



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 31 October 2019

Session 5



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SOCIAL SECURITY COMMITTEE

23rd Meeting 2019, Session 5

CONVENER

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

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

- *Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)
- *Jeremy Balfour (Lothian) (Con)
- *Michelle Ballantyne (South Scotland) (Con)
- *Keith Brown (Clackmannanshire and Dunblane) (SNP)
- *Mark Griffin (Central Scotland) (Lab)
- *Alison Johnstone (Lothian) (Green)
- *Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Shirley-Anne Somerville (Cabinet Secretary for Social Security and Older People)
- David Wallace (Social Security Scotland)
- James Wallace (Social Security Scotland)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Thursday 31 October 2019

[The Convener opened the meeting at 09:04]

Decision on Taking Business in Private

The Convener (Bob Doris): Good morning and welcome to the 23rd meeting in 2019 of the Social Security Committee. I remind everyone to turn mobile phones and other devices to silent mode so that they do not disrupt our meeting. We have received no apologies, but one of our members, Michelle Ballantyne, has been delayed due to a constituency matter. I hope that she will be able to join us later.

Agenda item 1 is a decision on taking business in private. Do members agree to take in private item 3, which is consideration of the evidence that we will take under item 2 and of our pre-budget report?

Members indicated agreement.

Social Security System (Performance)

09:04

The Convener: Agenda item 2 is on the performance of the Scottish social security system. The committee will take evidence on the recently published “Social Security (Scotland) Act 2018: Scottish Government Progress Report 2018-2019” and Social Security Scotland’s annual report and accounts.

I welcome Shirley-Anne Somerville, the Cabinet Secretary for Social Security and Older People; David Wallace, chief executive of Social Security Scotland; James Wallace, deputy director for finance and corporate services with Social Security Scotland; and Fiona Campbell, acting head of the legislation and operational policy unit in the Scottish Government’s social security directorate. I thank all four of you for being with us.

I invite the cabinet secretary to make an opening statement before we move to questions.

The Cabinet Secretary for Social Security and Older People (Shirley-Anne Somerville): Good morning. It is a pleasure to be before the committee again, this time to talk about the performance of the Scottish social security system. I intend to keep my opening remarks pretty brief, to allow as much time as possible for questions and discussion. However, it would be useful if I gave a brief overview of the two documents that were laid before Parliament on 26 September this year: the Scottish Government’s progress report for 2018-19 and Social Security Scotland’s annual report and accounts.

Section 20 of the Social Security (Scotland) Act 2018 states:

“As soon as practicable after the end of each financial year, the Scottish Ministers”

must lay a report before Parliament

“on the performance of the Scottish social security system in that year,”

as well as making the said report available to the public. The act goes on to set out that the report must contain information about the performance of the system in the year that it covers and what ministers have done to meet the expectations of the social security charter.

The report must also contain

“a description of the data for the purpose of monitoring equality of opportunity used in preparing the report”

and

“an assessment of how the Scottish ... system has affected the circumstances of persons living in households whose

income is adversely affected, or whose expenditure is increased, because a member of the household has one or more protected characteristics within the meaning of section 4 of the Equality Act 2010”.

For example, that could be an individual’s age or a disability.

The 2018 act also states that the first report made under section 20 must

“include a plan setting out the ... Ministers’ intentions to collect and publish data for the purpose of monitoring equality of opportunity where existing data sources are not sufficient for the preparation of the report.”

For the first year of reporting, we have compiled two documents that meet those statutory requirements. They should be read together to provide the fullest picture of our view of the Scottish social security system’s performance up to 31 March 2019.

The first document, which is under the Scottish Government branding, covers the period since the Social Security (Scotland) Act 2018 received royal assent on 1 June 2018 to the end of the 2018-19 financial year on 31 March. The progress report sets out information on the performance up to that point of the Scottish social security system, which is defined as the system for giving assistance to individuals in accordance with part 2 of the 2018 act, which includes the Scottish benefits, and regulations made under part 3.

The progress report also contains an update on the delivery of the duties in part 1 of the act on issues such as advocacy and the establishment of the Scottish Commission on Social Security. That reporting is not required by the act, but it has been provided in the report to give a more complete picture of progress in developing the new social security powers. However, that detail may not be required in the longer term. We will take a view at the appropriate time as to whether it will be included in future annual reports.

The second performance document was produced by Social Security Scotland, which is the executive agency that was created by ministers to deliver the Scottish social security system. I welcome the first annual report and accounts for the agency, which cover the period since the agency went live on 1 September 2018 to the end of the financial year on 31 March 2019.

Social Security Scotland’s annual report and accounts record the early successes of the agency, including the launch of the best start grant pregnancy and baby payment, which was a momentous success, with significantly higher take-up than expected, as well as the launch of the carers allowance supplement, which provides eligible carers with an extra £442 in recognition of the valuable contribution that they make to society. The agency also managed carers allowance

through an agency agreement with the Department for Work and Pensions.

I am pleased that the auditor has recorded a true and fair view on the accounts. I recognise that the auditor was not able to access all the information that they would have liked on carers allowance, which is administered by the Department for Work and Pensions, which resulted in a technical modification of the auditor’s report in respect of regularity, solely on carers allowance. It is important to note that nothing has changed for carers allowance. The DWP has had a regularity qualification since the 1988-89 financial year.

David Wallace is here today and he, too, will be happy to answer any questions on Social Security Scotland’s annual report and accounts in his statutory role as accountable officer under the Public Finance and Accountability (Scotland) Act 2000.

