



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 13 September 2018

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Thursday 13 September 2018

CONTENTS

	Col.
TEMPORARY CONVENER	1
INTERESTS	2
CONVENER	3
DECISION ON TAKING BUSINESS IN PRIVATE	4
SOCIAL SECURITY AND IN-WORK POVERTY	5

SOCIAL SECURITY COMMITTEE

17th Meeting 2018, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)

*Jeremy Balfour (Lothian) (Con)

*Michelle Ballantyne (South Scotland) (Con)

Mark Griffin (Central Scotland) (Lab)

*Alison Johnstone (Lothian) (Green)

*Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Finch (Resolution Foundation)

Russell Gunson (Institute for Public Policy Research Scotland)

Deborah Hay (Joseph Rowntree Foundation)

Polly Jones (Oxfam Scotland)

Robert Joyce (Institute for Fiscal Studies)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Thursday 13 September 2018

[The Convener opened the meeting at 09:01]

Temporary Convener

Michelle Ballantyne (South Scotland) (Con): Good morning. I ask members to nominate a temporary convener.

Jeremy Balfour (Lothian) (Con): I nominate Michelle Ballantyne.

Michelle Ballantyne: Thank you. Does the committee agree to my being appointed as temporary convener for today's meeting until the committee appoints a convener?

Members *indicated agreement.*

The Temporary Convener (Michelle Ballantyne): Thank you. I welcome everyone to the 17th meeting in 2018 of the Social Security Committee, and remind everyone to turn mobile phones or other devices to silent mode, so that we do not disrupt the meeting.

Apologies have been received from Mark Griffin. Pauline McNeill will join us shortly—she is running late.

Interests

09:02

The Temporary Convener: The next agenda item is declarations of interests. I welcome new committee members Bob Doris, who replaces Clare Adamson; Shona Robison, who replaces Ben Macpherson; and Alasdair Allan, who replaces Ruth Maguire. I invite you to declare any interests.

Shona Robison (Dundee City East) (SNP): I have no interests to declare.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): I refer members to my entry in the register of members' interests, but I have nothing in particular to declare.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Like Alasdair Allan, I have nothing in particular to declare, but I refer members to my entry in the register of members' interests.

Convener

09:03

The Temporary Convener: The next item is for the committee to choose a convener. The Parliament has decided that members of the Scottish National Party are eligible to be chosen as convener. I invite a nomination.

George Adam (Paisley) (SNP): I nominate Bob Doris.

Bob Doris was chosen as convener.

The Convener (Bob Doris): I would not be doing my job properly if I did not thank George Adam for nominating me, and the committee for agreeing to my becoming convener, which I look forward to. I pay tribute to the work of Clare Adamson, who has done a sterling job with the important legislation that has gone through the committee over the previous few months.

I congratulate Ben Macpherson, who has been elevated to ministerial level, and Ruth Maguire, who has moved on to become a committee convener. I record my thanks to the three outgoing members who have, along with the rest of the members, laid good groundwork for where we are. I am delighted to take over as committee convener.

Decision on Taking Business in Private

09:05

The Convener: The committee is asked to agree that item 5 on the agenda, on consideration of evidence, be taken in private. Does the committee agree?

Members *indicated agreement.*

Social Security and In-work Poverty

09:05

The Convener: The next item is the first evidence session of the committee's inquiry into social security and in-work poverty. We will consider some of the published research on poverty and low pay. I welcome the first witnesses. They are: David Finch, who is a senior research fellow at the Resolution Foundation; Russell Gunson, who is director of the Institute for Public Policy Research Scotland; and Robert Joyce, who is an associate director of the Institute for Fiscal Studies.

We will go straight to questions. A lot of members, myself included, are keen to ask about in-work conditionality for universal credit. One of the policy intentions of universal credit was to tackle in-work poverty. The data that we have from submissions and published information says that 64 per cent of people who live in poverty are in households in which there is employment. I do not know whether that is a reflection on universal credit itself or whether there is a link, because the figures go up and down. I am interested in the current level of households in which people are in employment but which still experience in-work poverty, and I am interested in where we are with universal credit. Observations on that issue would be quite helpful before we ask specific questions about in-work conditionality.

Russell Gunson (Institute for Public Policy Research Scotland): From the IPPR point of view, the place to start is that we cannot divorce the economy from in-work poverty. Universal credit and social security more generally have a big role to play in reducing and tackling poverty and in-work poverty. The economy and the income structure in Scotland—and, of course, the United Kingdom—will be as much, if not more, of an issue when tackling in-work poverty.

Over the past 10 years we have had pretty unprecedented economic circumstances, which continue. It is 150 years since we last saw living standards stagnate as they have over the period, and low pay has been a big feature of the labour market and the economy over that time. Just under a fifth of wages in Scotland are beneath the real living wage.

Where we stand on universal credit is that we think that the idea has some merit. Bringing six means-tested benefits together in one on a single taper is a good and positive idea, but the funding levels that were originally promised have dropped significantly—we have seen about £3 billion taken out of the budget per year. Of course, there is also

the ethos of its implementation—which to us looks particularly pernicious—around in-work conditionality, work requirements, sanctions and so on. Whether universal credit will work or not has to relate to three factors: the structure, the funding and how it is implemented. The structure has some merit, but how it has been funded and implemented will make it very difficult to know whether it makes a difference, or has created headwinds for itself.

Robert Joyce (Institute for Fiscal Studies): I will start with the overall trends in in-work poverty, which are the background big picture. The overall rise in the proportion of people who are in poverty and are in a working household has been going on for some time. In itself, it is not a phenomenon that is related to universal credit.

That can, broadly, be broken down as having three different causes. First, employment has risen a lot, so less of the poverty problem is about worklessness than it used to be. That is the good side. Secondly—this is particularly a story of the past decade or so, although it predates the crisis a little bit—there has been low earnings growth, which has been particularly the case for households at the bottom end of earnings distribution. Thirdly, there has been a big decline in pensioner poverty.

All those combined mean that a much bigger fraction of our poverty problem than used to be the case is people who are in work but are not earning enough to take them above the poverty line. It is now less about the elements that drove it in the past, which were worklessness and poverty in old age. Of course, those problems still exist, but their proportion of the total is smaller. That is how I see the big picture.

On how universal credit will affect in-work poverty, I would break that down into at least two different categories. First are all the direct impacts that it will have on households' incomes, including working households' incomes, given that it changes what people are entitled to. It is definitely a mixed bag, in that respect. A significant group of working households will keep more benefits under universal credit than they would have kept under the old system. In that direct sense, universal credit will top up and increase their incomes, which would tend to reduce in-work poverty.

In particular, in-work home renters will tend to do relatively well in terms of entitlement to benefits under universal credit. One way to think about that is that those people typically, under the current system, lose housing benefits and tax credits as they increase their earnings, but now that the two elements are combined, there is only one taper, rather than two. Essentially, such people will lose their benefits overall at a slower rate, because

they will be subject to only one means test at any one time, not two.

On the other hand, plenty of working households will lose out. That applies in particular to people who own their home, but it applies to many others, too.

The several other aspects of universal credit are non-financial—perhaps we will come on to conditionality in more detail, later—and they, too, will be really important.

David Finch (Resolution Foundation): It is definitely too early to say that universal credit is having an impact on the poverty figures, especially because it was nowhere near being rolled out to everybody when the survey was done—it still is nowhere near being rolled out to everybody—so it will take time before we see the impact.

I will add to what has been said about long-term trends. Worklessness has definitely reduced—there are more families in work. However, at the same time, we have seen no real reduction in the proportion of people on low pay, and we know that only a small proportion of people who are stuck on low pay will escape. Indeed, various pieces of research that we have done have suggested that, within a 10-year period, only between about a quarter and a sixth manage to escape from low pay. A combination of those two aspects is partly driving the increase in the portion of people in poverty who are in work.

Another thing that is especially relevant in respect of universal credit is the importance of the in-work support that people get to whether they will be in poverty and its importance to their incomes. That is partly because of the increase in generosity in the system through the 2000s, and partly because of the increase in the number of renters, which means that more families are getting support through the housing benefit system. Therefore, the amount of support within the system for working families on lower incomes is playing a bigger role in respect of whether they are in poverty. Our recent work looking at underreporting of benefits in survey data suggests that that has played a bigger role than has been picked up by surveys. That underlines the importance of universal credit in the future.

The one financial gain that I do not think Rob Joyce picked up on is that from take up. Because universal credit is a single benefit, more families will get everything to which they are entitled. That will probably benefit the lowest-income households most.

There are some positives to universal credit, although we think that it will, overall, make families worse off.

The Convener: Thank you. That was helpful.

I will start with questions about conditionality, then open up the session to other members.

Clearly, the committee will want to scrutinise where there are potential weaknesses and it will want to see the situation improve. I know constituents who have not previously had to engage with the benefits system in the way that universal credit requires them to. Working tax credits did not work like that—it was a different beast. They have concerns about that engagement. When terms such as “conditionality” are used, people get nervous. When they hear it, they sometimes think “sanction”.

09:15

My understanding is that universal credit is intended to be hours based for people who are in work. It will also be income based. The hope will be that individuals will qualify for the credit if they manage to get the required monthly income, which is based on working a 35-hour week at the minimum wage over that month, and all the fluctuations that there can be therein. Whether that is right or wrong is another matter, but I understand that. I also understand that a light-touch approach has been taken with those on universal credit in relation to conditionality and the requirements that can be placed upon them. My notes say that the residual sanction rate is 2 per cent, in relation to that.

The Department for Work and Pensions has done a randomised controlled trial of people who are moving on to the new system. Helpfully—or, rather, unhelpfully for us, its report is out this morning, I understand.

David Finch: The report was published yesterday.

