The reasons for this underspend are likely to be due to a range of factors, including:

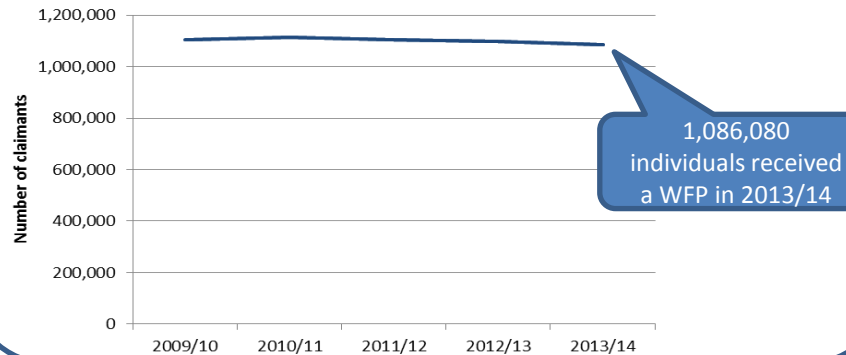
- rapid growth in the amount of DHP funding available, from around £4 million in 2012/13 to over £38 million in 2013/14,
- the timing of when funding became available throughout the financial year – not all of the funding was available from the 1st April 2013,
- the scale of the additional rural funding compared to need in these areas, and
- uncertainty about the maximum cash limit on expenditure, which was clarified by the DWP one week before the end of the financial year.

Winter Fuel Payment in Scotland – May 2014

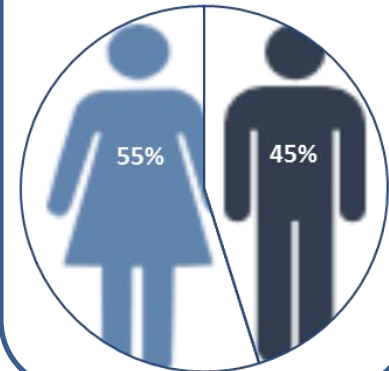
WFP is a tax-free payment to help pay for heating bills if an individual was born on or before 5 July 1952 (current State Pension Age for women).

In 2013/14 £186m was spent on WFP in Scotland, 8.7% of the GB total which is very slightly more than Scotland's population share (8.6%).

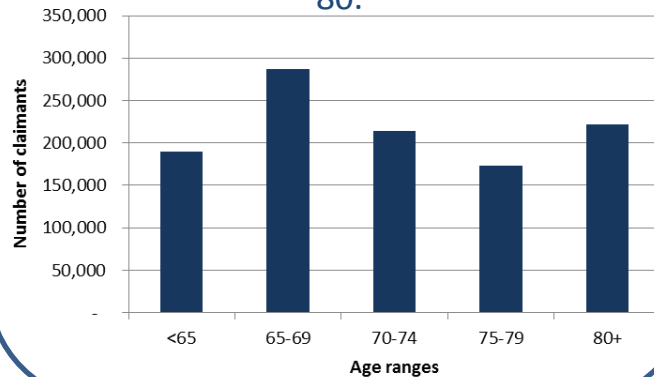
WFP caseload has remained broadly flat at around 1.1 million claimants since 2009/10.



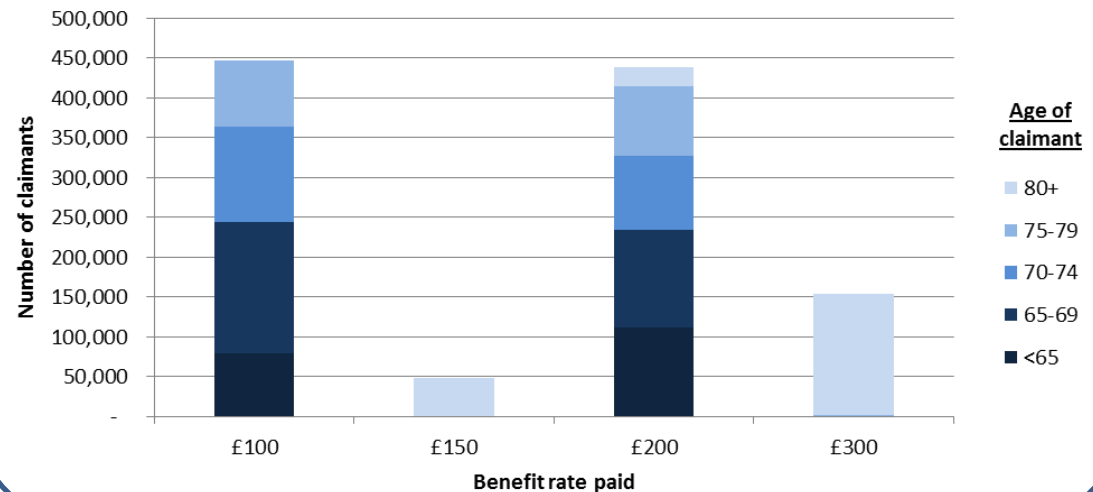
Gender split



WFP is payable to individuals over the female state pension age who have been residing in the UK during a specified week in September of that year. A fifth of claimants are aged over 80.