As I have already stated, the reports only cover periods up to 31 March this year, and we have made much progress since then on the delivery of social security in Scotland. Rather than pre-empt any requests for further information that the committee might like from me or my colleagues, I am happy at this point to take any questions that members may have.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): I am keen to hear a wee bit more about the relationship between the Scottish Government and the DWP regarding the provision of the information that you need and on which your work relies. Can you say any more about how that relationship is developing?

Shirley-Anne Somerville: I will let David Wallace respond on how the agency feels about it but, on the overall process, the committee will be well aware that I have regular political disagreements with the DWP and the United Kingdom Government on a number of issues when it comes to the reserved benefits system. However, regarding the joint programme for the devolution of benefits to Scotland, I would say that, on the whole, the relationship is good: we have good working relationships at senior official level and on a day-to-day basis on policy and programme. We will have our political differences but, at this point, the Governments are working well together to deliver on devolution. We will need to continue to do that to ensure that this joint project is delivered on time.

I will let David Wallace say how he feels about that from an agency perspective.

David Wallace (Social Security Scotland): I am suffering from a slight chest infection, so I apologise if I stumble through this.

There are a couple of things about the relationship to highlight from an agency perspective. By the time the data that we need for our day-to-day benefits comes into the agency, the systems have been developed through our programme and policy colleagues. On the whole, that works on a system basis. Our relationship with the DWP is not about trying to draw data from the department on a daily basis.

There are a couple of other areas where we have on-going relationships with the DWP. One is more strategic, and we might come on to that with regard to the carers allowance element. The other area is more of a developing one, in preparation for when we have more of the wave 2 benefits and when we have local delivery in place. We are well aware that we will, in effect, share clients in Scotland, so the issue is one of how we ensure that the service feels joined up once we get to the wave 2 stage.

I echo what the cabinet secretary has said about the overall relationship with the DWP at official level. As I think I have said to the committee previously, it is a good working relationship. What makes it distinctive in some ways is the scale of the DWP, in that it can initially be challenging to get to the right person to talk to about some things. However, once we are in there, we have a strong working relationship.

Dr Allan: Part of the relationship that you have just described concerns the agency or management agreements that exist. How much more work has to be done on those? Are they functioning well?

David Wallace: I think that they are functioning well. We will undoubtedly come on to the qualification of the accounts. As regards the information that we need to get on carers allowance in order to pay the carers allowance supplement, that system is now well embedded and is working well. The agency agreements themselves are fundamentally based on the notion that nothing changes. In that sense, the agreements do not need daily activity to ensure that they are functioning—they will continue to do exactly what they do for that set of clients. The agency agreements will continue on a nothing changes basis.

Dr Allan: Part of the question concerns what you might call the legislative environment that exists at Westminster just now—if I can put it as politely as that. This is a more political question, but I wonder about that legislative environment or, rather, the lack of legislation: I believe that the only two bills that the UK Parliament has managed to pass over the past year have been about a general election and the rights of circus animals in England and Wales. Does that lack of ability to legislate and the fact that Westminster seems to

be in a period when legislation and secondary legislation seem to be impossible have any impact on the relationship, or are you managing your way through that?

09:15

Shirley-Anne Somerville: If the orders that we require to go through Westminster do not do so, that could have a significant impact on the delivery of future benefits. The most obvious example is the order on the job start payment. We would like to launch that in the spring, but that would require there to be movement from the UK Parliament. My officials are working extremely closely with the Secretary of State for Scotland's office and the DWP. They are well aware of our timetables and our requirement to get that order through at certain points to enable us to take certain steps. Another example that I can give is that of the draft regulations on disability assistance for children and young people: a further process requires to happen at UK level to allow those to go through.

The UK Government is well aware of such timetables and the implications of their not being observed, and we continue to work with it to ensure that they are observed. That is not within my gift or the gift of anyone in the Scottish Government. I am well aware that a process needs to happen at Westminster. If things come to a point at which any delay has, or will have, an impact on our ability to deliver, I will, of course, report back to the committee. We are not currently at that point, but we are certainly alive to the issue. The difficulty goes back to the fact that this is a joint project, in which the UK Government and the Scottish Government have things that they need to do, and we both have to stick to the required timetables.

Keith Brown (Clackmannanshire and Dunblane) (SNP): I have a quick supplementary. First, I pay tribute to the foresight of the Westminster Parliament for having legislated on circuses before the general election takes place. That is probably a good thing to have done.

Cabinet secretary, you mentioned in your opening statement that carers allowance was the one area in which there was a modification of something in the accounts, and that that had been the case for a number of years. On the face of it, it seems odd to me that the Scottish Government has accepted an agency agreement that does not provide management information at Scottish level. In my view, that would be important to have in order to understand how things are working. Do other things make up for that lack of information? I am just wondering why that is the case.

Shirley-Anne Somerville: I will let my colleagues from the agency talk about the

management information that they do have, which allows them to progress with the work that they are required to do.

The simple reason for having the agency agreement is that it has allowed us to move forward very quickly with the establishment of the carers allowance supplement. The movement on carers allowance through the agency agreement allowed the Scottish Government to focus on early delivery of our pledge to get money into the pockets of carers. Had we not had such an agreement, we would have been at the point at which we would have had to take the system on board ourselves and introduce carers allowance up here. It would obviously have taken time to do that and to get it right, by consulting with people and ensuring that the allowance was designed in a way that worked for carers. We would not have been able to deliver the carers allowance supplement by means of direct payment to carers as quickly as we did; the supplement was progressed within the first week of the agency being established.

