

The Scottish Government response to the consultation on Job Grant

November 2019

Ministerial Foreword



As Cabinet Secretary for Social Security and Older People I was pleased to launch in January the consultation on the proposed Job Grant which will help young people with the costs associated with starting work. When I did so I noted how difficult it is for some young people to make the transition into employment. Experiencing sustained periods of unemployment at a young age can have a negative impact not only on a young person's future earnings and employment potential but also on their wellbeing.

I am pleased, therefore, that so many people took the time to respond to the consultation. This document explains the changes that have been made to our policy as a result of the views and feedback we received during the consultation period. While those changes will not, of course, meet the wishes of everyone who responded, they will ensure that it will be easier for young people to meet the eligibility criteria, to apply for and to receive the payment. That will hopefully help create a Scotland where as many young people as possible have the opportunity to participate and flourish in the workplace.

A handwritten signature in black ink, appearing to read 'S Sille'.

Shirley-Anne Somerville MSP
Cabinet Secretary for Social Security and Older People

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SCOTTISH GOVERNMENT RESPONSE TO THE CONSULTATION ON JOB GRANT

Introduction and background

The Scottish Government has committed to introducing a Job Grant: a new benefit to support young people moving into employment. It aims to help meet some of the initial costs of starting work, including travel, and to support a smooth transition into employment for young people on low incomes. This should help reduce the risk of them becoming unemployed or economically inactive when they are older.

In the 2019-20 Programme for Government¹, we announced that Job Grant would be renamed Job Start Payment and would launch in spring 2020. The name is being changed, following user research, to better reflect its purpose and to promote uptake.

As part of the Social Security in Scotland consultation which ran from July to October 2016 we asked what the Scottish Government should consider in developing the Job Grant. We received 131 responses, 51 from individuals and 80 from organisations, with almost all supporting its proposed introduction. A number of responses stressed that the scheme should be simple for both applicants and administrators.

We originally proposed that Job Grant would include a bus pass for 3 months along with a cash payment of £100 (£250 for applicants with children). Following consideration of the consultation responses we decided instead to add the average costs of bus transport (£150) to the financial element of the grant. This will provide greater flexibility, enabling young people to fund the cost of travelling to their new job using the method of transport best suited to their individual needs.

The Job Start Payment will, therefore, comprise of a cash payment of either £250 or £400, the higher amount being payable to recipients who have children. Young people (aged between 16 and 24 inclusive i.e. until their 25th birthday) will be able to receive Job Start Payment if they have been out of paid work and in receipt of a qualifying benefit for 6 months before they receive an offer of employment. Care leavers will be able to apply for an additional year (i.e. until their 26th birthday) and will only have to be out of paid work and in receipt of a qualifying benefit on the date of the job offer in order to be eligible. They will not need to have been receiving the benefit for the previous 6 months.

¹ Programme for Government, Scottish Government, 2019 - <https://www.gov.scot/collections/programme-for-government/>.

Overview of the consultation

Background

The purpose of the Job Grant consultation, and associated stakeholder engagement, in 2019 was to gather views on the key eligibility criteria and the proposed payment format, and to identify any unintended consequences of the grant's introduction.

The proposals put forward for consultation were developed following engagement with a wide range of individuals and organisations with experience of the benefits system. This included representatives from the Scottish Council for Voluntary Organisations (SCVO), Young Scot, Skills Development Scotland, Who Cares? Scotland, and COSLA. The Scottish Government also ran two workshops with young people, facilitated by Young Scot and the Prince's Trust, to hear from them directly about the issues that affect them when moving into work.

Public consultation

The public consultation² on the Job Grant took place between 16 January and 9 April 2019. The key eligibility criteria consulted on were:

- a) recipients should be aged 16-24 years inclusive (except for care leavers who will be eligible for a year longer), and should not have previously received a Job Grant;
- b) recipients should have been out of paid work and in receipt of a qualifying benefit for 6 months or more (except for care leavers who only need to be out of work and in receipt of a qualifying benefit at the time of the job offer);
- c) recipients should be ordinarily resident in Scotland;
- d) recipients should be in receipt of an offer of paid employment in the UK, that averages 16 hours per week or more over a four week period, and is expected to last at least three months; and
- e) applications can be made 14 days in advance of employment start date and up to 14 days after employment has commenced.