The Convener: You may not have had the chance to look at it. I have had a brief opportunity to look at it. I will read out one paragraph from the report:

“The evaluation ... explored the link between sanctions and outcomes among Frequent and Moderate support participants by asking whether their UC—

universal credit—

“payments had been stopped or reduced. Around one in five participants in both groups reported that this had been the case. When looking at changes in hours worked and earnings between wave one and wave two, there was no difference between participants who said their UC had been stopped or reduced and other participants.”

It is unclear whether the statistic of one in five participants means that there is the potential for conditionality leading to sanction or benefit withdrawal.

That is a long lead-in to my question—I apologise for that. What concerns do the

witnesses have if one in five participants is falling foul of a system that does not take the current light-touch approach to conditionality but takes the fully fledged approach? What are your concerns more generally about conditionality for those who are in work and receiving universal credit?

David Finch: I will start where you started, convener, by talking about those to whom in-work conditionality will apply. You are right to say that the conditionality is based around earnings. At the moment, the aim is to capture people who are not earning the equivalent of the minimum wage in a full-time job, although there are exceptions, including people who have caring responsibilities. In theory, at least, the work coach and the jobcentre will be able to determine a suitable amount of work that someone should be able to fit around their other responsibilities.

It is very good that the DWP trial tested out such support. As you say, the trial took a light-touch approach. There was a range of interventions from a phone call every two months to bringing people into the jobcentre every two weeks, which is more or less in line with the approach that is taken under jobseekers allowance.

My general expectation of the trial was that we would not find out a huge amount because what was being tested was limited. However, the DWP has found that the more intense types of conditionality—by conditionality I mean the expectation that people will come in every two weeks, not the sanctioning part of it—had a bigger effect on people's earnings. That group were more likely to see a boost to their earnings than the group that only received a phone call every two months.

In that sense, the scheme is encouraging, and it has the potential to support people to increase their earnings. It is also the natural progression of the benefits system, given how well we are doing on employment and how badly we are doing on low pay.

The concern is about how strong the conditionality is and the fact that we are dealing with a very different group of people. These people are in work, so finding the time to go to the jobcentre will be a very different proposition for them.

One thing to remember in relation to the trial is that it is very early days. The people who are on universal credit could well be the more difficult cases, because they are coming from unemployment into work, whereas, in the long term, it will be about people who have been in low-paid work for a longer period and so are already established in the labour market. It would be really good to focus on that group in the future.

The final question around work conditionality is the extent to which the support is provided by the DWP or by other agencies. The main advantage of universal credit is that it includes information about people's earnings, so we can find the people who have been stuck on low pay. Whether the jobcentre is the right body to administer such support is a different question. It would be better to work with a wider skills body that would support people to progress, partly because not everyone will be on universal credit. The two aspects need to interact well.

We are still in the early days of universal credit. It has taken a couple of decades to get to this stage on out-of-work conditionality, so we cannot expect to see amazing results overnight, but it is worth persisting with.

Russell Gunson: Conditionality for universal credit includes in-work requirements, so the onus is on the claimant to increase their earnings or hours. There are also other elements that we could describe as conditionality such as work requirements for those who are out of work and the minimum income floor, which one could argue is conditionality for those who are self-employed. There is an argument about whether any conditionality is right, but we would say that conditionality—even a means test—is likely to be needed as part of any system.

The first question is whether the conditions are right to achieve the desired outcomes; the second question is about what happens if those conditions are not met—are the sanctions correct? The Resolution Foundation and IPPR have done a lot of work on the first question. For us, career progression is the overriding principle not just in universal credit but more generally in interventions in the labour market. Lack of career progression is at the heart of in-work poverty. If we can drive people into higher pay, promotions or better terms and conditions, we can begin to tackle some of our economic and social problems. However, the conditions do not seem to be particularly focused on that progression—they still seem to presume that we are in a high-unemployment context and that the aim is to get any job at all. We want to aim a bit higher than that.

An equal problem with conditionality is that it puts the full onus on the claimant. The idea that it is the sole responsibility of the claimant to increase their hours or earnings to satisfy the universal credit system bears no relation to reality. It is the employer, the economy more generally and the client that have the ability and responsibility to do that.

From our perspective, the sanctions are incredibly extreme, whether they are applied with a light touch or not. The possibility of a sanction lasting up to 13 weeks being imposed for not

meeting those conditions, following a few sanctions prior to that, is tantamount to building in destitution as a policy tool. Whether one considers it from the point of view of economics or fairness, we see no argument for that.

The Convener: The committee has the chance to establish why one in five participants in the randomised controlled trial had universal credit reduced or ended. Although there will be a variety of reasons, that figure jumps out at an initial glance.

Robert Joyce: I have a couple of small points to add. The extension of conditionality to people who are in work is a radical move in some ways, because there is little—if any—precedent for it in other countries. That is one reason why the evidence on its potential effects is so sparse and why such trials are welcome. It is great that, for once, the Government is trialling something in a way that allows it to be evaluated.

I am thinking of two effects that conditionality might have. First, there is the question whether it will bring the desired benefit, which is, in essence, the stimulation of more pay progression. We do not know the answer to that question but it is important for the Government to focus on that in one way or another because, as has been mentioned, pay progression is a key issue. Much of low pay in general is about a lack of pay progression. For example, if we compare the earnings of lower-educated people to those of higher-educated people, we find that many of the differences are due to a lack of progression. The difference in earnings ends up being much greater than it was at the start of their careers, and they diverge because of a lack of progression. However, we do not know what effects conditionality will have on progression. Using such means to have a big effect on someone's earnings and career progression may also be a very resource-intensive exercise.

The other question is whether conditionality will have negative effects. For example, will we sanction the wrong people? Will some people lose out under the sanctioning regime who we think should not be losing out? Can people in the jobcentres always adequately distinguish between cases in which someone is not securing higher pay in work because there is no labour demand in the area and cases in which the person is not trying? That is an obvious distinction that someone would try to make, and it is not clear how that distinction could be made perfectly in all cases. That could lead to the sanctioning of people whom no one was really intending to sanction.

It is key to see the two sides of the coin. I have not had a chance to fully digest yesterday's report, so I am not able to say what the evidence tells me about either of those at this stage.

The Convener: That is fair enough.

Alison Johnstone (Lothian) (Green): On Friday, at the University of Edinburgh, Mr Gunson and I were on a panel with some young researchers who were looking at the need for good evidence to inform decision making. We could argue that we do not have sufficient evidence at the moment to understand the impacts of in-work conditionality, and I am concerned that people are being used as guinea pigs in what could be a disastrous experiment. I find it quite hard to get my head around the idea of in-work conditionality. When is it ever enough? When are people ever going to be making enough effort? I am entirely unconvinced that the principle is sound.

The Scottish Parliament information centre briefing says that, in general terms, a person on universal credit

"can be subject to conditionality if they are earning below a certain threshold".

As we have heard, that threshold is assumed to be 35 hours of work a week at the national minimum wage. Could people end up working more hours than that simply to reach the income threshold? Could people be working 60 hours a week in two jobs?

I am trying to understand what we are trying to achieve. What are the impacts?

Robert Joyce: The reason for tying conditionality to the minimum wage is that, as long as the minimum wage is being enforced properly, there is a guarantee that someone who is working that many hours will be taken out of the conditionality regime. That is the logic for tying the threshold below which conditionality applies to X number of hours multiplied by the minimum wage.

Russell Gunson: As long as the minimum wage is being enforced, we will not see 60-hour weeks being worked as a consequence of in-work conditionality. However, if the judgments that are made at the discretion of the DWP or Jobcentre Plus are incorrect, we may see lone parents or second earners in a household who are working less than full time either being pushed to work more hours than is suitable to their circumstances or receiving a reduction in their entitlement to universal credit. As Robert Joyce said, the process relies on the judgment of people in the system, and that judgment may not be correct. If that judgment is incorrect, it could cause a lot of harm either way—someone could have to increase their hours inappropriately and/or they could face a cut to their entitlement.

09:30

David Finch: The point about discretion is really important. Work coaches are expected to determine the perfect number of hours for someone with caring responsibilities, and it will be really hard to get that right. People will have to know a lot about not just the job market but the childcare market to make sure that they are getting the right balance. That puts a lot of pressure on advisers. There is a balance to be struck between having a set-hours rule such as there is in the tax credits system and trying to provide something more tailored that depends on how good the decision is.

It is a shame that this new area of reform comes at a time when conditionality has been getting a bad reputation for a long period and has been tarnished by a heavy sanctioning regime. Back in the 2000s, things such as the employment, retention and advancement trials were basically an early form of seeing whether we could do things to boost earnings progression.

There is some evidence from a pilot in which single parents were given a time-limited payment if they could sustain full-time hours. They got an extra payment for a year if they stayed in full-time employment for so many months. That payment was shown to boost the number of single parents who were hitting that number of hours, but the support that they received alongside it was very important. It was about not just the incentive but the support. The initiative would have fallen within what we call a conditionality regime, because conditions were attached. It seemed to have a positive outcome, but it came at a time when there was a less negative perception of that type of intervention.

Alison Johnstone: Mr Gunson, you spoke of the minimum income floor as a type of in-work conditionality for self-employed people. I am struck by the idea that someone is assumed to have a certain income, whether or not they actually have it. How can that be workable?

Russell Gunson: Maybe this is unfair, but the universal credit system seems to assume away the complications of claimants in order to make it less difficult—although still not easy—to run the system.

Following the financial crash, there was a big expansion in self-employment, which has settled down a bit since then. Those self-employed people are now being asked to raise their earnings to at least the minimum wage. Even if they do not, the system assumes that they earn that amount and cuts their universal credit accordingly. That seems to be completely divorced from people's needs. It might help the system to be delivered more easily but it will not help the claimants, and it

comes after the whole thrust of policy—deliberately or otherwise—has been to get people into self-employment as an alternative to unemployment.

Before the minimum income floor kicks in, there is a 12-month transition period, which some people have argued should be longer. The old system took the risk of people having highly fluctuating incomes or low self-employment incomes, if you like, but this one does not—it almost devolves the risk down to the claimant.