That is the reason for our having moved forward with the agency agreement. I will now hand over to David Wallace to talk about the management information that the agency has.

David Wallace: I echo what the cabinet secretary has said. The fundamental point is that, as the agency agreements come into the agency, they stay the same. Therefore, if the DWP does not have the management information in question, the agency agreement is not a vehicle for creating a new set of management information from the DWP. A further discussion would be needed about the effort that would be required and whether its systems would enable it to do that and to identify the correct people. If we tried to make any of the agency agreements bespoke, we would move further away from the “as is” position, which would add time and cost to the process. As the cabinet secretary has said, our decision was based on the importance of getting the supplement paid rather than changing the agreement.

Having said all that, we do not just blindly sign off the agency agreements; James Wallace can say a bit more about how we put some structure around them. We get limited management information from the DWP on that but, as the cabinet secretary said, we receive it on the basis of the DWP having that information. If it does not have it, it cannot supply it. It is not that the DWP has something and is refusing to give it to us; it is simply that the information is not collated in a way that fits the Scottish population.

James Wallace (Social Security Scotland): I will add slightly to that. It is important to say to the committee that we get the management information that we need to enable us to prepare

accounts. The auditor signed off our accounts as true and fair because we have been given the Scotland-specific information on expenditure and receipts.

When we create agency agreements, we look at the value in paying the DWP to essentially create bespoke management information for us and to go through all the processes that that would require to get a new subset of data just for Scotland. When we look at issues such as overpayments, we consider whether we need specific information for Scotland, whether it is likely that Scotland will be considerably different from the UK and what would cause us to require an independent data set. The DWP is administering carers allowance on our behalf using the systems and processes that it has always used, so why would the performance information for Scotland look any different from that for the entire UK?

That is the type of thing that we consider as part of a risk-based approach as we set up the agency agreements. If we identified a need for Scotland-specific data sets, we would be likely to talk to the DWP about that.

Keith Brown: I am sure that all of that is true but, from a layperson’s point of view, it might seem odd, because it seems that the most fundamental data that you would want would be performance data relating to customers who are resident in Scotland. I understand that the accounting requirements might be satisfied, but I would have thought that it would be important to have that information for customers in Scotland.

Given all that you said, are we in a suboptimal interim phase? As the cabinet secretary said, you have done this very quickly, so do you hope to rectify things in due course? It strikes me that, if you do not know what the performance criteria are, you will not be able to ask the appropriate questions and will just have to assume that things here are as they are in the rest of the UK. I thought that Scotland-specific data would be built in from the start. Are you looking to rectify that in the future or are you happy with the way things are?

Shirley-Anne Somerville: Any changes that we would ask to make to the agency agreements would come with a cost and the DWP would have to agree to make such changes. It is under no obligation to do so. The requirement for agency agreements as they are used in social security—indeed, as they have been used in the whole 20 years of devolution—is that they are run on a business-as-usual basis.

We will always ask whether we have the information that we require to satisfy ourselves that benefits are being paid and are working

correctly. I am content, and the agency is content, that we get that information.

If we were working with different rules and eligibility in Scotland, there would obviously be a greater requirement for us to see a different level of information. However, because we decided to put the carers allowance supplement in right at the start, the rest of the rules and regulations about carers allowance have stayed the same. That suggests to me that, if we are getting everything that we require to run the system effectively, the changes will come when we make changes to the carers allowance and get full devolution of it. To spend time asking for data that we and the agency do not feel is required now would just give us something else to do rather than focus on the delivery of wave 2.

I am content that we are getting everything that the Government requires, and the agency is content that it is getting everything that it requires to run the system. I would prioritise other issues over something that we do not require at this point.

David Wallace: For carers allowance specifically, the question is about what we would do with that Scotland-specific information if we had it. The carers allowance is not administered locally in Scotland by the DWP; it is administered by a single team. The applications and processes flow through the same team wherever in the UK the applications come from. Therefore, the assumption that the UK data reflects the Scottish data is not a huge extrapolation, because carers allowance is not a locally administered benefit.

The Convener: I want to explore the operational capacity of Social Security Scotland. One of the first tests for the agency was the payment of the best start grant, and it is fair to say that there was a stress on the system in that respect. It was the kind of stress that I like, because the benefit was oversubscribed and there were far more applications than anticipated, which is not a bad place to be. However, the reality is that there had to be a manual workaround to deal with some of those stresses.

As we go forward with the best start grant, have those manual workarounds now been automated and mainstreamed into the information technology systems and processes in Social Security Scotland?

Shirley-Anne Somerville: I once again pay tribute to all the agency staff, from David Wallace down, who were involved in the introduction of the best start grant on 10 December. They did remarkably well, given the level of demand—which, as the convener said, is a very good thing.

Workarounds are discussed as the programme develops. Well before a go-live date, it will be accepted that some manual workarounds will be

required during the process once go-live happens. Those workarounds are not necessarily a bad thing in themselves—they are built into the programme and are known about by the agency, and the staff are well trained on them.

After a benefit goes live and we have seen everything in a live state, there is a period of continuous improvement in relation to the manual workarounds and other aspects. I will let colleagues from the agency talk a little more about some of the manual workarounds that are in place. Audit Scotland has no issue with the manual workarounds—it thinks that they work successfully and well. There is also work on-going. It is important to stress again the agency's close working relationship with the programme, which means that, as we move forward with continuous improvement and updates and as we work out what can be done in future iterations, the agency's requirements are taken on board. That work on the programme is done regularly, and we see that continuous improvement happening.