An analysis of the 96 consultation responses report³ has been published on the Scottish Government website. Our response to the issues raised by respondents is set out below.

² Job Grant Consultation, Scottish Government, January 2019 - <https://www.gov.scot/publications/consultation-job-grant/>.

³ Job Grant: Analysis of Consultation Responses, Scottish Government, July 2019 - <https://www.gov.scot/publications/job-grant-analysis-consultation-responses/>.

Job Grant survey

The Scottish Government carried out a survey to find out about the experiences of young people applying for jobs and about how they might want to apply for, receive and use a Job Grant payment. This was promoted through stakeholder organisations and social media channels. The results of this survey indicated that the majority of respondents thought that Job Grant is a good idea and that young people would use the money for transport, work clothes, food and drink. The survey results also provided useful information about how young people look for and apply for jobs which informed our design process.

Workshops for young people

The Scottish Government ran seven consultation workshops for young people to hear from them directly about the issues that impact them when moving into work. These workshops were held in Aberdeenshire, East Lothian, Edinburgh, Dundee, Midlothian, Scottish Borders and Shetland, and were facilitated by a number of delivery partners who work directly with young people. The workshops were well attended and included young people from a range of socio-economic backgrounds and with a variety of experiences.

Stakeholder engagement

During the consultation period the Scottish Government carried out a programme of stakeholder engagement to discuss the findings that emerged from the Job Grant consultation. This included the Scottish Local Authorities Economic Development Group, Scottish Enterprise, Citizens Advice Scotland, Scottish Enterprise, Princes Trust Scotland, Child Poverty Action Group, BEMIS, Inclusion Scotland, Who Cares? Scotland and others.

RESPONSE TO CONSULTATION ON JOB GRANT

Questions 1 to 3: Eligibility criteria

Section 5 of the consultation document set out the key eligibility criteria for Job Grant. Most respondents agreed that these were clear while a number suggested potential improvements or sought clarification about specific points.

Job rules

The consultation proposed that, in order to receive the grant, a young person must have been offered paid employment in the UK that averages at least 16 hours per week over a four week period, and is expected to last at least three months. While the use of average hours seeks to address evidence that some young people are employed on zero hour contracts, some respondents expressed concern that this was still insufficiently flexible.

Since the proposed rule may have had a disproportionate effect on individuals who can only work a limited number of hours a week, we have changed it. In order to be eligible, a young person must now be in receipt of a job offer that is expected to average 12 hours per week over a four week period.

Similarly, since the length of time the job is expected to last may not be something that applicants necessarily know, or assume with confidence, when accepting a job, we have removed the requirement for the job to be expected to last three months or more.

Application window

The consultation proposed that the application window for Job Grant would begin 14 days before the employment start date and end 14 days after it. While user research with young people found that the nature of most jobs provides a very short period from job offer to expected start date, almost half of respondents to the consultation felt that this application window should be extended. The reasons given included that some people may require extra support to complete the application or may need additional time to gather or provide evidence which demonstrates their eligibility. It was also suggested that a longer application window would improve the chances of an eligible young person people finding out about the grant and making a successful application.

We think, therefore, that it would be better for the application period to begin on the job offer date so that young people are eligible to apply as soon as they find out they have a job. This would also be consistent with our approach to other eligibility criteria (such as age, residency and length of time out of work) which are determined at the date of the job offer. We have also decided to extend the application window to last 3 months to help to maximise take up and to enable a potential applicant to establish a pattern of employment over a number of weeks. This should enable them to decide with greater confidence whether the job is likely to meet the eligibility criteria.

Residency rules

The consultation proposed that the job offered must be based in the UK. While no concerns were raised about this during the consultation period, we believe it would be fairer, and easier to administer, if there were no restrictions on the location of the job. Removing this restriction would enable young people to still qualify for the payment if they took a job with a company based overseas or with a UK company with sites overseas. Regardless of where the job is based, applicants will still have to demonstrate that they were ordinarily resident in Scotland on the date of the job offer.