Alison Johnstone: Is there any hope of the system being halted, looked at or revised?

Russell Gunson: The Resolution Foundation has made strong representations to the Government, as have others including the Child Poverty Action Group and, I think, the Joseph Rowntree Foundation, which you will hear from on the next panel. So far, however, there has been no sign that the UK Government is going to move on that.

Alison Johnstone: Thank you.

Dr Allan: I am interested in what the Resolution Foundation said about the whole issue of incentives for work. One of the original claims that was made for changes to the benefits system, specifically around universal credit, was that there would be an increased incentive to work. At the risk of putting words into your mouth, that does not seem to be what you have found. I am keen to hear what you have to say about that.

David Finch: The big thing is that, since universal credit was first introduced, there have been large cuts to the work allowances that were announced in the 2015 budget. Those are core to the strength of the incentives within universal credit, which is a key point to hold in your mind as I talk more about the detail.

Universal credit introduced something called a work allowance, which means that the claimant keeps all their benefit income up to a certain level of earnings. By contrast, in the current system the benefits are withdrawn, pound for pound, so there is no financial incentive to work very short hours. Universal credit improves those incentives, which could be good for people with significant barriers to working more hours, such as single parents of very young children or more disabled people.

However, as the number of hours that people work moves up, we start to see the impact of the cuts. Essentially, some people will start to get less in-work support—those at the 16-hour threshold and moving up into full-time work. That creates a weaker incentive for some people.

It is hard to make a broad statement, although we try, because of the complexities around how support has changed for different types of families.

As Rob Joyce said, for renters the overall taper is lower, so people paying a higher amount of rent will potentially keep more of their support when they get up towards higher hours. However, the shape of the incentive is also important.

The first of two groups that we are worried about is single parents. The taper starts to apply to their earnings at a relatively low rate, so their support is much less generous than it was. It happens at a much lower point in their earnings than in the original design of UC, so they may work 8 or 10 hours and then start to have their benefits withdrawn.

There is a risk that they will not see any incentive to progress beyond that point and will get stuck at quite low levels of earnings. We might expect them to spread out their earnings a bit, but the sweet spot of the incentive is now lower than the 16 hours that it was in the tax-credit system, and we saw a spike in the number of lone parents working around that 16-hour mark.

The other group is second earners. Because UC aims to incentivise a person in the household to get into work, it is more generous towards a single-earner family. For a couple, the incentive for the second earner to enter work is less generous; the 63 per cent taper will apply to everything that they earn. If the second person moves into work they stand to lose about two thirds of their earnings, so they have only a weak incentive to do so. We live in a world in which we want to boost people's earnings in order to tackle in-work poverty, but those incentives are going against that.

Some groups have gained and some are losing, but the overall shift is probably not very big, and it is certainly not the big gain that was expected in order to justify making such a big change to the benefits system. The real risk is to the groups that we want the benefits system to encourage to earn more, who are now facing weaker incentives.

The Convener: I saw some nodding heads. Is there anything to add or does that sum it up?

Robert Joyce: I have a couple of short points. I agree with all that; it was a very good summary. It is a very mixed picture.

One thing to add is that a positive feature of universal credit that has survived the cuts—because it is a fundamental feature of the nature of integrating benefits, which is what the UK is doing—is that it makes incentives a little stronger for the people who have really weak incentives under the current system.

Under the current system, the people whose work incentives are severely weak are those who are subject to the loss of multiple benefits when they increase their earnings. Because UC

replaces multiple benefits with one, those people's incentives are improved by it. That is a positive that is worth keeping in mind.

However, there are many other groups who do not currently have such weak incentives—although they are pretty weak, in many cases—for whom things get a little worse under UC. That is why, on average, there is not much effect overall on work incentives, as David Finch said.

The other point, which was implicit in what David said but is worth bringing out, is that when we are thinking about how incentives are changing for different groups, we probably care more in cases where we know that groups respond to the incentives

There is a lot of evidence, from how people make choices and how that relates to their incentives, that groups such as single parents and second earners tend to respond more to financial incentives when deciding how much to work. Both those groups do less well out of universal credit in terms of incentives, which is a reason why we might be a little more worried about them.

Dr Allan: You mentioned that large groups of people appear to be trapped in relatively low-wage work for long periods of time, and you have just described the incentive, in some circumstances, to work. Are we talking about the incentive to work in jobs that might keep people trapped in low-paid work? Can you envisage any incentives being built into the system that might better encourage people to leave that trap and work their way towards better-paid jobs?

Russell Gunson: The low-pay trap goes beyond universal credit and social security. As David Finch said, we need to look at our skills system and the interventions that we can make through the universal credit system—whether it is carrots, or sticks in the form of sanctions. If we do not do that, there is a risk, as Dr Allan described, that we will push claimants out of work or into poor-quality work, or that we will push claimants who work a few hours in poor-quality work into working more hours in poor-quality work. The conditions and the support for claimants of universal credit are not sufficient to allow people to escape from that trap.

As the trials roll out, we will see what happens. However, we certainly think that there are risks. The National Audit Office report into universal credit also identifies a good few risks, and not just in that regard. For example, the report finds that the current system is poor at identifying vulnerable claimants, tracking them and providing them with the support that they need. That might include lone parents and second earners, for whom we wish there to be incentives.

This links back to Dr Allan's earlier point: although work incentives are important and a huge part of in-work poverty, the levels of support are also important. Work incentives may or may not have been improved—the committee has heard about the complicated picture—but we know that lots of people, despite the fact that they are working, will receive less in the universal credit system than they received under the previous system. To be clear, work incentives are different from the amount of support that people receive.

Robert Joyce: For a given budget—the amount of spending on universal credit or any other means-tested benefit—it is worth noting that there will be a trade-off between focusing on encouraging people to do some work rather than none and focusing on encouraging people, once they are in work, to do more. With a set amount of money, if we allow people to keep hold of more of that money when they start doing some work, we will need to withdraw money more aggressively from other people who are higher up the earning distribution and doing more work, and vice versa.

The problem that we have with poverty in general is more about a lack of pay progression and less about a lack of employment. Nevertheless, if we want to change the structure of universal credit in order to focus more on encouraging progression, there is a risk that, within a given budget, we will therefore discourage employment—unless we are willing to spend more.

Jeremy Balfour: I am interested in what Mr Gunson said in his opening statement about the roll-out of universal credit. Just before the summer recess, the committee took evidence from Highland Council that was very positive about how the roll-out was working. The council said that, because it had done the appropriate work, there was little problem with the transfer. Having spoken to people involved with one of the early pilots in Musselburgh during several visits, I know that that pilot has not raised resistance. Where is the evidence on the roll-out coming from? Why is it working in the Highlands and Islands and maybe not working in other areas? Is the issue more about the administration from the local authority rather than the concept?

09:45

My second point may be aimed more at Mr Joyce, but anyone else can jump in. I am interested to know about people who are self-employed, because their income can vary dramatically over a week, a month or even a year. Will they be affected negatively or differently from other people who are in employment? Do we need to treat them differently from those who may have a permanent 36-hour-a-week job?

Russell Gunson: The client group to which universal credit has been rolled out so far has been predominately the longer-term unemployed; there have been fewer children and fewer families in the client group so far. That will change as the roll-out progresses.

There is evidence—not from IPPR Scotland directly but from the Trussell Trust about food bank use, from housing associations about rent arrears and from claimants' reports about financial difficulties—that suggests that where UC has been rolled out, the indicators do not point in a positive direction.

However, you are right to suggest that that varies depending on how UC is rolled out. Some of it is structural, some of it is about the changes in amounts, and some of it is about how UC is implemented. You are right to suggest that the DWP needs to learn from where the roll-out has been relatively smooth and where it has not, particularly over the next four years as UC is fully rolled out. I think that that learning is happening.

Self-employed claimants are treated slightly differently from those who are in work. Key things that have been mentioned already are the minimum income floor and the quite short 12-month transition. Imagine setting up a business and being asked within 12 months to at least get to full-time minimum wage profits, which is quite a tall order. Beyond that is the issue of how the income or profits are counted. For tax purposes, the return on profits is annual, but it is month to month for universal credit, which does not seem very flexible for that cohort—the Resolution Foundation has done a lot on that. I will leave Robert Joyce and David Finch to talk more about self-employment.

The Convener: It would be helpful to deal with the self-employment aspect of the roll-out, rather than the local authority aspect.

David Finch: I will quickly pick up on how the roll-out is going first. It is very hard to know how badly or how well people are being affected by the practical administration of UC. A lot of the very bad stories are from much earlier in the implementation, when the information technology system was not fully built and there were problems with the initial IT system design. Since then, the IT has been shifted to a new system, which still has issues and is not fully built, but the rate at which people's first claims are paid in full and on time has improved. The rate was around 50 or 60 per cent—around half the people were not being paid in full on time—but now about 80 per cent are being paid in full and on time.

That there has not been a big improvement on the 80 per cent rate so far is partly about the additional information, such as housing or

childcare costs, that the system needs to process claims. Russell Gunson mentioned that UC has a simple system but puts all the burden of finding information on the claimant, which is partly why it is hard for people to get the right information to the system to get a claim processed on time. There is definitely room for improvement, but the rate has improved and there are signs that the core of the UC IT system is improving over time. I hope that we will see fewer of those problems as we go forward.

That improvement is important, because the perception associated with universal credit is very negative. Its one gain is the gain in take-up, because people will get more of their benefits from a claim. If people are put off by the negative perception, that gain could start to move in the other direction. There is an issue about trying to find the positives in universal credit, and it is for the DWP to make what is actually happening more public. I am sorry—that answer was not quick.

On self-employment—

The Convener: I apologise, Mr Finch, but I will move on to Mr Joyce on self-employment, which will give other committee members a chance to come in and ask their questions. Mr Joyce, what is your comment on self-employment?

