

1. Arguments for and against the devolution of welfare benefits

1.1. Arguments for devolution of welfare benefits

- 1.1.1. Will have the opportunity to better balance and address issues that are specific to Wales, for example high levels of disability and unemployment in former industrialised areas, whereas decisions are currently made in Westminster by politicians who have little or no knowledge of the impact their decisions have.
- 1.1.2. Having local knowledge of the issues will enable a fairer system that is more focused on the issues to be established.
- 1.1.3. Potentially pool services provided locally / regionally and welfare benefits to improve both efficiency and quality to recipients.
- 1.1.4. Will have the opportunity to be able to design a social security system that has a person-centred approach and remove the stigma and prejudices that benefit claimants face by changing perceptions that entitlement to social security is a human right.
- 1.1.5. Welfare benefits have been controlled by the Northern Irish Assembly since 1998 and now the Scottish Parliament.

1.2. Arguments against devolution of welfare benefits

- 1.2.1. Potential inefficiencies and duplication of effort as welfare policy is closely linked to other common policy areas, such as employment law.
- 1.2.2. Those affected by adverse events are likely to be treated differently depending on where they live in the UK which could impact on communities as there could be unequal treatment of those facing disadvantage.
- 1.2.3. Reducing the pool of financial support should there be an adverse event that affects residents in Wales but not in the rest of the UK.
- 1.2.4. Impact on budgets – and moving from a demand led social security system to a budget led system (e.g. Council Tax Benefit to Council Tax Reduction).
- 1.2.5. Concern that funding for independent advice services will be cut in order to finance a devolved welfare benefits system.
- 1.2.6. At the moment, benefit applicants may have to claim their support from a number of organisations/locations. Depending on the arrangements that are put in place,

devolution of benefits could mean another layer of administration for customers to deal with which may be contrary to the person-centred approach we would hope to see developed.

2. Lessons learned from the devolution of some social security powers to Scotland

3. Options for different forms of devolution (i.e. Universal Credit flexibilities, the devolution of specific benefits, the ability to create new benefits etc.);

3.1. Universal Credit flexibilities

- 3.1.1. There are many problems with this benefit that have a detrimental impact on individuals, however without devolving the whole of the benefit it would be difficult to devolve some of the responsibilities. Alternative Payment Arrangements (APA's) provide for flexibilities on UC payments periods; payments direct to landlords and split payments to couples, these could be a right with an option to change to the current 'norm'.
- 3.1.2. Childcare costs could be removed from the UC calculation and linked to the current free childcare provision for children aged 3 and 4 which would make it easier for parents rather than having to navigate through different provisions.
- 3.1.3. Housing Cost element could also be removed from the UC calculation and funding for this to be returned to local authorities.

3.2. The devolution of specific benefits

- 3.2.1. There is a clear connection between some services provided locally and some welfare benefits (e.g. provision of personal care and disability benefits). It would be unfair and unjust to devolve one of the disability benefits without devolving them all, as pensioners could receive any one of them. If these benefits are devolved it has to be accepted that the purpose of them is to provide additional financial assistance to meet the cost of living with a long term illness or disability and not to be used to bridge the gap in the financial shortfall of social care which is short sighted. With the removal of the disability premiums within Universal Credit, the majority of disabled and sick people have less money to live on and removing disability benefits to assist with paying for personal care will impact on the ability to live independently as they will not have the financial means to meet the additional costs, such as extra heating, laundry, cleaning, gardening, etc. It is also likely to increase the cost and demand on services as more claimants will not be able to afford to pay for aids, equipment or

services privately and conflicts with the Social Services and Well Being Act 2014 and the Future Generations Act 2015.

3.2.2. Medical Assessments could be devolved for both disability and sickness benefits and funding given to the health service who have access to claimant's records to enable a more accurate assessment of their needs.

3.3. The ability to create new benefits

- 3.3.1. The welfare state was initially modelled on an insurance system that everyone paid in to when in work which they could draw out of in their time of need. Contributory benefits were a significant part of the benefit system that have been consistently eroded and reduced. Claimants who paid national insurance now receive the same amount of benefit than those who haven't and can lose out on fringe benefits, making them worse off. Some workers are prevented from paying in to the National Insurance scheme as they have several jobs that all pay below the national earnings threshold and their earnings are not amalgamated unlike taxation.
- 3.3.2. Properly remunerating and acknowledging carers and the savings that they provide to society by creating a carer's supplement that is disregarded for means tested benefits. Currently Carer's Allowance is paid at £64.60 per week (2018/19) for 35 hours a week of care, this equates to £1.85 per hour, many carers are unable to work and this benefit counts as income, thereby reducing any financial benefit to £36.00 per week (2018/19) which equates to £1.03 per hour.
- 3.3.3. Consideration would need to be given to whether any new benefits introduced by Welsh Government would provide additional income for the recipient and not result in an automatic offsetting reduction in their entitlement to other benefits or possibly their post-tax earnings if in employment. Also, the Benefit Cap will need be adjusted to accommodate any additional benefit payments that the Welsh Government might provide and presumably UK Government would have to agree to disregard those Welsh benefits when considering if the cap should be applied.

4. Practical considerations of devolution (i.e. the financial implications, integration of devolved and non-devolved systems, delivery infrastructure etc.);

4.1. Who will have the responsibility of the administrative functions of the Department for Work and Pensions e.g. decision-making, making payments?

- 4.2.** Will the Tribunal Service continue to deal with appeals? Welsh Government will need to decide whether to agree a delivery partnership with DWP or to set up separate Welsh arrangements.
- 4.3.** Will central government fully fund any devolved benefits (including software development and maintenance), or will the budget be capped, then reduced and likely to impact on local authorities?
- 4.4.** Administration of any benefit requires access to dedicated computer software, clear legislation and clearer guidance. Also other practical matters have to be in place such as a simple and sensible claims process and a way of dealing with appeals. Is Welsh Government resourced and experienced enough to adequately deal with these needs? For example, there are only a relatively small number of companies in the benefits market and at the moment they work closely with the DWP to ensure that their software has the capability to deal with the various benefits that are available and the changes in the eligibility rules. Generally DWP also funds the development costs of that software. Welsh Government will need to duplicate this arrangement and also ensure that sufficient lead times are given before legislation has to be implemented in order for the companies to amend the software. Regardless of who administers the benefits, reasonable time is also needed for appropriate work practices to be put in place. The repeated failings within the Universal Credit rollout are clear evidence of how difficult it can be to do this, even for a large organisation like the DWP which is able to dedicate significant resources to such a process. The reputational damage to the DWP has been a significant issue. Welsh Government will face the same risk as will local authorities if the administration of devolved benefits is placed with them.
- 4.5.** If through other policies the health and wellbeing of citizens improved, would financial support provided via devolved benefits be reduced or remain the same in order for investment in other areas?

5. The principles that could underpin the delivery of benefits in Wales.

- 5.1.** Would need to consider the risk's: The size of the population; the probability of an adverse event occurring (e.g. Brexit and the impact on Wales); how many claimants; the amount of any payment; the cost of administering; processing and making determinations (and accepting that not all decisions will be right and enabling an effective challenge process to be in place); training of staff.