There will inevitably be different iterations of the programme as we go through it. That is part of the normal process and will not change; it will always be the case after a go-live date. The important aspects are that, if manual workarounds are required, they work well; that staff are well trained in using them; that Audit Scotland agrees with that assessment; and that the working relationship between the agency and the programme ensures that, if the agency determines that something needs to change—for example, before another benefit comes on stream—it can be built in.

To take the most obvious example, as we build up to the delivery of the Scottish child payment, a manual workaround that we might find perfectly acceptable for some of the smaller benefits involving a one-off payment would not be acceptable in an operational state with the child payment, given its scale.

I will let David Wallace add to that.

David Wallace: I will separate out two issues: day 1 of the best start grant, and the manual workarounds. We were pleasantly surprised by the uptake of the best start grant, in particular on the first day and in the first week. The way that the agency coped with the heightened demand was due not to manual workarounds but to the contingency that we deployed. We had people moving across from other activities to focus on the best start grant. The agency worked additional hours and stayed open longer; people worked weekends—and had an interesting Christmas—in order to cope with the demand. As the cabinet secretary said, it performed extraordinarily well to deal with that demand.

As the cabinet secretary said, manual workarounds are slightly different. They were not deployed as a result of demand; it was already known that we would do them. Indeed, the language of “workaround” is probably slightly misleading. They are manual processes—

The Convener: Sorry, Mr Wallace, but can I just check whether that was a contingency? Did Social Security Scotland estimate the uptake and plan an automated process for that, and anticipate what it would do if the uptake were higher, with a contingency in place for that? Was that all pre-planned before you saw the uptake for the best start grant?

09:30

David Wallace: I would say that it was a contingency with a small c. We knew how to deal with fluctuations in demand, so the issue was how to use agency resources to focus on that demand. We always knew exactly what the system would deliver on day 1. In the close working with the programme, in relation to what we are delivering on infrastructure, we use the terminology of agile development—I think that the committee has heard programme colleagues talk about that. The infrastructure has functionality that allows us to deliver the benefits that we need to deliver. We would of course like additional functionality but, for the scale of the current benefits, the manual workarounds are absolutely sufficient to deliver the volumes that we have. I hope that that makes sense.

The Convener: It does.

Has the use of manual workarounds finished? If not, when will the system be fully automated or fully IT-compliant rather than a system with a manual contingency, if those are better words to use?

David Wallace: I would hesitate to use the word “compliant” in that way. We have a compliant system, which has manual processes over and above what the system does for us.

I will pick an example to try to make it more real. As we prepare appeals, there is a duty on the agency to prepare the material to go to the tribunal. That process is highly manual for the agency at the moment; for current volumes, that manual workaround, if you like, is a fine and compliant system. However, as the cabinet secretary said, such a process would not be appropriate when we move to the Scottish child payment, because of the volume. We are working with our programme colleagues to ensure that the process is automated ahead of the introduction of the payment.

There are still manual processes in the organisation and, to a degree, there always will be. However, I would not think of those as suboptimal. As Audit Scotland has pointed out, if manual processes are involved, there has not been a fault—it is just a manual process.

The Convener: The Scottish child payment has been mentioned a couple of times, but I have some specific questions on it. The scale is huge. For under-6s, it will involve 170,000 children, 140,000 households and £70 million by Christmas next year. When the payment is fully rolled out, a quarter of a million households will be involved. If my memory serves me right, the anticipated take-up rate is 84 per cent. Those are all good things, but is your planning on target to deliver that with an automated system, based on an 84 per cent uptake? What systems do you plan to put in place if uptake is, say, 90 per cent?

Shirley-Anne Somerville: We are absolutely on target for delivery. As we have discussed previously, there is a tight window to deliver the Scottish child payment, which is why it is exceptionally important that the process is based on the best start grant as much as possible. That will allow us to use some systems and processes that are already in place. The more people want to change things, the longer it will take to deliver, and the danger would be that it would not be delivered at all or would put other benefits behind schedule. There is an absolute requirement on ourselves—and, I suggest, on others as they look at the Scottish child payment—to recognise that the development window for the payment to happen is very tight.

David Wallace’s point is important. The manual workarounds and manual processes do not change because of the level of take-up. The agency will have a go-live state, and that will be used regardless of the take-up of the payment. The contingency springs into place to allow the agency to build up, if that is required because of take-up. The agency will know on day 1 what the processes will be and how many will be manual. Because of the close working with the programme, the agency will be content that it will be able to deliver the benefit with the small amount of manual processes that are required.

We had another discussion just yesterday afternoon on what is being done to ensure that changes are being made to the entire suite of benefits to allow some of the manual processes to be taken out of the system before the Scottish child payment happens. That will ensure that the agency is content that it will be able to deliver on its requirements for the Scottish child payment.

The committee can be reassured that a great deal of work is happening to ensure that the Scottish child payment is fit for purpose and that

the agency's processes more widely are also fit for purpose. David Wallace mentioned redeterminations and appeals. There are other cross-cutting aspects of the agency that need to work, regardless of the benefits that it is delivering. A decision is taken as to the scale of the benefit and then we determine what is required at the go-live date for that benefit.

The processes will build up over time, but I am content that the continuous improvement that the agency requires to be ready for the go-live date for the Scottish child payment is integral to what the programme is delivering before that date.

The Convener: Do you want to add anything, Mr Wallace?