Robert Joyce: I will say something similar. There is a serious aspect to how the minimum income floor for the self-employed affects those with volatile incomes through the year. In self-employment, it is pretty common not to have a constant stream of income or expenses through the year. I will give an extreme example to make it easy to see what I mean. If someone were to get all their income in one month, they would be entitled to no universal credit in that month. In the other months, they would have no income, but because of the minimum income floor, they either get very little universal credit or still get nothing. However, if their income had been spread over the year, they might well have been entitled to a bit of universal credit throughout the year.

It is not just an issue of how the system treats self-employed people versus how it treats non-self-employed people; it is also an issue of how it treats self-employed people with volatile incomes versus how it treats those whose income is not volatile. Two people may have the same earnings over the year, but one could get a lot more universal credit than the other. That is a pretty big discrepancy. It seems to me, that, in principle—and I still have not heard a good reason why the DWP could not do this—the minimum income floor could be based on a person's earnings over the previous 12 months, rather than just the current snapshot. That would help to ameliorate that problem. At the moment, the DWP seems to be suggesting that that is infeasible, although I cannot

see why. The discrepancy between how volatile incomes and non-volatile incomes are treated for the self-employed is a big issue.

Shona Robison: The discretion of work coaches has been mentioned. I want to pick up on the evidence around how that works in practice and what assessment has been made of it. In itself, discretion is not necessarily a bad thing, but it could be if it were to be applied unfairly. Is there any evidence of, for example, geographical variation in the application of discretion? Do work coaches follow guidance to try to keep some consistency? I am concerned that very subjective decisions might be made in individual cases, and that the decisions could vary widely, depending on discretion. I am interested in hearing a bit more about what evidence has been gathered and whether any variation is being picked up.

David Finch: This is likely to be a quicker answer. At the moment, there is no great evidence to show such variation. However, it is worth remembering that the role of the work coach has been much expanded beyond what is currently expected of the traditional Jobcentre Plus adviser. They need to be able to understand a lot more information and apply it appropriately. The DWP has a training scheme that advisers go through, with a qualification to say that they have achieved work coach status. However, there is still a huge burden on them, and the pay is not exceptional for what is expected of them—especially when we consider that a wrong decision could have a very big impact on someone's life. It would be good to see some more detailed information on how the discretion is being applied. Sometimes, it is not the difficult decisions—for example, about how many hours someone should be working—that they get wrong but those about whether a person is self-employed. That is very much what we hear anecdotally from sources such as the Child Poverty Action Group about cases in which errors have occurred.

Russell Gunson: I can back that up. There is very little evidence just now. The National Audit Office report suggests that, in many respects, we may never know how universal credit is performing, and I think that this is an example of that. How would we be able to tell? Perhaps we could do that by comparing across local authorities but, even then, the economies are very different in some respects. How would we know whether the DWP was getting those decisions right? I am not clear that the DWP has the processes in place to allow us to know that in the future.

Shona Robison: So you would certainly recommend that the DWP should put the processes in place and gather that evidence as part of the roll-out.

Russell Gunson: Yes—as much as possible. The only brief point to add is that it looks like the relatively low pay and the huge demand in terms of the breadth of the role and the number of claimants per coach—hundreds, I think—will be a big risk, particularly given the in-work conditionality aspects, as we just discussed.

Michelle Ballantyne: I want to talk about fluctuating income levels and the effect on people of universal credit being calculated and paid in arrears each month. The DWP has said that it is the individual's responsibility to budget for that. What is your view on that, and on the threshold change for surplus income? How will that affect people? What is the view of your organisations on how UC should handle the elements of budgeting, fluctuating incomes and changing thresholds?

Russell Gunson: From our point of view, to be blunt, it is not good enough to suggest that people on the lowest fluctuating incomes—potentially they are people in insecure work, whether self-employed or otherwise—just need to budget better. We know that people having fluctuating incomes has been a temporary trend in the economy over at least the past 10 years and, with automation and other changes coming our way, they could become a bigger part of the economy. It is an absolute mess to have primary out-of-work and in-work poverty benefits or social security payments that cannot handle fluctuating incomes very well.

What should the DWP do? Just now, the threshold before surplus income is carried over to future months is £2,500. That will reduce to £300, which seems awfully low. We have also discussed the minimum income floor for self-employment and whether that is done month to month or over 12 months.

That is tweaking, and although those tweaks are important the more fundamental point is that we need a universal credit system that can handle fluctuating incomes and self-employment much better, because the issue might be a part of our labour market that is here to stay.

Michelle Ballantyne: Everyone says that, but my question is what we should do about it. Given your comment, what is your solution?

Russell Gunson: We have touched on some things. Is the minimum income floor even the right principle to have? Why not, as David Finch said, base it on the previous year's earnings? That is one idea.

We just discussed having a much higher threshold before income is carried over, which would even out fluctuations in income. That is another idea, and the annual rather than monthly check of self-employment income is another.

Michelle Ballantyne: The issue applies not just to the self-employed but to employed people. Are you looking for parity across the two groups?

Russell Gunson: It is more to do with being able to iron out the fluctuations. To be honest, the trade-off is that we would sometimes pay out benefits through universal credit to people who might have had a good month or quarter. However, if we did not do that, we would not be paying benefits to people who desperately need them. Again, that would be building or designing destitution into the system.

Those are some of the things that we could do—I hope that they were clear. Beyond that, the direction of travel has to be about catering to that cohort in a much better way than happens now.

David Finch: There are a few things in Michelle Ballantyne's question, which I will try to address quickly.

In principle, universal credit could smooth out someone's income month to month—they have their month's earnings, and then they get their payment three or four days later, if everything is going nice and smoothly. The payment reflects what they earned in the previous period, so that could smooth things out.

The problem is that people might not be able to understand what that amount will be. It is a change to the current system in which people get paid a flat monthly payment. If people know how much money they will get, they can try to budget around that, because they will also know what they have earned.

10:00

UC can support some people with fluctuating earnings. If earnings are taken over a month, and people work different amounts week to week, the system does some averaging within that, so things are smoothed out a little bit. In relation to the big picture, universal credit is at one end of the spectrum. It assesses income on a monthly basis and tries to ensure that the payment is accurate for a certain amount of income. The tax credit system went in the completely opposite direction and tried to ignore any changes in circumstance because it simply could not handle them, so there were big disregards in income change.

There is a trade-off between having some form of averaging and having a more timely system. We could have a three-monthly system, but there will always be a trade-off. On the one hand, the benefits will be inaccurate, which might lead to overpayments and underpayments. That issue is not really discussed when we talk about universal credit, but it causes people a lot of hassle, which you probably want to avoid.

On the other hand, with a very tight monthly assessment period, the way in which the earnings are counted within that month is based on when people are actually paid rather than, as you may think, the month of work that that income actually applies to. That could cause people to move out of the system. A person could get two pay packets in one month, which could mean that they have earned so much that they move out of the system altogether. We could take an actual average of a person's earnings for the work that they have done over a period, but how would we measure that? There are lots of trade-offs, and I am not offering a great solution.

On surplus earnings, there are very specific complicated rules. I do not know of any accountant who looks at the issue, such as the accountants from the Low Income Tax Reform Group, who understands all the technical detail. They think that the rules are far too complicated—no one really understands them. From what I understand, the purpose of the rules is to stop people colluding with employers so that they are paid in periods in a way that maximises their UC. The likelihood of that happening is quite slim and if we are worried about that issue, we can probably address it through enforcement arrangements elsewhere. We could target employers who suddenly come out with odd pay arrangements rather than have that complicated workaround on top of UC.

For people who might move out of UC, the real risk is that, if the threshold is lowered to £300, someone who takes on seasonal work will have their earnings counted against their UC for the next six months, although they will not get any UC in that period, then they drop out of work and get no income at all. We do not want to create that incentive. I suggest that the rules are scrapped entirely, because they are really complicated and create some perverse incentives.

Michelle Ballantyne: There is something about the other end of the process. In your introduction, you said that with a lot of the issues, we should look at them not in isolation but in terms of the job market and the economy as a whole. Maybe there is something about the rules on how we pay people and whether we have a fixed day for paying people so that that aligns with how we provide benefits.

David Finch: UC is said to try to mirror the world of work. The number of people who will receive universal credit probably does not justify all employers moving. Eventually, as more people and working families go into the system, the DWP will have to move its position in some way.

Michelle Ballantyne: Is it feasible for the DWP to move the date on which it pays someone UC to match the date on which their employer pays them—the last Friday of the month or the last day

of the month, for example? Have you had those conversations?

David Finch: At the moment, there is a set entitlement period from the day on which a person claims. If everyone is paid at the end of the month, the DWP probably does not want everyone to claim at that point so that they have same assessment period. That would just mean lots of people claiming on the same day. The problem is that, even when there is a set pay day, employers probably do not always pay people on that day—there are bank holidays, for example, so the payroll would be wrong, or people might be paid in arrears for some reason. It is very hard to get a perfect system. We will probably end up somewhere in the world of averaging things out, but then the trade-off will be inaccuracy.

Michelle Ballantyne: So we are going round in a circle and back again.

The Convener: I will let Mr Joyce in briefly before we move to the next question from George Adam.

The witnesses are saying that some things have to change. Russell Gunson suggested several ways in which they could change, and Mr Finch suggested that we stop some of it altogether. It would be helpful to get some unanimity among the panel on some of the questions that Michelle Ballantyne asked. Does the system have to change to take account of Mr Gunson's suggestions, or should some of it, such as the income floor, be scrapped, as Mr Finch suggested?

Robert Joyce: It is hard to be totally categorical. Not being a tax administration expert, I am not sure about the severity of the Government's concerns about manipulation of the timing of earnings and whether there are better ways of getting at that than the method that the Government is proposing. I definitely think that the surplus earnings rules, in trying to tackle that problem, are clearly having negative effects. At the very least, there is a trade-off.

