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Scotland's kinship carers set to lose out under Universal Credit, according to new report

- **UK government should amend Universal Credit regulations to take account of different Scottish legal framework, say campaigners**
- **Scottish Government could use existing powers to ensure minimum level of kinship care payment**
- **Consideration of interaction with UK benefits vital as further welfare powers devolved to avoid "iniquitous" outcomes faced by kinship carers**

A new report from the Child Poverty Action Group (CPAG) in Scotland on the complexity and variability of financial support for kinship carers is being sent this week to the UK and Scottish governments as well as all Scotland's local authorities.

The report, *Coping with complexity*, highlights how, despite good intentions, additional financial support for the thousands of grandparents, relatives and friends who act as kinship carers of looked after children in Scotland has proven "variable" and too often "inadequate". "Tortuous" interactions between devolved policy, local authority support and UK benefits have left many kinship carers and the children they look after at continued risk of poverty.

The report raises new concerns that Universal Credit, which is replacing most means-tested working age benefits and tax credits, will swap existing problems for an even greater challenge to Scottish kinship carers and the local authorities seeking to support them.

According to social security experts at the Child Poverty Action Group in Scotland many looked after children living with kinship carers in Scotland will be excluded from Universal Credit. Under the existing tax credits system kinship carers of looked after children can refuse local authority payments if receiving them would result in a net loss of income, but with the new universal credit system this is not an option, potentially leaving kinship carers and their children with even lower incomes. More recent proposals set out in the UK Budget to limit tax credits and universal credit to the first two children could create another new set of problems for kinship carers of non-looked after children.

Report author Alison Gillies, a welfare rights expert at CPAG in Scotland, said;

"For many kinship carers Universal Credit, as it stands, poses very serious difficulties. The new system assumes that looked after children living with kinship carers receive support at the same level as fostering allowances, ignoring the very different legal and support framework in place in Scotland and the fact that many Scottish kinship carers of looked after children receive allowances far below fostering allowance rates."

The report recommends that that “the UK government urgently considers amending the universal credit regulations” to take account of the differences in Scotland. However it also calls on the Scottish Government to consider using existing powers to ensure a national minimum level of kinship care payment across Scotland and on local authorities to ensure they provide kinship care payments in ways that maximise overall carers’ incomes.

Ms Gillies continued;

“The clear lesson from the experience of Scottish kinship care payments is that every level of government must co-operate fully to ensure that the financial support they provide has the maximum possible impact on families struggling on low incomes. As universal credit is rolled out and further social security powers are devolved to the Scottish Parliament that lesson is more important than ever if we are to avoid the iniquitous outcomes that many kinship carers have faced.”

END

Notes to editors:

- Kinship carers are family or friends who take on the full-time care of a child on a permanent or semi-permanent basis. Some kinship carers are caring for children who are looked after by the local authority – the local authority has enhanced responsibilities in law for their welfare.
- CPAG in Scotland campaigns for the abolition of child poverty in Scotland and for a better deal for low-income families and children.
- The new report ***Coping with complexity; Financial Support for Kinship carers in Scotland*** can be viewed and downloaded at [Coping with complexity](#).
- Alison Gillies, author of *Coping with complexity* works CPAG in Scotland Children and Families project and is the author of the [Children's Handbook Scotland](#) the comprehensive guide to benefits and tax credits issues where a child is living away from their parents.

- **Modelled case studies of potential impact of Universal Credit on kinship carers:**

Sophia is aged 45 and single. She cares for her nephew, Darren, aged 8, who is ‘looked after’ by the local authority. Sophia works 28 hours per week and has net monthly earnings of £1,200. Her monthly rent on her housing association flat is £360 and she pays £280 per month in childcare costs. Sophia claims universal credit (UC) but is not entitled to any help. This is because her UC calculation does not include a ‘child element’ for Darren and does not include any help with childcare costs (because she is not ‘responsible’ for Darren under the UC rules). In addition, the amount of earnings she can have before her UC starts to ‘taper’ away, is less than it would be if she was treated as responsible for a child. In comparison to a UC claimant in the same

circumstances, responsible for a child not looked after by the local authority she is 'losing' over £125 per week. If the payment she receives from the local authority is less than around £125 a week, she will be living on less than the absolute minimum set down by the UK government.

Betty is aged 55 and is single. She cares for her grandson, Ben, who is aged 8 and is 'looked after' by the local authority. Ben is severely disabled. He gets disability living allowance (DLA) highest rate care component and lower rate mobility component. Betty is not able to work because of caring for Ben and she receives carer's allowance and universal credit (UC). She will not get any UC for Ben and this means she is 'losing' around £149 per week. Ben's level of disability means that this figure is higher than it would otherwise be. If the payment she receives from the local authority is less than around £149 a week, she will be living on less than the absolute minimum set down by the UK government.

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