The rate of WFP an individual receives depends on their age and circumstances.



Benefits currently part of the Regulated Social Fund – 2013/14

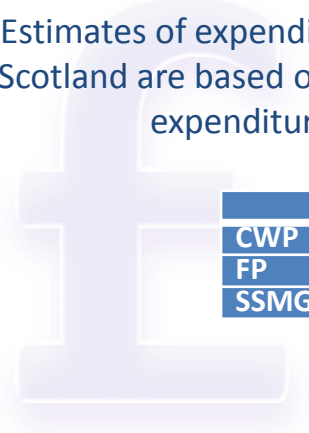
Cold Weather Payments (CWP), Funeral Payments (FP), and Sure Start Maternity Grants (SSMG) are all benefits currently administered through the UK Government Regulated Social Fund.

Cold Weather Payment are payments for individuals on certain benefits when the temperature is either recorded as or forecast to be, an average of zero degrees Celsius or below over 7 consecutive days.

Funeral Payments are for individuals on low income and needing help to pay for a funeral they are arranging.

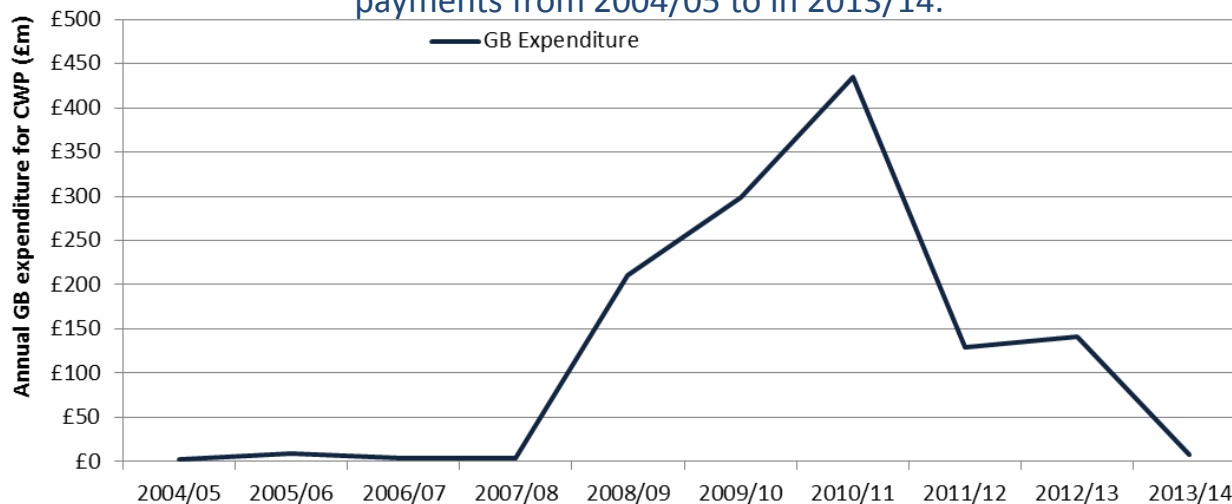
Sure Start Maternity Grant is a one off payment of £500 to help towards the costs of having your first child for individuals who are in receipt of certain benefits.

Estimates of expenditure on CWP, FP and SSMG in Scotland are based on Scotland's proportion of GB expenditure on DWP benefits.