David Wallace: I emphasise the cabinet secretary's point. We are comfortable. We are planning for the Scottish child payment and we are carrying out modelling based on the best start grant, given that the systems and processes are broadly similar. The further the payment moves away from best start grant, the more we will need to remodel as we go through. That is the absolute point from which our comfort stems. We know what it looks like and the skills and processes that we need to bring into the organisation to deliver the Scottish child payment. It is how that may change over time that will cause us to remodel some of those things.

The Convener: I welcome those reassurances, particularly in relation to the contingency—that is a better word than “workaround”, which makes it sound like Social Security Scotland says, “Oh, my goodness, there's a much higher uptake, so what do we do now?” However, the idea of a pre-planned contingency provides reassurance. I ask you to update the committee if anything changes, so that we are aware of it.

I see that Mr Balfour has a question. Is it on that specific issue? The deputy convener is about to open a new line of questioning.

Jeremy Balfour (Lothian) (Con): It is, convener. Thank you.

I have two quick questions for David Wallace. What conversations are you having with the Scottish Courts and Tribunals Service about what information it wants and in what form? Having worked in tribunals, I know that, until now, everything has been done on paper, and it is not good for the environment if we end up with a lot of paper. Have you had any conversations with the SCTS about moving to an IT system so that every page does not need to be photocopied? That might also save your staff quite a lot of time.

David Wallace: Yes. Those conversations have been happening, and we are close to having a system through which we can at least send the

SCTS information electronically. The reference that I made earlier was about what we have to do at our end even before that—about pulling information out of the system to prepare the pack to send off to the tribunals. At the moment, that process is manually heavy. That is fine for the volume that we currently deal with, but that will not work as we begin the Scottish child payment. We are having those discussions and are close to agreement on that.

Jeremy Balfour: That is encouraging.

On the best start grant, about 40 per cent of the cases that went to redetermination got a positive response or a different award. Was that the figure that you expected? It seems to be quite high for an award where someone is either having a baby or not having a baby. Would you drill down into why those redeterminations resulted in such a turnaround? Was it to do with the information that was provided by claimants initially, or was it just to do with the volume of cases that you were dealing with?

David Wallace: You are right to say that whether or not there is a baby is a fairly clear point. However, the issue that has changed the majority of those decisions has been whether the claimant has been in receipt of a qualifying benefit. That element has changed decisions.

Some decisions changed not because the original decision was fundamentally wrong but because people came into receipt of a qualifying benefit during the period. With universal credit, for example, it is about someone being paid the benefit rather than having made a claim for it. Another reason for a lot of requests—although this does not necessarily change the determinations—is that people believe that child benefit should be a qualifying payment when it clearly is not. Those are the types of issues. The changes are generally a result of people providing more evidence or receiving payment of a qualifying benefit.

Jeremy Balfour: May I follow that up briefly, convener?

The Convener: Yes, but you are drifting off on to a different point, and the deputy convener was going to come in next, so be very brief, please.

Jeremy Balfour: Okay.

Am I correct in thinking that, if I make a claim and my circumstances change, I do not have to make a fresh claim? For example, if I have a baby and I am not on a qualifying benefit but, six weeks later, I am on such a benefit, will that claim stay live?

David Wallace: It can do. I again emphasise that we are trying to make the redetermination process as straightforward and as human to deal with as possible. The team that deals with that

would generally be in direct contact with the person who asked for a redetermination. If it was clear that the issue was simply that the person now received a qualifying benefit and was eligible, we would process the claim in the background to make sure that that happened. It would not be the case that the claim would be rejected and the person would have to go right back to the start of the system. Those conversations happen to allow some of that to take place.

Jeremy Balfour: I will stop there.

The Convener: That was an important line of questioning. I just wanted to make sure that I could move the questioning on.

Pauline McNeill (Glasgow) (Lab): I ask our witnesses to give guidance and information, in as clear a way as possible, to help the committee. Obviously, setting up a new agency is a big task—it is the biggest thing that the Parliament has done—and we have to ensure that we scrutinise each of the phases. We have to satisfy ourselves that the budget envelope that was spent under the DWP is the same as or similar to the budget that we end up with when we finally take over all the benefits. I am conscious that the transition of benefits is phased. There is a commitment to do things differently, and I do not know whether there are added costs attached to that. For example, the redetermination process and the aim of getting it right first time might require different skills, although I do not know about that. There are also the Government's commitments to new benefits that the DWP does not currently pay.

From what I have heard so far, you seem fairly satisfied with the budget that has, in effect, been drawn down through the agreements. Can the committee be satisfied that, when we get to the end of the process, we will have the appropriate budget with which to run the Scottish social security agency?

Shirley-Anne Somerville: We can split that up into two areas. The first is the administration of the social security system. I will allow my agency colleagues to discuss that further, but the key point for me is that a humane system is not necessarily an expensive system. We can do things efficiently and effectively and in a way that does not add to the administration cost. The most obvious example is the amount of time and cost involved in dealing with the number of cases that go to appeals relating to the personal independence payment. If we get the decision right first time or, going back even further, if we do not need face-to-face assessments, we entirely turn on its head the type of administration that is required. The way in which we design the service will have an impact on administration, but I absolutely hold that that does not necessarily

mean that it will be an expensive system; it means that it will be a system that is fit for purpose.

The policies will also be different, and we—as a Government and as a Parliament—have to be very cognisant that every small change that we make to a policy will add to the cost of providing the benefit and the payment, which will be met not through the Scottish block grant adjustment but through the Scottish budget.