Job Grant for 16 and 17 year olds

The consultation proposed that young people should be able to apply for Job Grant from the age of 16. Some respondents noted that many 16 and 17 year olds will generally not be able to qualify for Job Grant since it is only available to those in receipt of out of work benefits, eligibility for which is restricted by the UK Government to those aged 18 and over. Similarly, 16 and 17 year olds who are being cared for by a local authority, or are being supported by the authority after leaving care, will not be eligible for such benefits.

As Job Start Payment specifically aims to smooth the transition into employment for young people on low incomes, it is important that we are able to verify the applicant's entitlement quickly and efficiently. The use of low income benefits as a qualifying criterion allows Social Security Scotland to do this through the sharing of data with the Department for Work and Pensions (DWP). Without this information it would be more time consuming and complex for us to implement Job Start Payment.

Some 16 and 17 year olds can be eligible to receive out of work benefits where, for example, they have limited capability for work, are responsible for a child or are estranged from their parents. Many 16 and 17 year olds will not be in receipt of out of work benefits because they are in further education or training. We have explored the possibility of enabling a young person to be eligible for Job Start Payment based on other criteria, for example if their parent or carer receives a low income benefit, or if they themselves had previously received Free School Meals. However, the complexity these changes would add to the administration of the grant would be disproportionate. Furthermore, the second option would only verify that the person had previously been part of a household living on a low income.

Different eligibility rules for care leavers

Young people leaving care will be eligible to apply for Job Start Payment until they are 26 years old. Care leavers will also be eligible for Job Start Payment earlier: as soon as they are in receipt of a qualifying benefit, rather than having to have been out of paid work for 6 months before they receive an offer of employment.

We have made these exceptions as outcomes for young people leaving care tend to be worse than those for young people as a whole. Young people leaving the care system are twice as likely to end up not in education, training or employment by the age of 19. We know that the experience of being in care can significantly impact an individual's well-being and life chances, making the transition from care difficult. Care leavers are over-represented among those experiencing imprisonment, teenage pregnancy, mental health issues, depression, expulsion from school, drug misuse, and homelessness and among those leaving school with no qualification.

We also received a number of representations suggesting that other groups of young people, in addition to care leavers, should be entitled to receive Job Grant without having to have been out of paid work and in receipt of benefits for 6 months. Others also suggested that the age range for other groups should be extended. However, the lack of clear evidence of additional need and the requirement to finalise the eligibility criteria in order to ensure the payment will be ready to launch in the spring all argue against introducing further variation to the eligibility rules at this time.

Questions 4 and 5: Payment format

Section 6 of the consultation asked questions about the proposed value and format of the payment. It set out that Job Grant will consist of a single payment of £250 unless the applicant has responsibility for a child in which case the amount will be £400. Paying the higher amount to people with children is consistent with the Scottish Government's aim of eradicating child poverty and recognises that people with children may face increased costs, for example for childcare when moving into work.

Repeat payments

The consultation proposed that a young person could only ever receive one Job Grant payment, even if they had more than one qualifying period of unemployment. Some respondents felt that this was unreasonable since young people may find it difficult to obtain or sustain secure employment.

We have amended recognising that a young person could experience more than one period of being out of work for six months or more before their 25th (or 26th in the case of care leavers) birthday. A young person who meets the eligibility criteria will, therefore, be able to receive more than one Job Start Payment but only after two years have elapsed since their previous payment.

Varied or flexible payments

While the consultation analysis indicates that the majority of the respondents agreed with the proposed format of Job Grant, a number suggested introducing different amounts tailored to different needs. Suggestions included awarding a higher amount to provide more money for travel costs for people in rural areas, the costs of specialist equipment for some types of job, or the generally increased costs for disabled people and for young carers. A number of responses also suggested providing payment in instalments.

We estimate that the introduction of Job Start Payment will support the transition of around 5,000 young people into employment every year. The grant already includes a higher payment for parents and relaxed eligibility criteria for care leavers. The introduction of further flexible or higher payments for different groups would not only increase this cost, it would make the grant more complicated to apply for, which is likely to affect take up, and to administer. This would not be consistent with the principle that the Scottish social security system is to be efficient and to deliver value for money.