	GB	Scotland
CWP	£8m	£1m
FP	£44m	£4m
SSMG	£37m	£3m

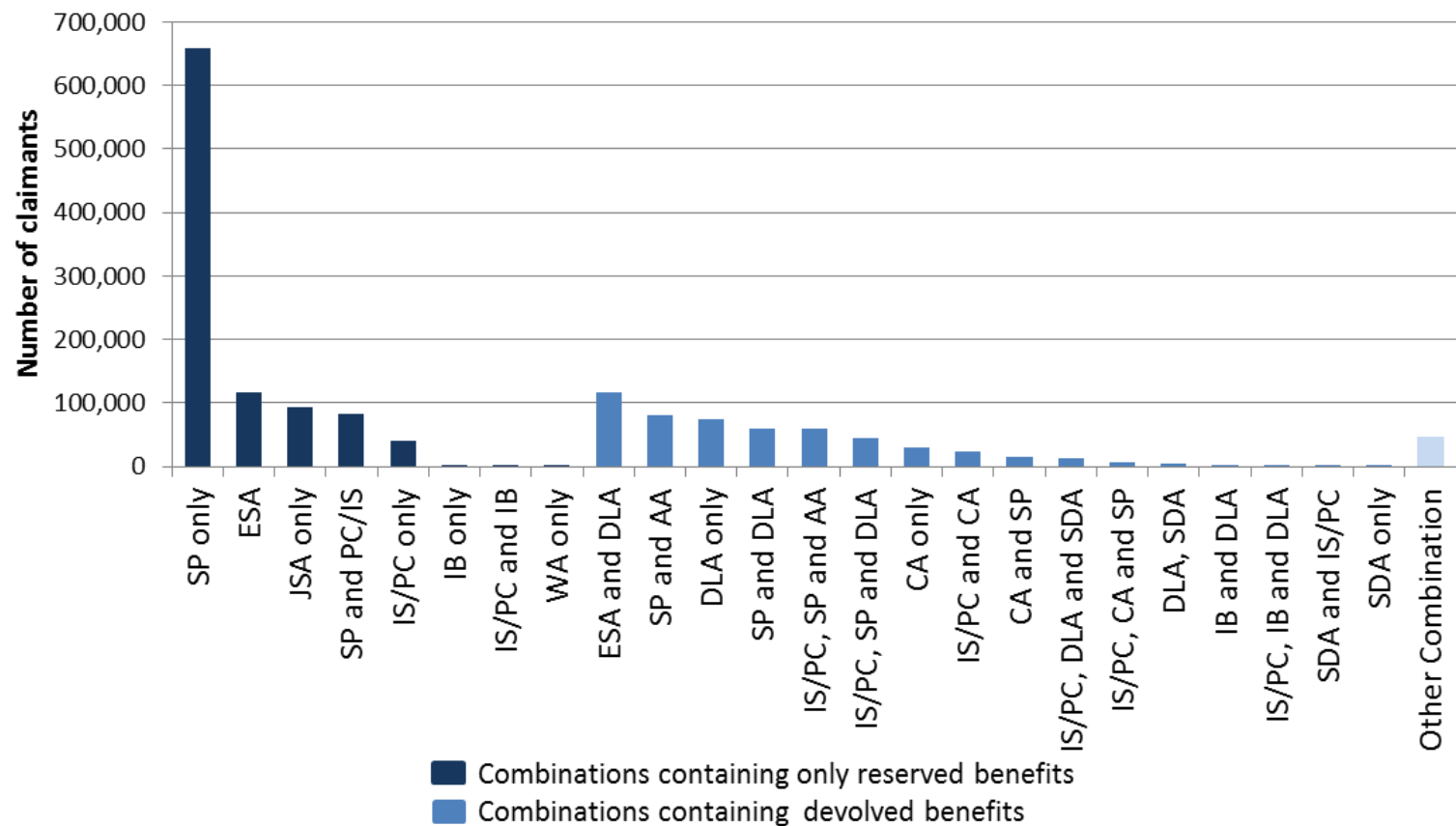
It should be noted that expenditure on Cold Weather Payments are extremely volatile due to the payment being dependant on weather conditions. The chart below shows the changes in GB expenditure on cold weather payments from 2004/05 to in 2013/14.



Benefit Combinations in Scotland – May 2014

Individuals can be in receipt of more than one benefit at any one time. As a result there will be interactions between any devolved and reserved benefits which may impact on individuals behaviours. Limited information is available on the combinations of benefits individuals receive with DWP data providing some data on their benefits, although with notable exceptions like Housing Benefit.

This interaction is highlighted by 34% of claimants of the main DWP benefits claiming a benefit combination which includes a devolved benefits. State Pension only claimants account for the largest proportion (42%) of all claimants.



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List of abbreviations

AA	Attendance Allowance	SP	State Pension
CA	Carer's Allowance	SPA	State Pension Age
CWP	Cold Weather Payment	SSMG	Sure Start Maternity Grant
DHP	Discretionary Housing Payments	WA	Widow's Allowance
DLA	Disability Living Allowance	WFP	Winter Fuel Payment
DWP	Department for Work & Pensions		
ESA	Employment & Support Allowance		
FP	Funeral Payment		
IB	Incapacity Benefit		
IIDB	Industrial Injuries Disablement Benefit		
IS	Income Support		
JSA	Jobseeker's Allowance		
PC	Pension Credit		
PIP	Personal Independence Payment		
SDA	Severe Disablement Allowance		



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