09:45

It is very important that we get the administration and the policies right. We are very cognisant of the fact that, when we take decisions or when stakeholders, the committee or others request the Government to make further changes, they can have an impact on the budget, either up and down. Most of the requests usually put my budgets up rather than down. As we go forward, we need to be exceptionally aware of and alive to the fact that what might seem to be a very small change can have significant consequences for the overall expenditure on a benefit payment.

Would colleagues like to add a little more about the administration aspect?

David Wallace: Yes. On the administration side, we are still comfortable that we are within the figures of the outline business case—the £154 million for administration costs at 2015 prices, once things are fully operational. As the cabinet secretary has said, decisions to be taken along the way will influence what that might look like. There might be very small decisions, such as on freephone telephone numbers and how we communicate, and they might have a small impact, and there might be larger decisions. Making the preparation of information for tribunals easier will inevitably have a cost.

On the estimates, we feel comfortable that we are within the outline business case budget at this stage. It was modelled, in effect, on the activity cost of what the DWP currently does.

Pauline McNeill: I have two quick supplementaries. I want to understand how the best start grant actually works. As the convener pointed out, you made your best estimate of what you would spend, but you then noticed that there was an additional uptake. In such scenarios, does that mean that you can go back to the DWP through the agreement to say, "You need to pay us more, because the uptake is greater than expected"? Is that what would happen?

Shirley-Anne Somerville: No. If we increase benefit uptake, it is our responsibility to be able to meet that. What we get from the Treasury is what the budget would have been like in a steady state under the DWP. If we make policy changes or see

dramatic increases in benefit take-up, it is our responsibility to make changes and meet that budget within the Scottish Government budget.

The budgets are demand led, of course, and if people are eligible, they will be paid. That brings into sharp focus the absolute importance of forecasting not just what the agency will require for administering the service but how much it will cost to deliver all the payments, as we move on for budgetary analysis later in the year. The forecasting is absolutely critical to allow us to set the budget as close to what we believe is required as possible.

Pauline McNeill: The increase in uptake of the best start grant was paid for by the Scottish Government budget and not the DWP. That will be easily identifiable in the budget. Can we see that?

Shirley-Anne Somerville: For the budget this year, you will be able to see that the amount that we spent on the best start grant has gone up substantially.

David Wallace: That is contained in the annual reporting accounts for the year up to March. You will see in there that we have to balance that off within the budget that we have been allocated for that particular year—James Wallace might want to say a little bit more about that. We will always try to do that. We work very closely with Scottish Government finance colleagues on how that budget looks through the course of the year. The important thing to recognise is that the service that we are administering is demand led, and it will flow through—

Pauline McNeill: I am sure that there is a reason for that. I just want to be clear in my own mind about the issue. You did not do anything in particular on the best start grant, such as have a policy change, but there was an increase in uptake. Who knows why? Why are you not able to go back to the DWP? Does something in the agreement prevent you from doing that and saying that you got the forecast wrong?

Shirley-Anne Somerville: We did a substantial amount of marketing work in the run-up to December and in the early part of this year. An enormous amount was done to encourage benefit take-up. That involved both direct marketing and work with health professionals and so on—

Pauline McNeill: So the DWP would have seen that as your being proactive and encouraging take-up.

Shirley-Anne Somerville: Yes.

Pauline McNeill: And you would have had to pay for the extra take-up, which you had not forecast.

Shirley-Anne Somerville: That was our responsibility.

Pauline McNeill: Right. That is helpful.

Shirley-Anne Somerville: Obviously, we forecast an increase. It would be fair to say that, especially within the service's first week, demand was higher than had been anticipated. Although it is our responsibility to increase benefit take-up, it is also, quite rightly, our responsibility to pay for it.

Pauline McNeill: That is helpful, too.

Finally, according to our committee papers, on the transfer of executive competence, £12.996 million of historical debt was added to Social Security Scotland's accounts for the carers allowance. Was that an adjustment in the budget?

David Wallace: That is a technical point, on which I will let James Wallace come in.

James Wallace: It was not an adjustment in the budget, so no budgetary cover came with it. However, members would be able to see it in Social Security Scotland's accounts. For debt that existed for the carers allowance at the date of executive competence transfer under the Scotland Act 2016 transfers to the Scottish Government, the DWP gave us a capital grant in kind. I will not bore the committee with the technicalities of that but, in essence, it represented an asset movement between Government bodies' accounts without any budget changing hands, so no budget would have come with that transfer of debt.

Pauline McNeill: I fully acknowledge that you might not be able to answer this, but it seems a bit strange that the Scottish Government would have signed up to such an agreement. Surely if the debt is historical, the DWP should pay. That concerns me.

Shirley-Anne Somerville: You could argue that, if we take over executive competence of a benefit, from that point it no longer lies with the DWP.

Pauline McNeill: Yes, but that is historical debt, so it seems a bit unfair. Alternatively, perhaps there should be a different cut-off point at which the debt is taken into consideration so that an amount of it is transferred to the Scottish Government.

Shirley-Anne Somerville: Yes. I hope that James Wallace has been able to give some—

Pauline McNeill: I know that you are not responsible for negotiating the framework agreement, but it seems that you have been landed in it a wee bit.

Shirley-Anne Somerville: Perhaps James Wallace can give more detail about why there was no change in the budget.

James Wallace: I can. It is not debt that the DWP owes; it is debt that recipients of the carers allowance owe to the DWP.

Pauline McNeill: Ah, right.

James Wallace: Because the carers allowance has, in effect, been devolved, there is a question about what should happen to clients who have had overpayments in the past, were making repayments of the debt that they owed to the DWP at the point of devolution, and are also living in Scotland as Scottish recipients of the carers allowance. The accounting adjustment of £12.9 million of debt that Audit Scotland referred to transferred by operation of the Scotland Act 2016 as a result of devolution.

Pauline McNeill: Do you mean that you might get that back?

James Wallace: The DWP is currently getting it back. The debt was owed to the DWP as a result of overpayments. It will continue to collect that debt as it always has. It has accounted for the budgetary benefit that resulted from its getting that debt back, which lowered its benefit expenditure in the year that the debt arose, which was probably many years ago. We could consider it a tidy-up of where the figure sits in which party's accounts. On the ground, nothing at all is changing, and there is no disbenefit—

Pauline McNeill: So it is not a loss to the budget.

James Wallace: No—not at all.

Pauline McNeill: Okay. I thought that it was. That is helpful. Thank you very much.

Shona Robison (Dundee City East) (SNP): Convener, I had indicated that I would ask about the qualified opinion from Audit Scotland, but I feel that we have perhaps moved on from that.

The Convener: Would you like to come in just now or perhaps do so later? It is up to you.

Shona Robison: I was also going to ask about performance monitoring, so I think that I will do that.

Audit Scotland made some recommendations about performance monitoring. It talked about customer feedback, client surveys, the need to further develop performance management and appropriate performance measures. Could you provide some additional information about, for example, how complaints are learned from? Presumably the level of complaints will be relatively low, given that we are still at the starting point, but that might grow over time. Also, how is feedback from the public—positive and negative—used to inform the way in which you develop benefits and systems?

David Wallace: In our annual report and accounts, we publish information about the level of complaints. The first thing to say about complaints is that the ratios are phenomenally low, particularly for the year that we are looking at. Even with the amount of activity around the carers allowance and the best start grants, only 30 complaints came through, and some of them related to the initial service level. That represents a tiny proportion of the volume of cases.

The most important part of that is how we deal with the feedback. We go out to get feedback, whether that takes the form of complaints or positive feedback. I believe that I have previously told the committee that, because of the devolution of social security, we are able to be tight in how we work with our programme colleagues so that we can get a really short line between our front-line client advisers who are getting that direct feedback from clients and the point at which we can do something about it.

Again, the annual report and accounts sets out a couple of examples of cases in which we have been able to take raw feedback that we have been given on the telephone or through some other mechanism and directly change what we do, whether that involves the wording in the letter, the wording of the website or whatever. That loop, in terms of how we react to clients, has been significantly shortened.

I do not have any figures with me with regard to complaints relating to differences in the system but, as we have set up our complaints process, we have been clear about the need for complaints not to get attached to a record of the client in the system. That was one of the concerns that were raised by clients. Indeed, you do not need to be an active recipient of a benefit in order to make a complaint. That wider feedback is welcomed, and is used by the organisation.

Shona Robison: Just to be clear, is the concern of recipients about a complaint being tagged to the case that that would affect the relationship that they have the agency?

David Wallace: There was a perception that, if a client was marked in the system as having made a complaint, that might be reflected in some way in what happened to them. That element has, therefore, been removed and there is now, effectively, a Chinese wall in the organisation between the team that deals with complaints and the team that deals with benefit processing. Anyone who feels that the fact that they had made a complaint would be held against them can see that that risk has been removed.

Shona Robison: On the issue of monitoring performance, we have mentioned some of Audit Scotland's comments and, at the beginning of this

meeting, we touched on Audit Scotland's qualified opinion. What progress has been made to follow up Audit Scotland's comments so that, when it next reports, many of those issues will have been addressed?

I got the feeling from what the cabinet secretary said that the issue relating to the qualified opinion on the regularity of carers allowance is something that has historical precedents from a UK perspective—I think that there is a suggestion that it goes back to 1988-89—so I suppose that there are some issues that might be more difficult to fix and there might be themes that will continue to appear in Audit Scotland's reports.

Are you working with Audit Scotland to address some of the on-going issues that were raised in its initial report?

10:00

David Wallace: Yes, we are working with Audit Scotland on that, and we are working with the DWP to see whether we can improve the system, too. However, what you infer is correct: as long as we are administering carers allowance through an agency agreement, there will be an underlying level of fraud and error in the system. It is worth reflecting on the point that Audit Scotland makes that any social security system will contain an element of fraud and error.

James Wallace might want to say a little bit more about the work that we are doing with the DWP and Audit Scotland to try to address some of the issues. However, they will not be readily fixed as long as we are administering the system through an agency agreement.

To flip back slightly to the point about complaints and feedback, I should also mention that we are keen to capture compliments that come in, too. Those are visibly on display in Dundee—I think that members who have visited us in Dundee have seen them—and we have replicated some of them in the annual report.

James Wallace: I am keen to make sure that the committee has a full understanding of what Audit Scotland means by regularity, which involves whether our transactions are in accordance with relevant legislation, regulation and guidance. Audit Scotland's opinion was that our accounts presented a true and fair view and were in accordance with all international financial reporting standards and the financial reporting manual. That is the core opinion that it has given on the accounts.

