

# **Business and Regulatory Impact Assessment**

# **Young Carer Grant**

**June 2019**

## Business and Regulatory Impact Assessment

### Title of Proposal

Young Carer Grant

### Purpose and intended effect

#### Background

- On 20 September 2017 the First Minister announced a new cross portfolio package of support for young carers, with the Young Carer Grant (YCG) as its centrepiece to be launched in Autumn 2019. As part of the wider package of support, recipients of YCG will be provided with free bus travel from 2020/2021, further to piloting. Moreover a bespoke carer element to the Young Scot National Entitlement Card, providing non-cash benefits for young carers aged 11-18, will be rolled out from June 2019.
- YCG is a new policy and will be delivered on an entitlement basis. It will consist of a £300 single payment, which can be applied for annually, for those young carers aged 16-18 with significant caring responsibilities.
- This policy has been brought forward as a result of the devolution settlement enacted in the Scotland Act 2016 as well as the overarching framework for the new social security system set out under the Social Security (Scotland) Act 2018. The Scotland Act 2016 gives the Scottish Government legislative competence over eleven benefits including Carer's Assistance. The Social Security (Scotland) Act 2018 sets out the legislative framework for the administration of social security in Scotland and makes provision for operational functions such as managing overpayments, fraud, error and appeals.
- The Regulations for YCG will provide the details of the new benefit including the eligibility criteria, payment level and application windows.

#### Objective

- The new Social Security (Scotland) Act 2018 will allow Scottish Ministers to create a distinctly Scottish approach to developing a new social security system which has dignity and respect at its core. YCG contributes to this approach with the introduction of a new Scottish carer benefit to provide targeted financial support to eligible young carers.
- For many young adults with considerable caring responsibilities, their life opportunities may be limited by their caring role. Research has shown that many young adult carers are more likely to be living in low income households, feel socially isolated and have poorer physical and mental wellbeing than non-carers. Young carers are more likely to live in an area of multiple deprivation – 3.1% of young people aged under 25 living in the 20% most deprived areas in Scotland are carers, compared with 1.7% in

the least deprived areas. 28% of young carers living in the most deprived areas care for 35 hours per week or more; compared with 17% of carers living in the least deprived areas. Additionally, an estimated 48 school days for young carers are affected – absence, lateness or requiring to leave early - because of caring responsibilities each year. Young adult carers are four times more likely to drop out of college or university than students who are not carers: young adult carers in work missed an average of 17 days per year and were late or had to leave early on approximately 79 days a year because of their caring responsibilities.

### **Rationale for Government intervention**

- YCG will mainly affect young carers aged 16 to 18 and is designed to help these young people improve their quality of life and help them improve their health and education outcomes, by offering some financial assistance to help break down barriers that they can experience in accessing opportunities that are the norm for many other young people.
- Providing additional financial resource to eligible young people with significant caring responsibilities contributes to the Scottish Government's Healthier, Smarter and Wealthier and Fairer strategic objectives and to sustainable economic growth in Scotland. YCG will help in the promotion of the Economic Strategy and in the delivery of the priorities for sustainable growth. The grant will also be aligned with and form a package of measures that will contribute to a number of National Outcomes including:
  - We grow up loved, safe and respected so that we realise our full potential
  - We are healthy and active
  - We tackle poverty by sharing opportunities, wealth and power more equally
  - We are well educated, skilled and able to contribute to society
  - We respect, protect and fulfil human rights and live free from discrimination.

In relation to the five principles of better regulation:

- **proportionate** – YCG will mainly impact applicants. The Scottish Government will look to identify and minimise any indirect impacts, for example administrative burdens, on local government, private businesses or third sector organisations as a result of the grant.
- **consistent** – YCG builds on the Social Security (Scotland) Act 2018 framework of a new system that is underpinned by dignity, respect and a human rights based approach. The grant will be delivered on an entitlement basis to eligible young people. We will publish guidance on the grant so that it is clear how decisions are being made. There will be provision in place to

enable grant decisions to be challenged through internal review in the form of a re-determination of their decision by Social Security Scotland (an Executive Agency of the Scottish Government) and have the right of appeal to a First-tier Tribunal.