In general, the Government always has to make a choice between trying to alleviate short-term hardship, which would point to short assessment periods, and trying to focus resources on people who are worse off in the longer run, which points to longer assessment periods. Under the previous system for out-of-work benefits—the safety net benefits—it took the first approach. That seems to make sense—the benefits were there to alleviate short-term hardship, so there were short assessment periods. With tax credits, we took the other approach and had longer assessment periods. The Government has had to unify the rules under the UC system and it has chosen a shorter assessment period. However, in relation to

some in-work claimants, it has started to worry about the possibility of manipulation of the timing of income. As a fudge, to try to deal with that, it has brought in the surplus earnings rules, which move us back towards something closer to a six-month or annual assessment.

That affects all UC claimants, including those in the out-of-work safety net and not just the equivalent of the former tax-credit claimants. Someone who earns a decent income and expects that to continue could spend that income without making provision—perhaps reasonably. If they suffer a big shock and fall out of work, they will have to wait quite a while to get UC because of the surplus earnings rules. Making people wait a long time after suffering a big shock is a pretty severe characteristic for a so-called safety net to have.

I do not have a magic answer. I want to know more about what more the Government can do to try to distinguish the genuine manipulation that it is worried about from other cases. As David Finch pointed out, there is a question about how important such manipulation is anyway. How common is that genuine manipulation?

Michelle Ballantyne: In some ways, that suggests that we bring back local discretion, but that goes back to Shona Robison's point about how we manage that local discretion.

Robert Joyce: Indeed.

George Adam: I want to ask about self-employed people's fluctuating incomes. As David Finch said, universal credit is supposed to mirror the world of work. Over the year, a self-employed person can manage to get by, but there are peaks and troughs along the way—I know about that because I come from a self-employed family. Surely people will see a disincentive to get involved in the system because they have to report monthly, rather than annually as they did under the previous system. That is another monthly burden on that person: they are getting on with their business, dealing with their family life, but at the same time they have universal credit and the DWP as a dark cloud sitting on their shoulder—they do not know whether they will get the support that they need to put bread on the table. Is that not a disincentive for self-employed people?

Russell Gunson: It could be, in theory. If a self-employed person has to interact with the benefits system in a way that they are not used to interacting with it, that might add red tape and create a disincentive for them to get the support that they need.

The IFS has done a good amount of work on self-employment, and the thing to bear in mind is that much of the self-employment that we see

across the UK economy is very low paid. Only 4 per cent of self-employed people earn more than £40,000, and average profits have dropped from about £15,000 to £12,000 between 2007 and 2012.

The people we are talking about are self-employed in name, but in many ways they are on low incomes or low pay. The distinction between self-employment and insecure work is quite blurred at points, at least in terms of the experience, if not legally.

What do we do about that? If there is that disincentive, we need to make sure we have outreach support—from the Scottish Government as much as from the UK Government—that tells people that benefits are available and that they should claim them if they need them. We have also touched on some of the things that we could do to reduce the red tape for self-employed people and to improve the system for them, so I will not repeat those.

George Adam: The monthly reporting period seems to be the major problem across the universal credit system, especially when someone is working in a job where the salary fluctuates. They could be on a low income but have a couple of good months because of bonuses or overtime. Monthly reporting seems complete madness. There must be a better way of doing that—something that takes a longer-term approach.

Russell Gunson: There is the red tape question, but there is also the issue of fluctuation in income. One argument is that if tax is calculated on an annual basis, we should move to an annual system for self-employed people through universal credit.

George Adam: What you are getting at is that the Tory Government says that it will cut red tape but it just keeps on creating more red tape. I am paraphrasing, but is that what you are saying?

Russell Gunson: I could not possibly comment.

The Convener: You are allowed to address the point if you want, Mr Gunson.

Russell Gunson: I will leave it there.

The Convener: That brings us to the end of our first evidence session in our new inquiry. I thank our three witnesses for their time.

10:12

Meeting suspended.

10:14

On resuming—

The Convener: I welcome the next witnesses: Deborah Hay, Scotland policy officer for the Joseph Rowntree Foundation and Polly Jones, manager for Oxfam Scotland's a menu for change project.

I thank the witnesses for their patience in waiting during the previous evidence session. We will move straight to questions, and start with deputy convener Pauline McNeill.

10:15

Pauline McNeill (Glasgow) (Lab): I will ask questions about the excellent paper. I am interested in whether the changes to the design of universal credit will mean that more children will end up in poverty. It will be helpful to have more information about the transition for families who are in receipt of working families tax credit and child tax credit, which have lifted thousands of children out of poverty. It would be a tragedy if the transition into universal credit means that we will lose that progress.

This committee was instrumental in the Child Poverty (Scotland) Act 2017, from which a few things have been highlighted, such as the tendency of single parents to be in poverty. For the record, I draw the committee's attention to a couple of interesting things that I was not aware of. The paper says that there has been

"extremely slow growth in men's pay levels ... over the last two decades."

but "On the other hand" there is

"faster growth in female earnings, driven to a large degree by increases in rates of"

employment

"among women".

I am interested in any answers that can guide the committee about the impact of universal credit on child tax credit and family tax credit.

Deborah Hay (Joseph Rowntree Foundation): You have heard from some of the evidence and from reading the written submission that we are worried about moving certain groups into universal credit. As you heard from the previous witnesses, at the moment most of the move to universal credit has been for single households without children. Quite a lot of modelling has been done to look at the differences in universal credit, which come on top of other changes, such as the benefit freeze. That means that the universal credit changes are being grafted on to what has already been a difficult transition over the past couple of years.

As the previous witnesses said, the big challenge is for certain household types, particularly, as you say, families with children. Lone-parent families and couples where only one person works are particularly at risk of poverty. The JRF has done work recently and will publish a report in October. What is emerging from that evidence—although it is not out yet—is that significant parts of those groups of households are in poverty and many of them are in work.

Members will know that our organisational position is that work allowance is key to that issue; if work allowance could be restored to the original design of universal credit, those hard-pressed families would be able to keep more of what they earn and that would help enormously. We have done a lot of modelling that suggests that that is the single most important thing that could change the prospects of those families.

Pauline McNeill: One figure that was given to the committee is that a lone parent with two children who works 16 hours and has average housing costs and no childcare costs would be 11 per cent worse off. Where there are no childcare costs and two children, they would be 4 per cent worse off. In the modelling of the work allowance that you spoke about, would those figures disappear or would there still be a reduction?

Deborah Hay: Do you mean if the work allowances are improved?

Pauline McNeill: Yes.

Deborah Hay: Improving the work allowance would make an enormous difference in both of those circumstances. I can provide additional modelling information after the committee meeting, if there are particular things that you want to talk about. The JRF is full of very brainy economists and modellers; unfortunately, I am not one of them. I know most of the headlines but the detail would probably best be given to you by the analysts who do that work. If you have specific questions, I will be very happy to follow them up.

Pauline McNeill: For families who are in receipt of child tax credit, what is the calculator that is used in the transition to universal credit to get to those figures in which some families are 11 per cent worse off? Are any of the witnesses able to answer that?

Deborah Hay: Most of those families would be moved over in managed migration. New claims will be the first ones touched when universal credit is rolled out. A process up to 2023 will move all the people who are currently on what are called the legacy benefits over to UC, about which there are obviously some concerns. People who are in receipt of only working tax credits or child tax credits are not currently on the system unless they make a new claim in a full-service area.

Polly Jones (Oxfam Scotland): That relates to a question that was asked earlier about how Highland Council could report that everything had been fine. Menu for change is working on the ground across Scotland with people who turn to food banks when they have no money left for food. Our information about universal credit is about that lowest-income group and their experiences. In undertaking that work, we have been in contact with a lot of councils that are at different stages of the experience of universal credit full-service roll-out. Although some have reported that things have gone slightly better than they had expected, the big concern is what will happen with the managed migration of many more complex cases—such as individuals who are in receipt of exactly the credits that you are talking about—when they are forcibly moved on to the universal credit system and how that will interact. So far, the majority of people on universal credit are individuals or have more straightforward experiences.

Alison Johnstone: Both witness submissions have picked up on the fact that most adults in poverty—64 per cent—now live in working households, which seems directly at odds with the intention and with the much-repeated rhetoric from the United Kingdom Government that the best way out of poverty is to be in work. It is clear that something is going horribly wrong. Is universal credit the best benefit for people who are in work, or should we look at something entirely different? I am not a fan of the word “worklessness”, which is used in the information that we have today. Although more people are in work, they are still being paid too little, even with universal credit, to maintain the life that we would want people to enjoy. Do we have to look again at how this benefit is designed, particularly for those who are in work?

Deborah Hay: As you say, the majority experience of poverty now is of households who are in work. Universal credit tries to provide a top-up, and my organisation originally supported the idea of a simplified system that could better respond to a whole host of different circumstances. The challenge is whether the system as it is currently configured does enough to support different kinds of families and constraints. Behind the large prevalence of working poor are low pay levels and insecure employment as people cycle in and out of temporary work. As the other witnesses said, there are lots of issues around people getting into jobs but not being able to progress to better jobs—issues that probably require a wider response across the systems for skills, transport, housing and childcare, to be able to encourage families and create an environment in which they can move on and improve their prospects.

The work allowance is important because it enables families who are working to keep a little bit more of what they earn in order to progress. A simplified system, which universal credit is trying to be, is fine in theory, but it needs to be able to respond to different constraints for different kinds of households. Lone parents, or a family with only one parent in work, have a struggle to balance work and caring in a way that enables them to earn enough to work their way out of poverty. A two-parent family in which both parents work part time is very vulnerable to high levels of in-work poverty. We need to ensure that wages and our strategies and policies on wage levels, as well as our work with employers and skills, do at least as much of the heavy lifting as social security does. We need both systems to be able to talk to each other and respond to the real-life circumstances in which different kinds of families are found.

Polly Jones: I will add a little bit about Oxfam Scotland’s experience of universal credit and the roll-out so far. It cannot be said often enough that the Trussell Trust, which committee members will know is a UK-wide network of food banks, found that, in areas of universal credit full service, over a 12-month period there was a 52 per cent increase in the number of people who turned to such banks. When so many people cannot feed themselves or their families, that has to tell us that something is going wrong with the system.