We do not, therefore, intend to introduce higher payments, flexible payment amounts or payment in instalments. Instead our approach has been to make the eligibility criteria and the application process as straightforward as possible for all applicants.

Questions 6 and 7: Supporting a smooth transition into employment

Accessible application and support

The majority of respondents to the consultation believe that Job Start Payment will meet its policy intention of supporting a smoother transition into employment for young people on low incomes. Some responses also noted that effective promotion and a straightforward application process, with easy access to advice and guidance, will help maximise take-up.

As with all Scottish social security benefits, the application process has been designed with users in mind and user testing is being undertaken at all steps of the process to inform content. That is why, for example, the system has been designed anticipating that most young people will apply online using mobile devices.

Social Security Scotland's client advisors will focus on helping to ensure that more vulnerable people can access the grant whether by digital, telephone or face to face. It will also be possible for certain appointed people, such as social workers and those with power of attorney, to apply for Job Start Payment on behalf a young person. Social Security Scotland's local delivery teams will also work with delivery partners to ensure that sources of advice and support about how to access and use Job Start Payment are available in each local authority area.

Promoting Job Start Payment

Plans are in place to support the launch in spring 2020 with communication and marketing campaign materials. This will include support and training for Social Security Scotland staff who will be involved in processing Job Start Payment applications. There will also be presentations across Scotland where key delivery partners can find out what they can do to support the successful launch and delivery of Job Start Payment.

Application preferences

Users have also highlighted a strong preference for being able to upload their evidence rather than providing hard copies by post. Job Start Payment will be the first benefit to be delivered by Social Security Scotland with a document upload service. This should simplify and streamline the process for applicants.

Questions 8 to 11: Potential unintended consequences

Grant not being used as intended

Some respondents expressed concern that the money provided through a Job Grant payment may not be used to meet costs associated with moving into employment. Those costs will vary depending upon the individual circumstances of each young person and it would be neither feasible nor desirable to seek to define them.

Others raised concerns that recipients may leave employment, or not take up an offer of employment, despite receiving the grant and suggested that the money should be repaid in such circumstances. Given that the benefit, financial and otherwise, of being in employment will far outweigh the financial benefit of the Job Start Payment, we think it unlikely that applicants will insincerely apply for a job simply in order to obtain the grant. The payment will, in any case, only be available once in a two year period.

Disregards

A number of respondents also raised concerns that Job Grant could negatively impact other benefits which applicants could be receiving, particularly Universal Credit. Our intention is that Job Start Payment is fully disregarded from income tax, Universal Credit, housing benefit and council tax reduction calculations. We are engaging with HM Revenue & Customs, DWP and local authorities across Scotland to establish this through appropriate legislation and guidance.

Appeal rights

Some respondents expressed concern that, unlike other benefits delivered by Social Security Scotland, unsuccessful Job Grant applicants will not have a legal right to seek a redetermination of their application. This is because Job Grant is not one of the benefits being devolved from DWP under the Social Security Scotland Act 2018. It is a new benefit and the legal powers which enable Ministers to provide it are contained in the Employment and Training Act 1973 (they are being shared with Scottish Ministers through an Order under the Scotland Act). We will, however, introduce a process to enable unsuccessful applicants to ask for the decision on their application to be reviewed and to provide additional evidence. This will be similar to the process in place for Best Start Foods applications.

Questions 12 to 17: Impacts

Questions 12 to 17 asked about the possible impact of the on protected groups, children's rights and wellbeing, on business and on island communities. Our response to the points raised will be outlined in the summary results of the following impact assessments:

- Equality Impact Assessment
- Job Start Payment Child's Rights and Wellbeing Impact Assessment
- Job Start Payment Business & Regulatory Impact Assessment
- Job Start Payment Islands Screening Assessment
- Fairer Scotland Duty Impact Assessment

Implementation and monitoring

It is intended that the Job Start Payment will be launched in spring 2020. Once Job Start Payments are being made we will, as with other benefits, seek to make ongoing improvements based on the feedback of applicants.

We will collate management information to monitor uptake and the characteristics of recipients and will undertake qualitative research to test whether Job Start Payment is meeting its policy intentions. This will inform any future consideration of variations to policy or delivery arrangements.

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