- **accountable** – We will ensure that applicants understand their right to have their decision re-determined by Social Security Scotland and to request an appeal to the First-tier Tribunal if they remain unhappy with a decision. In addition, the Social Security Charter is concise and written in plain English, clearly explaining what people are entitled to expect from the new system. Complaints regarding Social Security Scotland can be directed to the Scottish Public Services Ombudsman.
- **transparent** – We will develop a communications strategy for YCG. This will aim to ensure that people who are eligible, the third sector, local government, education sectors and advice providers are aware of the grant, know how to apply and understand the eligibility criteria. We will publish guidance on the grant so that the eligibility is clearly explained. Also under the Carers (Scotland) Act 2016 there is a requirement for local authorities to provide an information and advice service for carers, which includes income maximisation.
- **targeted only where needed** – There are an estimated 44,000 young carers in Scotland aged up to 18 and at least 11,000 young adults meet the age requirements for the grant and have a caring role in Scotland. YCG is targeted at young people with significant caring responsibilities to ensure targeted assistance is provided to those most in need. The Scottish Government expects to make approximately 2,400 YCG payments per year.

## Consultation

- **Within Government**

The Social Security Directorate within Scottish Government has, and continues to, engage with all Directorates involved in the development and delivery of social security in Scotland. This includes: Directorates for Housing and Social Justice, Digital, Local Government and Communities; Director General Economy, Director General Health & Social Care, Director General Learning and Justice and Director General Finance.

The Scottish Government social security programme has its own governance arrangements and is aligned to the wider Scottish Government and Devolution arrangements at both official and Ministerial level in order to ensure appropriate decision making, monitoring and control. The social security programme is delivery-focussed, tasked with establishing the new Social Security Scotland agency and the safe and secure transition of the devolved benefits. The

Programme Board that oversees the delivery of the social security programme includes representation from a range of senior officials across Scottish Government, the Department for Work and Pensions, and non-executive Directors who provide insight and critical challenges.

- **Public Consultation**

The 12 week consultation period on the draft YCG Regulations, Child Rights and Wellbeing Impact Assessment and Equality Impact Assessment considerations and Business and Regulatory Impact Assessment gave individuals and businesses further opportunities to comment on the potential impact on individuals, businesses, local government and the third sector. It ran from 17 September to 10 December.

The Scottish Government's consultation on Social Security in Scotland ran from 29 July 2016 to 28 October 2016. The consultation set out the vision and key principles for social security in Scotland.

The consultation was in three parts, covering:

- a principled approach;
- the devolved benefits; and
- operational policy.

A total of 521 written responses to the consultation were received, 280 from individuals and 241 from organisations. The specific question on how the Scottish Government could improve the support given to young people with significant caring responsibilities - beyond what is currently available received 60 responses (29 individual and 31 from organisations). Respondents represented a wide range of individuals and organisations with knowledge and experience of, or an interest in social security matters. The independent analysis of the responses, by Research Scotland, along with the Scottish Government response were published on 22 February 2017. There was a clear response that respondents to the consultation want Scottish Government to introduce additional provision of support for young carers - beyond what is currently available.

In addition to the formal consultation, the Scottish Government held over 120 engagements carried out with partners across all 32 local authorities in Scotland between July and October 2016. These events provided stakeholders with the opportunity to communicate their views and contribute to the development of Social Security Scotland in the proposals contained in the Social Security (Scotland) Act 2018.

The Scottish Government established the Young Carer Grant Working Group which has regular meetings to discuss policy and service design developments. Membership of the group consists of young carer representatives, local and national carer organisations, national youth organisations, national advice agencies, CoSLA and Scottish Government officials.

The Scottish Government has also engaged with those with direct, personal experience of the current benefits system, particularly through the establishment of

our 'Experience Panels'. Over 2,400 people have now signed up to work with us as part of the Experience Panels. We also established the Young Carer Panel to ensure young people with lived experience of providing unpaid care can help to shape YCG with - and for - the young people of Scotland.

Scottish businesses, including the third sector, were given the opportunity to respond to the public consultation on YCG and to the consultation on Social Security in Scotland. Responses were received from 14 private businesses and 5 business organisations all of which requested that their responses remain anonymous. The draft regulations have also been scrutinised by the Scottish Commission on Social Security (SCoSS).

### **Business**

The third sector strongly championed for the Scottish Government to improve the support given to young people with significant caring responsibilities. Impact of the grant is going to be dispersed across the country and sectors of the economy. YCG as a new policy represents an additional spend of approximately £700,000 each year into the Scottish economy and therefore there will be impacts upon businesses.

### **Options**

The Scottish Government could have taken a "do nothing" approach to the creation of YCG.

However, the suggestion of additional provision for young carers was included in the Scottish Government's 2016 consultation on Social Security in Scotland, where there was strong response to introduce additional provision of support for young carers beyond what is currently available. Scottish Government officials also gathered evidence from a range of sources to identify rationale and options for additional support for young carers. The Scottish Government recognises that it has a responsibility to take advantage of opportunities to help the young people of Scotland and therefore a "do nothing" approach was not implemented.

**Benefits:** There are not considered to be any benefits to this option.

**Costs:** 2,400 young people with a significant caring role would not receive the proposed support and there is no scope for businesses to benefit.

### **Option 2: Introduce YCG (preferred option)**

#### **Proposed**

The Scottish Government proposes the introduction of YCG.

#### **Payments**

YCG will consist of a payment of £300, which can be applied for annually. The grant will be available to eligible young people with significant caring

responsibilities. It will provide targeted assistance to those most in need, in recognition of their caring role and contribution to society. Recipients of YCG will also be provided with free bus travel from 2020/2021, further to piloting.

### **Eligibility**

YCG is to be paid - on a non-discretionary basis - to 16 to 18 year olds who are:

- caring for someone who is normally paid:
  - Personal Independence Payment - daily living component
  - Disability Living Allowance - the middle or highest care rate
  - Disability Living Allowance for Children
  - Attendance Allowance
  - Constant Attendance Allowance at or above the normal maximum rate with an Industrial Injuries Disablement Benefit
  - Constant Attendance Allowance at the basic (full day) rate with a War Disablement Pension
  - Armed Forces Independence Payment
- caring for an average of 16 hours per week, over a three month period
- not in receipt of Carer's Allowance
- habitually resident in Scotland.

### **Application date**

The application date for YCG will be the date it is received in Social Security Scotland. Guidance and communication documents will take into account the need for it to be easy for applicants, advice workers and practitioners to understand and make an application. Clear timeframes will be provided.

### **Benefits**

YCG will provide a one off payment to support young carers with significant caring responsibilities at a transition point in their lives as they move into the adult world. They may be finishing school, getting their first job, undertaking further study or taking up new opportunities. For many young adults with significant caring responsibilities, their opportunities may be limited by their caring role. The aim of the grant is to help young people improve their quality of life, their health and education.

### **Entitlement to other Social Security support**

It has been agreed with the UK Government through the Fiscal Framework that any new benefits or discretionary payments introduced by the Scottish Government, which provide additional income for a recipient, will not affect their entitlement elsewhere in the UK benefit system. Therefore YCG will have no impact to ones entitlement to other benefits, except that an applicant can't be in receipt of Carer's Allowance on the date of application for the grant.

## **Sectors and groups affected**

Young carers who meet the eligibility, carer services and centres, youth work sector, education sector (schools, colleges and universities) and welfare rights organisations will be affected. YCG funds are expected (but not directed) to be used to pay for short breaks, or to purchase goods and services and therefore businesses could benefit from the introduction of the grant.

## **Costs**

YCG is an increased investment in young carer support. This is a new grant, which doesn't currently exist in the UK Government's social security provision and therefore additional budget from the UK Government will not be transferred to support the introduction of this grant. Through this widening of carer support, the Scottish Government expects to invest an extra £700,000 into the Scottish economy each year.