It would be worth the committee discussing that a bit more, and expanding on what was touched on earlier about not only low pay, but the quality of work and the kinds of jobs that people who are earning at the very lowest levels are doing. From our research, we have many testimonies of, and interviews with, people who are on temporary contracts. We talked about self-employed people earlier but, at the moment, the universal credit system is not delivering for those on temporary contracts. They come in and out of work, and the amount of universal credit that comes to them just does not reflect or see them through the gaps in their contracts. There are some interesting cases. Most of our work is in Dundee, East Ayrshire and Fife, where there are big local employers who are well known for using temporary contracts all the time. That has left many people’s families without money for weeks on end, because their claims have been stopped. The amount that they have earned in one assessment period might have peaked, so their claim is closed and they have to reapply. Then they will have an in-built waiting period before they can get any more money. It is in that period that we find them turning to emergency food aid supplies, just to try to make ends meet.

Alison Johnstone: To what extent has the policy on universal credit been equality impact assessed? It seems to be hitting certain groups far

harder than others. Clearly there are winners and losers, but there seem to be a lot of losers here—and they seem to be quite focused.

Deborah Hay: There have been a number of quite strong submissions to the UK Government about its impact, particularly on women and on people with long-term ill health or disabilities. That partly reflects women's gendered experience in the labour market, so there is an intersection between the equality issue and, as Polly Jones said, the quality of work to which people at the lower end of income distribution tend to be exposed. I imagine that it is probably for the UK Government to talk about the extent to which it has equality impact assessed its own work, but I am certainly aware that there have been quite strong representations to it.

The Convener: I am happy to ask questions, but I am looking at committee members to see who might like to come in at this point.

Shona Robison: Our briefing paper says that, according to Oxfam, 6 per cent of workers are on temporary contracts. If you have more detailed evidence—not necessarily here today, but as a follow-up—on whether there are wide geographical variations on that, it would be helpful to have it. Polly Jones has just spoken about gender differentials. I suspect—or we might assume—that a higher percentage of people who are on such temporary contracts are women. It would be helpful to know whether that is the case and to see a little detail about any geographical or gender variation and evidence of the impact on that group of the roll-out of universal credit. From my own mailbag, I am aware of such issues in Dundee, but it would be helpful if we could have more concrete evidence on those points.

10:30

Polly Jones: The data from the three areas in which we have been working is very consistent about who is turning up at a food bank or presenting at a jobcentre with no money for food, and who has temporary and insecure work.

There are a lot of men. People talk about their partners and their brothers, and perhaps—if we relate it to the evidence that was heard earlier—that is because they are the main earners. The women often have the caring responsibilities and become the second earners.

We have a lot of data suggesting that single mothers are very concerned about the expectation on them to take on more hours and showing the anxiety that that causes when they are left to navigate what work to take on and the childcare system. As was touched on by the earlier panel, we need a system that understands how all those different areas interrelate.

The experience of people we have worked with across Scotland is that the system does not sort that out. They have to navigate through and make quite sophisticated choices about how to get a child looked after at a certain time so that they can pick a temporary contract and weave it all together in a complex arrangement, which may not even add up in terms of the numbers that people have in their accounts at the end.

Deborah Hay: The Joseph Rowntree Foundation has evidence to support some of that—about who ends up in destitution and what some of the triggers are. It does not necessarily relate to temporary contracts, but that is one element. It is the sort of shock that can plunge people into destitution. Some of the gender data is not as disaggregated to local areas as we might like, so it is quite difficult to use, but our analyst colleagues have done some of that work and we are happy to share it with you.

The Convener: My local jobcentre in Maryhill closed and one of the groups most impacted by that was lone parents—mostly single mums. Two things emerged from that. One was that some had built up a reasonably positive relationship with their work coach and, perhaps because they were changing, that was destroyed.

However, there were genuine concerns about basic things such as whether there was a bus that would get them to another jobcentre on time, let alone getting to paid employment for 8 am or 9 am. Some of the barriers that my constituents face to get into work if they are out of work or to top up their hours in work are basic things such as access to workable childcare solutions, public transport infrastructure and the affordability of work.

Universal credit was supposed to tackle in-work poverty and give people pathways and career progression, and the panel has identified gendered issues in relation to that. Is universal credit doing anything to address that in a positive way? I could sit here and ask all the negative questions—and I am happy to do that—but is universal credit doing anything in a positive fashion to deal with some of those barriers to work and to make work pay for some of the most vulnerable people in my constituency?

Deborah Hay: I am not sure whether the operation of universal credit has those things in its ambit, but, taking a more positive look at it, you are absolutely right that the sort of things that help people to progress are dedicated advice and financial planning—support that people's jobcentres may or may not provide through other services in the area.

It is about planning for and being able to respond to the kind of travel to work issues that

people might have when they take up new or additional hours, and about the local strategic partners getting together and making sure that there is sufficient and accessible childcare that responds to the kind of jobs that people want to take up.

You are right that the rapport and relationship with work coaches, financial advisers and others is incredibly important to people who are in vulnerable circumstances. Really understanding where people are now and what will help them to move on are the sorts of magic things that will make a difference. Whether universal credit can be part of ensuring that those local systems work round people is another matter.

Polly Jones: I want to share with the committee something that was said by someone we interviewed. Steve, from Fife, said:

““There’s a gentleman in the Jobcentre who’s worked with me in the past, and he knows that I’m computer illiterate ... He says any time I go into the Jobcentre I don’t ask for anybody else, I just says ‘Can I speak to Allan?’”

There are good examples of work coaches who are clearly going beyond what they might be required to do, to make sure that they can support people to fulfil the basic requirements. There are definitely cases of that happening.

We have also heard very positive feedback about particular jobcentres around Scotland, which people noted because that was not the experience that they were used to having in other jobcentres. People have said, “Oh, that one’s a really good one and I get quite a lot of support there.” I guess that those good examples show that there can be improvements, which is a good thing. However, overall, most of the feedback is that that has not been people’s experience.

It is worth mentioning that we have worked quite closely with people from the DWP and from jobcentres in the areas in which we work, and not one of those people gets up in the morning to give people who come into their jobcentre a hard time. They are committed to trying to make the system work—that is what they would say if they were here in front of the committee. However, there is clearly a mismatch, because for a lot of individuals on the lowest incomes, their experience of the system is not an easy one.

Someone who wanted us to send a message to people such as MSPs, who have a role in decision making, said to us:

“I hope the government seem to find a way to stop this Universal Credit. If not, then I don’t know how everyone’s going to get on. They’re not gonna manage.”

That is the general perception of people on the lowest incomes as they try to navigate their way through the system. It is also the position of the organisations that run a menu for change that, at

this stage, the best thing to do would be to halt universal credit and fix the problems, before continuing roll-out. It is important not to lose sight of that in the discussion about some of the detail.

The Convener: That is pretty clear, but I want to push you a little on how work coaches support, or do not support, people. Work coaches are like anyone else, including MSPs: there are good, bad and indifferent ones. The structure of the system under which they operate matters, too. I do not see how they can be supportive in an environment in which they are more detached from the communities that they serve. They are in larger offices and they have to support a diverse group of clients. I expect that work coaches need a proper granular understanding of local childcare provision, local bus routes, local schools and the local economy. It is not good enough to say, “There’s a job three miles away in that direction; why haven’t you applied for it?” because that just might not fly for the individual. That has been the case for my constituents. Other people might not understand that.

I am not sure whether work coaches get enough training in that regard. Do they have time to take such things into consideration, even if they want to? Are they under such pressure that they cannot deliver on the underlying principles of universal credit?

Deborah Hay: That is probably a fair assessment. Russell Gunson mentioned the National Audit Office report, which certainly expressed that concern. Whatever the report that is out today says about in-work support and its success or otherwise, the case load of the average work coach has gone from containing fairly simple cases to containing the whole spectrum of cases, as I explained. In that context, I cannot see how coaches can give people the granular, individualised and tailored support that you are talking about—it will be extremely difficult to do so.

That is why I said that the whole system needs to bend round the universal credit support system, if we are to make a success of it. We need to find ways of putting the most vulnerable claimants in touch with the individualised and tailored support that will help them.

Polly Jones: We know from work with jobcentres that some centres have developed quite detailed complex-needs plans, so that when staff cannot deal with everything that a person raises in a session, they can refer them on and link them up with other local services that might be able to help.

Our project, a menu for change, is focused on working with a range of local services in Fife, Dundee and East Ayrshire, such as citizens advice

bureaus, jobcentres, emergency food aid suppliers and the Scottish welfare fund. The clear picture that we are getting in those three areas— anecdotal evidence suggests that it is the same across Scotland—is that the safety net is full of people working really hard who do not consider that they have a simplified, co-ordinated and streamlined service. Furthermore, they consider that many of the services are not aware of what the other local services provide, at what times and for which client groups. There is duplication and services are trying to manage budget cuts.

Social Security Scotland is being set up and we will have local delivery across the country. Consequently, we have a great opportunity for exciting strategic thinking about how we want all those support services to support people in every area, including how to provide easy access to all that advice and support.

Bob Doris is right that, even his constituents in the centre of Glasgow may well have to make bus journeys to travel to different offices to fill in forms in order to get help with different bits of support. Those offices might have different opening times that do not necessarily fit with people's childcare or work commitments.

There is a job to be done to streamline services and to ensure that there is a safety net across all areas, so that the system works for those who need it and is not just designed around services that have developed over a number of years and potentially in isolation from each other.

George Adam: I want to come in on the back of Shona Robison's question. We have talked about how universal credit impacts on women and the barriers that they face. It also affects carers and those with disabilities. Can you provide any information on those impacts, or can you get us that information?

Deborah Hay: We can possibly do a combination of both.

