

Carer's Allowance Supplement (Scotland) Bill

Business and Regulatory Impact Assessment

July 2021

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Purpose and intended effect

Background

The purpose of Carer's Allowance Supplement (Scotland) Bill ("the Bill") is to make provision for a further increased payment of Carer's Allowance Supplement to carers in Scotland. The Bill also confers an enabling power to allow Scottish Ministers, by regulations, to increase the amount of Carer's Allowance Supplement to allow for greater flexibility to increase payments in the future if necessary.

Objectives

The Bill aims to provide unpaid carers who receive Carer's Allowance with extra financial support in recognition of the extra burden the pandemic has placed on carers and due to the loss of income and increased costs many have faced as a result of the coronavirus outbreak. It is intended that this will help to mitigate negative financial impacts and help to relieve some of the stress associated with additional and different caring responsibilities. This is in line with the Scottish Government's broader policy objective to support carers to protect their health and wellbeing, so they can continue to care if they so wish, and have a life alongside caring.

This extra support will be paid as an increased amount of Carer's Allowance Supplement for the period from 1 October 2021 to 31 March 2021. As the extra support for this period is intended to help address the effects of the coronavirus outbreak, the amount by which the Carer's Allowance Supplement is increased is referred to in this document as the 'Coronavirus Carer's Allowance Supplement'.

The Bill also proposes to confer a delegated power on the Scottish Minister to enable the Scottish Ministers to introduce regulations to provide unpaid carers who receive Carer's Allowance with extra financial support if necessary.

The provision of the Carer's Allowance Supplement under section 81 of the Social Security (Scotland) Act 2018 ("the 2018 Act") was intended as a short term measure until Carer's Allowance for unpaid carers in Scotland was replaced by a new carer's assistance under the framework of the 2018 Act.

The delays to delivery of the programme for the devolution of social security resulting from the coronavirus pandemic mean that the provisions in section 81 of the 2018 Act will be in place for longer than previously anticipated. The Scottish Government considered limiting the use of the delegated power specifically to responding to the current coronavirus pandemic, but consider that recent experiences have highlighted the need for greater flexibility to respond to unforeseen future events and that a broader power would be more appropriate.

Rationale for Government intervention

It is the Scottish Government's view that this legislation is necessary to provide support to unpaid carers with the ongoing impact of the pandemic.

In June 2020, an increased amount of Carer's Allowance Supplement was also paid to carers in Scotland who qualified for Carer's Allowance on 13 April 2020 in recognition of the impact of coronavirus, through provisions made in the Coronavirus (Scotland) (No. 2) Act 2020 (paragraph 6 of schedule 1 of that Act temporarily modified the 2018 Act to insert a new section 81(4A)). The aim of this was to recognise and help mitigate the impacts of additional caring responsibilities and financial impacts, such as negative impacts on household finances and health and well-being, as a result of the spring 2020 coronavirus lockdown on unpaid carers. The Scottish Government intend to provide for the expiry of this provision in September 2021 since this payment period has passed and it is no longer necessary.

The coronavirus outbreak has had an impact on many of Scotland's unpaid carers which is specifically connected to their caring role. While it is not possible to quantify this impact precisely, the Scottish Government considers that many unpaid carers will have experienced a loss of income and increased costs during the coronavirus outbreak.

In most cases, this is likely to be more severe for those unpaid carers with a more intensive caring role and lower financial resilience. The Scottish Government considers that the receipt of Carer's Allowance is a way of identifying these unpaid carers, because it requires 35 hours or more caring per week with a weekly income threshold of £128. Around 83,000 unpaid carers in Scotland receive Carer's Allowance, and they are more likely to be in the bottom half of income deciles and have poorer health and educational outcomes.

The continuing and extended Covid-19 restrictions, have brought additional stresses to unpaid carers, including a reduction in the formal health and social care provision for the people they care for. Stakeholders continue to highlight the financial, physical and emotional strain on many carers as a result of their enhanced role during this period and to call for additional support.

Consultation

No formal consultation has been undertaken in the development of this policy, due to the urgency of ensuring the Bill is in place to enable payment to reach carers for the December 2021 Carer's Allowance Supplement payment date. Ongoing engagement with carer organisations in Scotland throughout the last year on the impact of the coronavirus outbreak on unpaid carers has, however, been a key consideration.

Carers organisations have noted the additional mental health and practical pressures experienced by carers across the country during the Winter 2020-21 lockdown. In

September 2020, Carers Scotland¹ carried out a survey of unpaid carers on their practical, emotional and financial experiences during the pandemic which highlighted that 80% of carers in Scotland who responded to the survey reported that the needs of the person they care for have increased since the Covid-19 pandemic, with 7% of carers having reduced hours to manage their caring responsibilities, and 7% having to give up work to care since the Covid-19 pandemic; 63% have reported feeling more stressed, with 55% saying it had an impact on their health and wellbeing; and 29% of carers in Scotland who responded to the survey reported that they are struggling to make ends meet, with 10% revealing they were/had been in debt as a result of caring.

Options

When developing the provisions within the Bill, the Scottish Government gave consideration to the following options:

- Option 1 – Do not bring forward legislation on these issues;
- Option 2 – Bring forward primary legislation to address these issues to ensure the continued effective implementation of the 2018 Act.

Outwith the social security system, a range of support is provided to carers including the right to an adult carer support plan or young carer statement, practical support, advice and information through Scotland's network of carers centres and information and extra support for young carers through Young Scot. Additional funding has also been made available to enable carer centres to provide support remotely during the pandemic and an extra £750,000 has been invested in the 'Time to Live' scheme, to allow for carers to take short breaks away from caring, usually virtually. Not all carers will benefit from this and a Coronavirus Carer's Allowance Supplement payment is the only way to get additional financial support to carers who typically will have the most intense caring roles and tend to be in the lower half of income deciles.

The Scottish Government has considered a range of legislative options to make payments to unpaid carers, such as using the carer's assistance or short term assistance provisions in section 28 and 36 of the 2018 Act, or amending the current Carer's Allowance legislation. The Scottish Government has also considered different payment mechanisms. However, anything other than an automatic payment through Social Security Scotland would require the cooperation of the Department for Work and Pensions, which currently delivers Carer's Allowance in Scotland on behalf of the Scottish Ministers under an agency agreement, and capacity within the Social Security programme and Social Security Scotland to deliver and operate new systems. Making a payment alongside the December 2021 Carer's Allowance Supplement would ensure that there is not a risk to Social Security Scotland's capacity to deliver the seven existing benefits it already provides to people on low incomes. It would also have minimal impact on the Department for Work and Pensions.

The Scottish Government considered that option 2 should be selected.

¹ [Caring Behind Closed Doors: six months on - Carers UK](#)

Costs

The Scottish Government does not anticipate any extra costs for business as a result of the Coronavirus Carer's Allowance Supplement.

The payment will be made direct into recipients' bank accounts alongside the regular Carer's Allowance Supplement payment in December, with recipients having received a letter with information about the payment in advance. Through this and wider communications, the Scottish Government will clarify that carers do not need to take any action to receive the payment and that it will be paid automatically to carers who receive Carer's Allowance Supplement.

This will minimise potential demand on the advice sector and wider carer support organisations in terms of requests for information and guidance. There are plans in place to engage with these organisations to identify and meet any needs they have, though from experience with the Carer's Allowance Supplement, those needs are anticipated to be minimal.

Benefits

The Coronavirus Carer's Allowance Supplement will provide approximately 83,000 carers eligible for Carer's Allowance with a payment of £231.40 in December 2021 (or later if their eligibility is established at a later point). The Scottish Fiscal Commission estimates this would cost circa £21.0 million².

The Scottish Government anticipates this would have a positive impact on business, as it decreases the risk that eligible carers would be unable to meet ongoing costs caused by the coronavirus outbreak, such as increased heating and electricity costs from having to stay at home, and additional costs in providing food, activities or other resources.

Scottish Firms Impact Test

It is not considered that the proposal will have any impact on Scottish business.

Competition Assessment

No competition assessment is required. The Bill's provisions do not give rise to any immediate or direct impact on competition.

Test run of business forms

There are no new business forms proposed.

Digital Impact Test

² [Scottish Fiscal Commission](#)

No digital impact test is required. The Bill's provisions do not give rise to any immediate or direct impact on technology or technological advances.

Legal Aid Impact Test

The Bill's provisions do not give rise to an immediate impact on the legal aid fund.

Enforcement, sanctions and monitoring

There are anticipated to be no additional burdens for businesses, local government or the third sector generated by these provisions.

The 2018 Act places a duty on the Scottish Ministers to publish an annual report on the performance of the Scottish social security system. On-going engagement with key stakeholders, including carer organisations, will also provide the Scottish Government with an opportunity to monitor the impact of the policy.

Audit Scotland monitor and report on the delivery of the social security system, including Social Security Scotland.

Implementation and delivery plan

Coronavirus Carer's Allowance Supplement will be implemented by Social Security Scotland alongside the scheduled December 2021 Carer's Allowance Supplement, utilising information from the data scan that the Department for Work and Pensions provides for Carer's Allowance Supplement so that Social Security Scotland can identify Carer's Allowance Supplement recipients. Detail is included in the existing data sharing agreement on joint working arrangements covering the implementation of devolved provisions in the Scotland Act 2016³.