## **Scottish Firms Impact Test**

Scottish businesses, including the third sector, were given the opportunity to respond to the public consultation on YCG and to the consultation on Social Security in Scotland. Responses were received from 14 private businesses and 5 business organisations all of which requested that their responses remain anonymous. Those private businesses and business organisations that responded to the specific question on how the Scottish Government could improve the support given to young people with significant caring responsibilities - beyond what is currently available were in general agreement that there is a need for additional provision of support for young carers. One business organisation stated:

*"We are supportive of the Scottish Government's overall approach to developing a Scottish Carer's Benefit. Given the important role carers play in supporting the social care system, and therefore by implication the health system, this should be welcomed. In particular, we are pleased that the Scottish Government has already begun to explore a Young Carer's Allowance."*

Stakeholder events were also run in tandem to obtain as wide a view as possible on the forthcoming Scottish social security system. Views were received from many different types of interested stakeholder organisations, such as Carers Trust Scotland, Scottish Young Carers Services Alliance, CPAG, Scottish Youth Parliament, LGBT Youth Scotland, SAMH, the Multicultural Family Centre, Scottish Refugee Council, Inclusion Scotland, Engender, Deaf Action, Scottish Pensioners Forum, CEMVO, Cyrenians, CAS, Scottish Rural, Parliament and the Poverty Alliance, Equalities and Human Rights Commission, Scottish Human Rights Commission, SCVO, the Humanist Society, Quaker Social Action, Woman's Aid, Coalition for Racial Equalities and Rights, and the Scottish Disability Equalities Forum.

It is expected that the introduction of Social Security Scotland could cause additional requests for information and support from existing advice services. YCG, as new policy, may result in additional pressure on advice agencies to



become informed. The Scottish Government will continue to engage with the advice services sector as the programme to implement the social security system in Scotland progresses.

### **Competition Assessment**

The Scottish Government does not believe that YCG will have an adverse impact on the competitiveness of Scottish companies or the third sector within Scotland, the UK, or elsewhere in Europe or the rest of the world. The grant does not directly or indirectly limit the number of suppliers, nor does it limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously. Additionally the Scottish Government does not expect there to be any significant impact on the operational business of local authorities or health boards as a result of introducing this provision.

There may be some impact on businesses and third sector organisations operating in Scotland in relation to the way the new Social Security Scotland agency delivers the devolved benefits compared to the status quo. These impacts could be both positive and negative and it is not possible to identify all possible impacts at this stage. Also, the demands placed on third sector organisations providing advice and support for people receiving and enquiring about social security payments may change, which could require a change to their operations.

Any procurement required to support the administration of YCG will be subject to the Public Contracts Scotland (2015) Regulations and the Procurement Reform (Scotland) Act 2014 which together provides a national legislative framework for sustainable public procurement which supports Scotland's economic growth through improved procurement practice. The Regulations and the Act provide the statutory foundations for the Scottish Model of Procurement.

• Will the measure directly or indirectly limit the number or range of suppliers?	No
• Will the measure limit the ability of suppliers to compete?	No
• Will the measure limit suppliers' incentives to compete vigorously?	No
• Will the measure limit the choices and information available to consumers?	No

### **Test run of business forms**

No new business forms will be brought in with the implementation of the proposed legislation.

A new form for applicants will be introduced. This form will only be introduced after extensive user testing. It is expected that it will be possible to make applications

online, by post or by telephone. Support from Social Security Scotland will also be available in all local authority areas.

### **Legal Aid Impact Test**

The right to appeal to a First-tier Tribunal is provided for in the Social Security (Scotland) Act 2018.

It is not envisaged that there will be any greater demands placed on the legal aid system as a result of implementing YCG policy. Legal Assistance is available to individuals and is subject to a financial eligibility test based on the “disposable income” and “disposable capital” of the applicant. It is a demand led budget and will continue to be available to individuals to appeal an entitlement decision to the First-Tier tribunal, to the Upper Tribunal, Court of Appeal or Supreme Court. The Scottish Government does not expect any new impact on the legal aid budget, and expects legal assistance through the statutory scheme of Advice and Assistance, and Advice by Way of Representation will continue.

### **Enforcement, sanctions and monitoring**

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

The Scottish Government has established the independent Scottish Commission on Social Security (SCoSS). YCG was the first benefit to be scrutinised by SCoSS. In total, SCoSS have made 17 recommendations on YCG detailed in their report on 17 May 2019. The Scottish Government will publish a response to the report and each recommendation alongside this Impact Assessment.

The Social Security (Scotland) Act 2018 proposes a duty on the Scottish Ministers to publish an annual report on the performance of the Scottish social security system. The report is to describe what Scottish Ministers have done in that year to meet the expectations on them set out in the Social Security Charter. The Scottish Government will put in place a monitoring and evaluation process for YCG prior to implementation. Once live, on-going stakeholder engagement with key stakeholders will also provide the Scottish Government with an opportunity to monitor the impact of the policy.

Audit Scotland will monitor and report on the delivery of the social security system, including Social Security Scotland. Audit Scotland will continue to report on the Scottish Government's progress in delivering the social security powers as the programme develops.

### **Implementation and delivery plan**

The Social Security (Scotland) Act 2018 received Royal Assent on 1 June 2018. The Act provides the overarching framework for the delivery of YCG. However, the detail regarding commencement and definitions, eligibility, application windows, verification, payment level etc. will be provided by Regulations, as Secondary Legislation.

YCG will be delivered by Social Security Scotland. A consultation on the YCG draft regulations took place between 17 September to 10 December 2018 with regulations expected to be laid in 2019. YCG will be introduced by Autumn 2019.

A communications strategy will be developed in advance of the launch of YCG. This will aim to ensure that young people who are eligible, the third sector, local government, education sector and advice providers are aware of the benefit, know how to apply and understand the eligibility criteria.

YCG is a key element of the Scottish Government's work to improve support for carers and will help to deliver the key Social Security Outcomes that carers:

- are supported to look after their own health and wellbeing, improve their quality of life and reduce any negative impact of caring
- participate fully in society and, if they choose, can engage in training, education and employment opportunities, as well as social and leisure
- have an increased sense of control and empowerment over their lives.

We will ensure that YCG is linked into wider support for young carers, Carer's Assistance work and social security policy more generally.

- **Post-implementation review**

The Scottish Government will collect robust management information for YCG. This information will be used, along with additional sources of feedback from clients and stakeholder organisations and other stakeholders, to undertake monitoring of YCG.

## **Summary and recommendation**

In summary, the Scottish Government has identified evidence that the introduction of YCG will contribute an additional investment into the Scottish economy. It is anticipated that these funds will be used to pay for goods and services and therefore businesses could benefit from the introduction of the grant. Any impact to businesses of the Regulations should be positive or neutral.

The Scottish Government have worked closely with stakeholders to develop the policy and will continue to do so until the YCG is implemented and will monitor the success of the grant once live. The consultation on the draft YCG Regulations gave businesses and the third sector further opportunities to comment on the potential impact of the grant.

The available evidence shows that there is a strong case to provide the proposed financial assistance and support to young carers. We therefore intend to proceed with the introduction of YCG.

• **Summary costs and benefits table**

Option	Total benefit per annum: - economic, environmental, social	Total cost per annum: - economic, environmental, social - policy and administrative
1	£0	£0
2	<p>Cost of payments to 2,400 young people – approximately £0.7m.</p> <p>Potential wider economic impacts:</p> <ul style="list-style-type: none"> <li>• Additional spend increasing business activity and boosting the economy.</li> <li>• improved health and educational attainment increasing labour market outcomes and socioeconomic activity.</li> </ul>	<p>Cost of payments - approximately £0.7m per annum (as per the benefit).</p> <p>Admin Cost Estimates (2019/20):            Central- £130,000            Lower- £70,000            Upper- £350,000</p> <p>Potential impact of unintended consequences:</p> <ul style="list-style-type: none"> <li>• adverse incentives for young carers to increase their hours of care to secure eligibility for the grant could move them further away from education and the labour market.</li> </ul>

**Declaration and publication**

I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

**Signed:****Date: 19 June 2019****Ann McVie, Deputy Director Social, Security Policy Division****Scottish Government Contact point:**

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