We are worried about the impact on people with disabilities and more vulnerable clients more generally. The experience to date has been challenging. The system is challenging to interact with, so the more barriers and the more vulnerable someone's circumstances, the more likely it is that it will be difficult for them. A significant proportion of people who end up being destitute also have significant health concerns. The cycling in and out of poverty that we have talked about is a specific concern for that group, too.

I am happy to follow up with more detailed information on the issue, if you would welcome it.

George Adam: It is a difficult issue, because a lot of people looking after a family member do not see themselves as a carer. That serious issue is

for the Scottish Government and Westminster. How do we identify the people who just go about their business day in, day out? How does the system get to them?

Deborah Hay: That is a lot of different questions.

George Adam: Hunners.

Deborah Hay: On the specific theme of in-work poverty, carers are, as you say, often in the background getting on with the job of caring, but they may also be a key feature of households in poverty where one person is working but is unable to increase their hours and do more work or for whom work is an additional option. That specific group is at risk of poverty.

The Scottish Government has already committed to doing a lot to support carers and bring up the level of their financial support to that of JSA claimants, but we could probably do more to identify hidden carers.

Polly Jones: On people's experience of not having enough money for food, it has come out clearly in our research and evidence that the most common source of applications for, for example, crisis grants from the Scottish welfare fund is people with disabilities, so we know that they are often more vulnerable to income crises. They are also overrepresented among food bank users.

It is worth drawing out that people who are experiencing mental health problems come up again and again in the group of people who are left with no money for food and who seem to be falling through all the cracks in the various safety nets that are meant to catch us all.

Michelle Ballantyne: In the statements that you just made, were you referring to people who are on UC or those who are yet to go on UC?

Polly Jones: I do not know. That was based on wider food bank evidence that is not specific to universal credit.

10:45

Michelle Ballantyne: That is the point. A lot of those people are not on UC; they are on other forms of benefit or not on benefit at all. There is a much bigger issue than the impact of UC on individuals.

I am particularly interested in your food bank evidence, as I am the patron of and work closely with a food bank. The lack of good evidence from food banks is a big problem. They often do not record why people go to them, so they do not have good evidence—much of it is anecdotal—of people's reasons for being there. When we started doing some work on that, we found quite a broad range of reasons. If we want to tackle some of the

problems, we need to properly understand the causes.

Polly Jones: I agree. You cannot fix a problem until you can measure it. I do not work for the Trussell Trust, although perhaps the food bank that you are patron of is part of its network.

Michelle Ballantyne: No, it is not part of the Trussell Trust.

Polly Jones: Its food banks record in quite a lot of detail exactly who uses them, partly because at many Trussell Trust food banks people are not entitled to a food parcel unless they have a referral voucher from another agency. Those food banks have a clear and rigorous process for recording where people have come from, their reason for coming and why they are entitled to a food parcel.

Just this week, we launched research in Scotland on independent food banks, because they make up more than a third of emergency food aid providers in Scotland but to date they have not been mapped. I hope that the food bank that Michelle Ballantyne is involved with can participate in that and we will have robust data.

Shona Robison: I take Michelle Ballantyne's point, but Polly Jones said earlier that the Trussell Trust has made a direct link between the universal credit roll-out and an increase in the number of referrals to food banks. Presumably, the evidence from the research on independent food banks that she talked about will potentially give us information about whether their experience is in line with Trussell Trust food banks, although I find it hard to believe that food banks operate in a radically different way. It might be helpful for the committee to get some of the detailed Trussell Trust research on the link to universal credit roll-out, if we do not already have it.

Polly Jones: It was very clear. The 52 per cent increase was what happened in food banks in areas where universal credit had been in full service for 12 months. It was not data from one month; it was 12 months of evidence, which is not disputable. The Trussell Trust also worked with a number of academics from the University of Oxford, in particular, and lots of other universities that do leading work on food insecurity and that have done studies over a number of years to look at the exact relationship between who is left with no money for food, who turns to food banks and who has no money but does not go to food banks. The real tragedy is probably that most people do not go to food banks, as they are not places that they would turn to. In our evidence, there were examples of lots of women who feed their children and partner and, because there is no food left, drink tea all weekend.

Dr Allan: I will pick up on the point that you just made about people who do not use food banks.

Food banks do valuable work, but we should not regard them as part of the benefit system—I hope that there is universal agreement on that. Where I live—I am sure that this is replicated in other places and that the situation is not radically different elsewhere—there is also the phenomenon that many older people, in particular, would rather be hungry than claim food from a food bank. I am not advocating that position but, for all sorts of cultural reasons, there are people whose dislike of being put in the position of claiming food on a charitable basis is such that they prefer the sensation of hunger. How do we reach people who, for all those cultural reasons, simply will not go to a food bank?

Polly Jones: For the past few years, the Scottish Government has taken the lead on recognising why we want to build a robust safety net that catches everybody so that nobody needs to turn to a food bank. An independent working group was set up back in 2015 to look at food insecurity. It produced a report with a number of clear recommendations, which the Scottish Government endorsed. Our project came in on the back of that, looking at how to put some of those recommendations into practice.

Most food bank volunteers would say that they never set up food banks to be a long-term solution. They stepped in temporarily and wonder why on earth they are still going, 10 years later. There is a lot of commitment in Scotland to trying to build a system that supports everybody, with a focus on income maximisation, which is slightly different from the focus in the rest of the UK. The recent commitment to financial health checks for families on low income is fantastic, but we would like that to be rolled out for everybody and not just families. Many single men present at food banks and were in the first wave of universal credit. We want them to have a financial health check, too, to ensure that they are not missing out on benefits.

Poverty among people in work is increasing, and we know that most people in work have no experience of using the social security system. The system is set up without even simple things such as opening hours that make it easy for people to get all the benefits and support that they are entitled to.

The focus for Scotland is—and should be for the rest of the UK—on how to make sure that we do not have a leaky safety net, so that people with the lowest income have that income maximised, have everything that they are entitled to and do not need to turn to food banks at all.

Pauline McNeill: I am interested in what the picture will look like if we do not fix the problem. Everyone has used examples, and I am sure that other members have had people come to them. I have had numerous cases of people—single

parents, in particular—who face rising housing costs who have been working but have been in receipt of tax credits and who will now be brought into the universal credit system. It seems a bit crazy to me to upset that, but life is not simple for anyone, is it?

In many of those families, there is an increasing number of children with medical problems, such as inflammatory bowel disease, a diagnosis of Asperger's or other difficulties. Three families with such children have come to me in the past two weeks. They have the added complication of managing those difficulties and now they have to go to work full time, because the system has completely changed.

It is important to highlight that we are talking about in-work poverty for those who were previously in work and not in the benefits system, not people who were in the benefits system and trying to get into work. That is an important aspect. What do you think that the future picture will look like? It would help the committee if you can identify the groups that you think will be most at risk. I know that some of that information is in the submissions, but I want the position to be clear. It is important to have that picture.

Deborah Hay: The Poverty and Inequality Commission has set out what it thinks are the groups and the kinds of households that are most at risk, on the basis of some of the evidence that the previous witnesses talked about. They are the groups that you would imagine: lone parents, larger families, some black and minority ethnic families and families in which there is disability or long-term ill health. Those are all groups in vulnerable circumstances for whom the roll-out of a less generous system—as it is, in many cases—will be particularly difficult.

Our organisation, like Polly Jones's, will probably ask for the roll-out of full-service universal credit to be paused at the end of the year, so that we get a sense of what the wider impact will be before we start the managed migration process and bring in those groups that, as has been said, have not yet been touched by the system. Largely because of the number and complexity of those cases, it would make sense to let the system bed down first for all those new claimants while full service kicks in.

You are right—individual households often deal with a multitude of challenges, whether that is housing or a disabled child, and we need a system that can be sufficiently responsive to all those circumstances and that can make sure that families can move out of poverty.

As you said, nearly the majority of lone parents work. JRF recently published a report that set out that, of the parents who are doing the working

hours that the universal credit system requires of them, the majority are still in poverty and are unable to move out of it.

Although I agree with Polly Jones that we need to ensure that, at the very least, through the social security system that we design or the systems that we bring together, an effective safety net is created, we also want to pick up the issues from the earlier evidence-taking session and make sure that it is not just a safety net, but a platform on to something better.

We need to get both those parts right. At the moment, it is, as Polly Jones said, a leaky net. We are losing people, and often it is some of the most vulnerable people that are being lost. When we redesign that process, we want to make sure that, particularly in Scotland, people can progress and have better prospects rather than just move into in-work poverty, which is the focus of the committee's inquiry.

Polly Jones: I have one point to add. Some of the evidence that we have been picking up is about the rent arrears that people in private housing have been getting into. They are the fastest-growing proportion of people experiencing in-work poverty. We have seen many people quickly building up arrears with their landlords because their rent is included in their universal credit payment. For example, Hilary said to us:

“The reason I have to use the food bank now is because I'm in rent arrears, which means I'm paying my rent and my rent arrears off my Universal Credit”.

After that, there is not much more left to go round.

We were particularly interested in a freedom of information request that was made at the beginning of the year to all local authorities that found that nine of them had set aside £9 million in their budgets to cope with the roll-out of universal credit and what that would mean in terms of rent that was owed to them.

That highlights a reason to focus on what is happening with housing costs for those people who are at the lowest end of the income scale; it also demonstrates the interrelationship between the UK-wide benefits system and universal credit, local authorities and individuals' experience of the private rented sector.

The Convener: I am trying to get my head round what universal credit means for those who are in work and are moving on to it not having experienced it before, and the idea of conditionality and the contract that such a person has as someone who previously received working tax credits or child tax credits independently of the universal credit system.