Summary and recommendation

Of the 2 identified options, the Scottish Government proposes to implement option 2 (bring forward primary legislation). The Scottish Government does not anticipate significant business or regulatory impacts arising from the introduction of the Bill.

The purpose of the Bill is to make provision for a further payment of Coronavirus Carer's Allowance Supplement to carers in Scotland and allow for greater flexibility to increase the amount of future payments of Carer's Allowance Supplement. The costs associated with the Bill are necessary to ensure that carers receive this support.

³ [Carer's Allowance in Scotland: Agency Agreement and Service Level Agreement - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Option	Total benefit per annum: Economic, environmental, social, policy and administrative	Total cost per annum: Economic, environmental, social, policy and administrative
1	Selection of this option would bring no significant benefit.	Selection of this option would bring no significant direct costs. However, there are indirect long term costs as a result of poorer health and wellbeing outcomes for both the cared for person and the carer. These costs are likely to be incurred in health, social care and social security budgets.
2	<p>This option will contribute towards the delivery of a number of national outcomes. Providing additional support for unpaid carers has the potential to secure preventative savings in terms of improved health and wellbeing outcomes for both the cared for person and the carer. This is likely to lead to strengthened individual ability to continue to provide care, if they choose to do so, or remain in employment alongside their caring role. These savings are likely to be incurred in health, social care and social security budgets.</p>	<p>(1) Increase to Carer's Allowance Supplement</p> <p>The Scottish Fiscal Commission estimates the cost of a payment to all eligible recipients for the period from 01 October 2021 to 31 March 2022 is forecast to be circa £21.0 million. Uncertainty in the spend could be +/- £2 million by the end of the forecast.</p> <p>This figure has been forecast by doubling the amount of the Carer's Allowance Supplement in respect of this period (which would otherwise have been calculated in accordance with section 81(4) of the 2018 Act) using the same model as the Scottish Fiscal Commission used for the Budget 2021-22 forecast in January. It has also been checked against data published subsequently by the Department for Work and Pensions and Social Security Scotland.</p> <p>Additional costs to Social Security Scotland to implement and administer the payment would likely relate to communication with users about the increased payment, though these costs are expected to be minimal as payment and communication would be made alongside existing Carer's Allowance Supplement payment dates.</p>

		<p>(2) Power to increase Carer's Allowance Supplement</p> <p>Indicative costs arising from the exercise of this power would be dependent on the amount of extra financial support specified in the regulations in respect of a period. As indicated above, the Scottish Fiscal Commission estimates the cost of a payment to all eligible recipients for the 6-month period from 1 October 2021 to 31 March 2022 is forecast to be circa £21.0 million.</p> <p>Should the power be exercised in a similar way to double the amount of the Carer's Allowance Supplement that would otherwise be payable in respect of the equivalent 6-month period in 2022-23 or 2023-24, the estimated cost would be in the region of £22 million or £23 million respectively (albeit uncertainty in the spend could be +/- £2 million by the end of the forecast). The estimated cost for each year would be approximately twice the corresponding additional cost for the year, if the amount of the Carer's Allowance Supplement for both 6-month periods in that year (calculated in accordance with section 81(4) of the 2018 Act) were doubled.</p> <p>This is based on the current Carer's Allowance Supplement forecasts, but policy changes to disability benefits could result in a higher caseload and consequently higher spend in future years.</p> <p>98% of Carer's Allowance Supplement payments in a given financial year are expected to be paid to the client in the same year, with most of the remaining 2% of payments paid the following year. It is assumed that costs will either be paid out in the year in question or be accrued into that year as required, and hence will not lead to a spread across multiple years.</p>
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		<p>The above costs are purely illustrative and exercise of the power would be very dependent on the circumstances that apply at the time.</p> <p>As qualification for Carer's Allowance is reliant on the cared for person being in receipt of disability benefits , changes to disability benefits could result in more Carer's Allowance recipients and consequently higher costs associated with providing a double payment in future years.</p> <p>Additional costs would be incurred by Social Security Scotland to implement and administer the payment. These costs will be negligible as future payments would be made alongside existing payment Carer's Allowance Supplement payment dates. Costs would therefore be absorbed as part of the existing Social Security Scotland Carer's Allowance Supplement running costs.</p>
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Declaration and publication

The Cabinet Secretary or Minister responsible for the policy (or the Chief Executive of non- departmental public bodies and other agencies if appropriate) is required to sign off all BRIAs prior to publication.

Sign-off for BRIAs

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed: Ian Davidson
Date: 21 June 2021

Minister's name: Ben Macpherson MSP
Minister's title: Minister for Social Security and Local Government

Scottish Government Contact point: Andrew Strong, Senior Policy Officer, Social Security Directorate.



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The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80201-129-6 (web only)

Published by The Scottish Government, July 2021

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS899167 (07/21)

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