POLICY NOTE

THE CARER'S ALLOWANCE UP-RATING (SCOTLAND) ORDER 2020

SSI 2020/XXX

The above instrument will be made in exercise of the powers conferred by sections 150(9) and 189(1) and (4) of the Social Security Administration Act 1992 ('the 1992 Act'). The instrument is subject to the affirmative procedure. For the purposes of this note, the instrument will be referred to as 'the 2020 Order'.

Purpose of the instrument.
This Order provides for an increase in the weekly rate of payment of Carer's Allowance and the restatement of the amount of Child Dependency Increase as an additional weekly payment payable to some recipients of Carer's Allowance.

Policy Objectives
The purpose of the 2020 Order is to uprate the weekly rate of payment of Carer's Allowance.

The functions of the Secretary of State for Work and Pensions in relation to Carer's Allowance payable to people resident in Scotland transferred to the Scottish Ministers, with effect from 3 September 2018. The result is that the Scottish Ministers are responsible for the provision of Carer's Allowance to people who usually live in Scotland. An agency agreement has been entered with the Secretary of State for Work and Pensions, exercising powers arising from the Scotland Act 1998 (Agency Arrangements) (Specification) Order 2018. This has the effect that the Secretary of State delivers Carer's Allowance on behalf of the Scottish Ministers. In terms of that agreement, the Scottish Ministers are committed to uprate Carer's Allowance at the same rate as the Department for Work and Pensions (DWP). It is, though, a matter for the Scottish Ministers to make an order effecting the uprating. Given the transfer of functions, the Secretary of State has no power to make legislation in relation to Carer's Allowance payable by the Scottish Ministers.

Section 150(1) of the 1992 Act requires a review of Carer's Allowance, among other benefits, and to uprate them where there has been in increase in the general level of prices. It has been determined that there has been an increase in the general level of prices in the past year. Accordingly, this Order is brought forward in reliance on section 150(2)(a), to increase the relevant sums so far as they fall within the competence of the Scottish Ministers. In line with the approach of the DWP, the uprate to be applied is according to the September 2019 Consumer Price Index (CPI) as published on 16 October 2019, in this case **1.7%**. This is the 12-month inflation rate, which compares prices for September 2019 with the same month a year ago. There is an individual rounding convention for how new rates are calculated with the payment rounded to the nearest multiple of 5 pence.

The Order provides for an increase in the weekly rate of payment of Carer's Allowance from £66.15 to **£67.25.**

Child Dependency Increase is an additional weekly payment payable to a recipient of Carer's Allowance who is entitled to receive Child Benefit. While the Child Dependency Increase is not uprated, the current weekly payment of **£11.35** needs to be restated in the Order in

compliance with section 150(2)(c) of the 1992 Act. Child Dependency Increase was abolished in 2003 but saved for transitional cases, which affects a small number of recipients.

The transitional arrangements for payment of Adult Dependency Increase will come to an end on 5 April 2020. Accordingly, the Order does not include any provision in relation to that payment.

These figures match the rate that the UK Government will apply to Carer's Allowance and Child Dependency Increase in England and Wales. The increase to Carer's Allowance will take effect on 6 April 2020, unless arrangements have been made for payment on a Wednesday in which case they will take effect on 8 April 2020. Forecasts show an estimate of 83,000[1] recipients of Carer's Allowance in Scotland in 2020/21. The uprate will ensure that Carer's Allowance will keep pace with price inflation.

The Minister for Public Finance and Digital Economy announced the proposed rates of Carer's Allowance for 2020/21 to the Scottish Parliament during the Scottish Budget on 6 February 2020. In accordance with the 1992 Act, a draft of this Order is laid before the Scottish Parliament for approval by resolution.

Consultation

There is no statutory requirement to consult on this instrument. However, a comprehensive report[2], including analytical evidence, on the measures that could be used to uprate devolved social security assistance provided under the Social Security (Scotland) Act 2018 was provided to the Social Security Committee and the Scottish Commission on Social Security (SCoSS) to allow them to engage on the uprating policy prior to the laying of this legislation. The analytical report was prepared to provide a detailed review of relevant inflation measures to inform the options available to uprate devolved social security assistance. The Policy Paper set out the Scottish Government's proposed approach to uprating and recommended the use of the September CPI with the payment rounded to the nearest 5 pence. The paper also noted that, during any period when a benefit is delivered by DWP on behalf of Scottish Ministers under an agency agreement, Scottish Ministers will be obliged to uprate on the same basis as DWP. SCoSS were supportive of the Scottish Government's uprating policy in the short term and the Social Security Committee noted the Scottish Government's position and had no further views to report beyond the discussion at the Committee on 10 October 2019[3].

Impact Assessments

The full range of impact assessments were considered and completed where necessary for the Social Security (Scotland) Bill (which included provision for the Carer's Allowance Supplement) and will take place for each of the devolved benefits e.g. impact assessments have been published, for Best Start Grant[4], Funeral Expense Assistance[5], Young Carer Grant[6].

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[1] Source: (supplementary table S5.1 Chapter 5) https://www.fiscalcommission.scot/forecasts/

[2] https://www.parliament.scot/S5_Social_Security/General%20Documents/20190902_CabSecSSOP_to_Convener_uprating_measures.pdf

[3] http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12322&mode=pdf

[4] https://beta.gov.scot/publications/early-years-assistance-consultation-best-start-grant-regulations/pages/9/

[5] https://www.gov.scot/publications/consultation-funeral-expense-assistance-regulations/pages/8/

[6] https://www.gov.scot/publications/consultation-young-carer-grant-regulations/pages/8/

Impact assessments for any new Scottish carer benefits will be undertaken at the point where policy is being developed and regulations are being drafted.

As the uprating of Carer's Allowance ensures that the benefits people receive keep pace with inflation, and maintain the current situation, then it is considered that there is no significant impact on the private, voluntary or public sector.

Financial Effects

A Financial Memorandum[7] was completed prior to introduction of the Social Security (Scotland) Bill.

The Financial Memorandum considers the costs of uprating and recognises that the methodology of uprating of benefits for inflation is a source of financial risk as any future policy differentials between Scotland and the UK for uprating could result in additional pressures on the Scottish Budget.

However, as this uprate to Carer's Allowance for recipients in Scotland is the same as to recipients in England and Wales this means there will be no impact on the Scottish Budget. The block grant adjustment methodology detailed in the "Agreement between the Scottish Government and the UK Government on the Scottish Government's fiscal framework" published on 23 February 2016, continues to link adjustments to the Scottish block grant in respect of welfare to spending on equivalent policy areas in England and Wales. This means the Scottish Government is funded to provide the same level of benefits as in England and Wales.

Scottish Government
Social Security Directorate

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[7] http://www.parliament.scot/S5_Bills/Social%20Security%20(Scotland)%20Bill/SPBill18FMS052017.pdf