I am wondering about the idea of pathways out of poverty, career progression and the conditions

that are put on that. For example, if a single mum is in receipt of benefit through universal credit and for the past year and a half has been holding down a minimum wage full-time job—those are difficult circumstances—who decides whether she is trying hard enough to move away from that minimum wage full-time job? Who decides whether there is another job available that would not make that single mother and her children worse off in a variety of ways, including financially, should she seek to take it? Such a job might not even exist. Who is qualified to make that judgment when deciding to make someone's universal credit claim conditional? Who has that expertise? Who would do that?

Deborah Hay: In theory, the work coaches will do that. I do not think that there is an enormous amount of evidence about how they will go about doing that, simply because of where we are with the roll-out and who has been picked up at this stage.

11:00

JRF is commissioning work to follow the roll-out of universal credit in Glasgow, for example. The committee heard from earlier witnesses that some of the evidence, the challenges and the most terrible stories perhaps relate to universal credit's design and roll-out at an earlier stage. Some of its flaws have been tweaked, fixed or ameliorated in some way so that the system will be better from now on. In our small project in Glasgow, we will want to assess universal credit as it is being implemented now, to see what impact that will have. One slice of that will involve us meeting work coaches, if we can, to get a sense of how prepared they are to support that wider cohort of people, including people in work. We will look at what resources they have at their disposal to be able to make such decisions and what help they can draw on to help the clients they will be working with. I will be happy to report back to the committee in due course on how far we get with those discussions.

Help for clients is a concern. However, we know that the best help is tailored to individual people, reflects their circumstances and comes from the sentiment, "We would like you and your family to get the best deal for you." As other witnesses have said, lone parents and other kinds of families tend to be very sensitive to economic incentives and their prospects for improvement. Nobody gets up in the morning and asks, "How can I screw over the UK Government today?"

Michelle Ballantyne: Except George Adam. [Laughter.]

Deborah Hay: I am glad to have provided the only laugh on the subject so far.

The Convener: I say for the benefit of readers of the *Official Report* that there were lots of nodding heads when that previous statement was made.

Deborah Hay: I do hope that I have a job when I go back to the office.

We know that we can design a system in a way that is very supportive and enabling for families, but the question for a work coach with a case load of 290 people to support is how they will be able to spend time with individual people to do that. From other programmes and interventions—especially with lone parents, who have been hit hardest—we know that we get better outcomes if we are able to get someone into the right job for their circumstances rather than any job.

Polly Jones: I have a couple of points to share. Someone said to us:

"I was told that if I walked out my job I'd get sanctioned by the Job Centre. And I said, 'How can you sanction me when I don't have any hours?'"

She had a zero-hours contract but wanted to leave it because she did not have any hours. However, as far as her work coach was concerned, that was equivalent to walking out of the job, so she would be sanctioned on top of that. Therefore, there are clearly problems with how the sanctioning works in relation to changing work arrangements such as zero-hours contracts.

Someone else said to us:

"I came off Universal Credit because I was still expected to go look for work up to a certain amount of hours ... and for £1.35 I didn't see the point because that meant I had to spend the money to get data for the internet which wasn't worth it."

The advice that some people are being given by their work coach does not make financial sense and is not a sensible or logical strategy.

The Convener: That appears to cut both ways. Sometimes the advice might be flawed because the work coach simply does not have the time to look in detail at what a sensible solution for the client would be, or there could be a lack of training. I will leave that hanging there. If we get the structures right, a lot will depend on there being a trusting, professional, compassionate and supportive relationship between the work coach and the individual. It is a question of how we legislate for and build structures around such relationships, which can vary greatly. Is there anything additional that could be put in to support that?

Deborah Hay: Earlier, we touched on fluctuations in people's income. Designing a system that has a little bit of flex in it is incredibly important, because people's circumstances change. Claimants are often dealing with difficult

circumstances at home, so a system that does not overreact to them would also be very helpful. The Scottish Parliament might be able to do more about that by having a system that smooths out the peaks and troughs for people, provides wider wraparound and reacts a little bit less quickly to changes in their circumstances to enable them to have a bit of space to breathe.

The Convener: Thank you. We have a couple more questions—I am sorry, Polly Jones wants to come in.

Polly Jones: A couple of things are clear in the evidence that we have picked up. One issue is about implicit consent. Advisers—who might work in a council welfare rights unit or a citizens advice bureau—have been able to access the system to see the current status of a person's benefits. That is important, because the adviser might be a first port of call for a person who has a problem that they want to be fixed. With universal credit, advisers do not have implicit consent—only the person's MP has it, and I am sure that our MPs do not want to be the first port of call for all such issues. It seems straightforward to try to extend implicit consent so that advisers can support people who are struggling with questions about universal credit.

Another important issue is to maximise the safety net that is built into universal credit by the DWP. Short-term benefit advances and hardship payments should be available to everybody who has an income crisis. We want to be confident that those safety nets are always made available and that they are explained to somebody who might have an income crisis or no money for food, which is not always the case at the moment.

The Convener: I apologise to anyone who wanted to get in. Because of time constraints, we will have two further questions from members, but after that we will have to close the session as we are running close to the start of today's meeting of Parliament.

Jeremy Balfour: I have a daft laddie question. Your reports highlight people's negative experiences. It is a bit like the fact that no one ever comes to MSPs when they have had a positive experience to say, "Wasn't that a great experience?" Do your organisations record positive experiences, or do you simply put them aside so that your reports read in a certain way? If so, are you able to share some of the positive experiences with the committee?

Deborah Hay: JRF did some work with BritainThinks, which found that there were individual claimants who had had positive experiences. Those experiences, which were not totally negative, have been shared. The profile of people who had had positive experiences tended

to be that they were people without additional barriers, who were in work and who had relatively straightforward ways for the household to interact with the system, such as high-quality internet connections. Some of those claimants had perfectly positive experiences. However, that was not the case for people who had different profiles for all the reasons that we have talked about, whether fluctuating earnings, vulnerable circumstances, disability or ill health, no direct access to the internet at home—

Jeremy Balfour: So your experience is that everybody who fell into those categories had a negative experience?

Deborah Hay: No—

Jeremy Balfour: That is what you have just said. You said that everybody who had poor internet access or was a single parent or whatever had a negative experience.

The Convener: We will let Deborah Hay tell us what she said.

Deborah Hay: I apologise if I misrepresented that point. I meant to say that the report said that people were far more likely to have challenges interacting with the system if they had any kind of vulnerability, such as poor-quality internet access, and that, conversely, people who did not have those challenges were more likely to rate the service as positive. That was from a qualitative focus group.

Polly Jones: We work only with people who are left with no money for food, so it is worth bearing in mind that our comments come from research with that particular group of people.

In this session, I have shared with members the positive experience that someone had with their jobcentre work coach, who went out of their way to help them to navigate an online system. I have also mentioned the people we interviewed who all talked about one particular jobcentre that they said was brilliant and was a totally different experience. As well as sharing that with the committee, we have spoken to the people who manage the DWP across Scotland and have fed that back to the jobcentre, because we wanted them to know that people's experience of that centre was positive and could be looked at to see how such an experience could be shared across Scotland.

When there is great feedback, we want that positive experience to be shared across Scotland and not just hidden in some qualitative research in a report on a bookshelf, because that is how we learn and make things better.

Alison Johnstone: I was going to raise the issue of implied consent, so thank you for raising it. We took evidence from organisations in Musselburgh on the impact that that was having.

The fact that explicit consent is insisted on for UK full service is probably having an impact on our correspondence.

You mentioned the impact that UC was having on rent arrears. Do you have an understanding of how easy it is for people to ensure that payments go directly to landlords? Are they made aware of that process, and is it quite straightforward?

Polly Jones: The issue of Scottish flexibility is interesting, and the widespread opinion of organisations in Scotland that are working on this is that Scottish flexibility is a good thing. We can see that, for many individuals, it can make a big difference to how they budget, because of the option for the money to go straight to their landlord. That is also a good thing.

It is less clear how easy it is for people to be given the information that Scottish flexibilities are available. My understanding is that people are asked about that after their second visit and that they are asked about it only once, yet it is the kind of thing that they might want to be asked about many times through their experience. Clearly, some work between the Scottish Government and the DWP is needed on how Scottish flexibilities are embedded in a system that is being delivered by the DWP. We need to keep an eye on that to make sure that taking up that offer is not a one-time-only opportunity, and that work coaches are in a position to encourage people and ensure that they have the information to enable them to decide whether it would make their situation better.

The Convener: We have limited time left and we have asked all our questions, but before we close the evidence session, is there anything that you have not yet had the opportunity to put on the record?

Deborah Hay: I have taken a note of a couple of pieces of information to follow up on, which I will do.

Polly Jones: I have just one thing to say. Universal credit is a reserved matter and, in the menu for change work in Scotland, our focus has very much been on what actions can be taken at a local level around Scotland that would make a difference right now to people on the lowest incomes, even though some issues might be the result of UK-wide policies. In our written submission of evidence to the committee, we included the clear policy opportunities that the Scottish Government has to mitigate the roll-out of universal credit and support people who might be struggling. I will not spend much time on them—I will just give a quick list. Some of them have been touched on already.

On the Scottish welfare fund, how can we make sure that everyone who is eligible—in particular, people in work—benefits from it? How might we

invest in advice services to give really co-ordinated wraparound support to every community in Scotland? What can be done to ensure that everybody who is employed through a public procurement contract benefits from the real living wage? How can we encourage more employers to pay the real living wage? How can we make sure that everyone who is eligible is aware of Scottish flexibilities?

Finally, there are a number of bills going through Parliament at the moment, such as the Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill, the Transport (Scotland) Bill and even the good food nation bill, whatever its current status might be, that provide opportunities to look at how costs for people on the lowest incomes can be reduced or limited so that they can participate in society just like everybody else.

The Convener: That is helpful. Please follow the inquiry, feel free to provide additional written submissions and keep the communication with the committee going. We have listened carefully to what you have said this morning, but time is upon us and I must close the evidence session. I thank Polly Jones and Deborah Hay for coming along.

We move on to agenda item 5, which we have agreed to take in private.

11:14

Meeting continued in private until 11:34.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba