
Supplementary Costings: Carer's Allowance Supplement (Scotland) Bill

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Foreword

The Scottish Fiscal Commission is the independent fiscal institution for Scotland. Our statutory duty is to provide independent and official forecasts of the economy, tax revenues and social security spending to inform the Scottish Budget. This report sets out our forecast for an additional payment this winter to recipients of the Carer's Allowance Supplement. A Bill to implement this payment has been introduced to the Scottish Parliament.

For legislation relating to social security assistance, our objective is to ensure the Scottish Parliament has an independent estimate of the financial effects of the policy changes proposed by the Scottish Government. As a result, we only cost policies that are announced at fiscal events or accompany legislative changes introduced in the Scottish Parliament.



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23 June 2021

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Carer's Allowance Supplement Policy Costing

Introduction

- 1.1 The Scottish Government has introduced the Carer's Allowance Supplement (Scotland) Bill to double the value of the Carer's Allowance Supplement due to be paid in December 2021.

Measure description

- 1.2 Carer's Allowance Supplement (CAS) is paid twice a year to recipients of Carer's Allowance in Scotland and is designed to top up Carer's Allowance to match the value of Jobseeker's Allowance.¹ The policy change in the Bill doubles the £231.40 payment due to be made in December 2021. This is almost identical to the Coronavirus Carer's Allowance Supplement that was paid in June 2020, and which we costed in May 2020.²
- 1.3 The Bill also gives the Scottish Government the power to make future changes to the payment rate of CAS through secondary legislation.

The cost base

- 1.4 The cost base is everyone in Scotland who is receiving Carer's Allowance on 11 October 2021, or who are subsequently paid Carer's Allowance in respect of a period including this date. They will all receive an additional £231.40, doubling this instalment of CAS to £462.80 and taking the total value of CAS for people who receive both instalments in 2021-22 to £694.20.
- 1.5 Note that in practice a small proportion of these recipients will be identified in a later eligibility scan and paid retrospectively, but the 2021-22 expenditure quoted in the Social Security Scotland accounts will include an adjustment for this effect, so we attribute the full cost to this financial year.

The costing

- 1.6 The costing has been estimated simply by doubling the value of the second instalment of CAS in the same model as we used for our January 2021 forecasts. We have received more statistical and financial data since we made this forecast but it does not suggest that the caseload in October 2021 will be materially different to our forecast. We estimate that 91,000 carers will be eligible, including those who are identified retrospectively, and multiplying this by the extra £231.40 payment gives a cost of £21 million.

Figure 1: Policy costing for double payment of Carer's Allowance Supplement

£ million	2021-22
	21

Source: Scottish Fiscal Commission

¹ The payment is also available to a small number of people living abroad who meet the eligibility conditions set out in section 81(2A) of the Social Security (Scotland) Act 2018 ([link](#))

² Scottish Fiscal Commission (2020) Supplementary Costings – Coronavirus (Scotland)(No. 2) Bill – May 2020 ([link](#))

Behavioural response

- 1.7 We have not made any adjustment for behavioural response. It is possible that the larger payment will incentivise some people to apply for Carer's Allowance or to continue to claim it for longer than they would otherwise have done. There is greater scope for this than with last year's similar payment, as this time the increase has been announced several months in advance of the eligibility date, but we still do not think that this will be a material effect.

Uncertainty

- 1.8 The value of the payment is fixed and it is paid automatically to everyone who is eligible, so the only uncertainty is around how many people will be eligible. We know that 84,000 people have been paid for the April 2020 eligibility date³ (including backdated payments identified in October 2020) so our forecast of 91,000 payments represents caseload growth of around 8 per cent over the 18 months from April 2020 to October 2021. The eventual increase between April 2020 and October 2021 may prove to be higher or lower than our forecast, but it would take a difference of around 4,000 cases (or 5 per cent growth) to generate an error of £1 million, so we do not think that there is a material uncertainty around this costing.

³ Scottish Government (2021) Carer's Allowance Supplement, October eligibility date 2020 and Carer's Allowance, Disability Living Allowance, Attendance Allowance and Severe Disablement Allowance at August 2020: statistics ([link](#))

Additional information

Abbreviations

CA	Carer's Allowance
CAS	Carer's Allowance Supplement
SFC	Scottish Fiscal Commission

A full glossary of terms is available on our website:

<https://www.fiscalcommission.scot/explainers/glossary/>

Professional Standards

The Commission is committed to fulfilling our role as an Independent Fiscal Institution, in line with the principles set out by the Organisation for Economic Cooperation and Development (OECD).⁴

The Commission also seeks to adhere to the highest possible standards for analysis. While we do not produce official statistics, we voluntarily comply as far as possible with the UK Statistics Authority's Code of Practice for Statistics. Further details and our statement of voluntary compliance can be found on our website.⁵

Correspondence and enquiries

We welcome comments from users about the content and format of our publications. If you have any feedback or general enquiries about this publication or the commission, please contact info@fiscalcommission.scot. Press enquiries should be sent to press@fiscalcommission.scot.

All charts and tables in this publication have also been made available in spreadsheet form on our website. For technical enquiries about the analysis and data presented in this paper please contact the responsible analyst:

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⁴ OECD (2014) Recommendation on Principles for Independent Fiscal Institutions ([link](#))

⁵ Scottish Fiscal Commission (2018) Compliance with the Code of Practice for Official Statistics ([link](#))

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