The auditor has been unable to reach an opinion on the regularity only of carers allowance payments. He has been unable to tell whether the carers allowance transactions are in keeping with

relevant legislation, regulation and guidance. Essentially, that is because he has had a limitation of scope. He has not been able to get into the DWP to track a case all the way back to a client to determine whether there has been an overpayment in that case, which is the sort of access that he would have hoped for. It is fair to say that the National Audit Office does not have that access to the DWP either. We rely on the DWP to produce statistics on overpayments and levels of fraud and error.

The carers allowance represents about 4 per cent of the DWP's expenditure, and the DWP does not regularly measure the rates of overpayment of the carers allowance, unfortunately. The DWP is in the process of measuring that now, but the last time it was measured was around 20 years ago. It expects to complete that work by February 2020, so, for next year, our auditors should be able to access rates of fraud and error. However, that will not lead to a clean opinion on regularity. In the section 22 report that was laid alongside our accounts, the Auditor General said that there is an inherent risk of fraud and error in benefits systems, as the cabinet secretary said in her opening remarks. As a result of issues with regularity, the DWP has had qualified accounts for the past 30 years, because there are material levels of overpayment in the system. It is difficult to remove all fraud and error from the system.

It is likely that, if the auditor had not had a limitation of scope and had been able to access all the information that he had wanted in relation to carers allowance, given that it is administered under an agency agreement in exactly the same way that it is in England and Wales, we would have had a qualified opinion on the regularity of the carers allowance expenditure for Scotland. That is going to be a continuing issue under agency agreements, but it is not the agency agreement itself that leads to that issue. Whether agency agreements are there or not, there is an inherent risk in the system around regularity of payments on benefit expenditure, and it is a risk that we are well aware of as we go through our service design with our programme colleagues.

Shona Robison: So the likelihood is that we will see another qualified opinion next year, unless things have moved on by February 2020, which is when you said that the DWP will be able to provide some of the information.

James Wallace: The committee will probably be aware that Westminster committees were interested in the payments of the carers allowance. I think that, on the back of that, the DWP is updating its fraud and error statistics for the carers allowance. It has been doing that since April this year. That is not easy, because a lot of analytical and investigative work is required to

prepare the statistics in a robust manner that auditors will be happy with. It will be interesting to see what those statistics say. However, the audit opinion is a matter for the auditor, so I would not like to speculate on what opinion he will reach.

Mark Griffin (Central Scotland) (Lab): As more and more of the social security entitlements are devolved and Social Security Scotland takes on more responsibility for delivering them, and as general awareness of devolution increases, I expect MSPs' inboxes, surgeries and telephone calls from constituents to be dominated more and more by casework relating to Social Security Scotland. What arrangements will the agency have for MSPs to directly contact it regarding constituency casework?

David Wallace: When we launched, I wrote to all MSPs with details of how members could raise constituency casework issues with the organisation. If it would be helpful, I will recirculate that or write again with some of the details. Arrangements are in place to ensure that MSPs and constituency offices have those contacts. We have had very limited contact through those arrangements, but I am happy to recirculate the information to ensure that everyone is up to date and aware of them.

Mark Griffin: Thank you—that would be helpful.

How will that work in relation to the entitlements that will operate under agency agreements with the DWP? As the cabinet secretary will know, the committee has been fairly dissatisfied with the way in which MSPs can interact with the DWP to represent their constituents when it comes to reserved benefits. A range of entitlements will become the responsibility of the Scottish Government and Scottish Parliament but will operate under agency agreements. It would not be acceptable if the DWP put up the same barriers in relation to benefits that are the responsibility of this place. How might the agency agreements inhibit or facilitate the representation of our constituents?

David Wallace: The team that will deal with direct MSP constituency inquiries will be able to probe issues with the DWP if there is a read-across to benefits that are administered under an agency agreement. We would expect to be able to do that with benefits that are the responsibility of the agency. Those arrangements have not particularly been tested yet and are developing, but I expect that, if there is an issue to do with something for which we are responsible, our team will take that and do something with it.

To go back to the point about agency agreements, if, for example, something has been correctly handled, we will not be able to make any change to that. However, we should be able to

step in with the DWP in order to understand a particular case. That does not necessarily mean that, if somebody is on a variety of benefits—as they are likely to be—we can deal with the wholly reserved benefits, but we can deal with those that are devolved to the agency.

Mark Griffin: Absolutely. Obviously, we would not expect the agency to be able to change decisions that had been correctly made. It is helpful to know that, even with benefits administered under agency agreements, the agency is the main point of contact for MSP casework.

Will MSPs' offices be able to contact the agency and have assumed consent for data sharing purposes, as is the case currently for MPs with DWP hotlines?

David Wallace: Yes. I confirmed that in the letter that I mentioned, but I will absolutely make sure that that is the case.

The Convener: I want to follow up on that a little. If I have my dates right, the executive competence for the range of disability benefits will come to the Scottish Government from April next year, and agency agreements will result in moneys being paid to the DWP, which will continue to administer the benefits on that basis.

In the debate that we had on the issue in the chamber on Tuesday, I raised the example of my constituent who is a working-age adult and whose PIP case has been poorly handled. If that was to happen after April 2020, I would have to speak to DWP decision makers because, although we will be paying for the working-age adult PIP, we will not be administering it. Will the agency agreement between Social Security Scotland, the Scottish Government and the DWP ensure that we have implicit consent so that we can go directly to the DWP with those cases, or was the suggestion to Mr Griffin that we should go to Social Security Scotland, which can then raise the issue with the DWP? That latter approach seems one link in the chain too many and should not be required.

David Wallace: I would prefer to clarify in writing the exact arrangements post the transfer of executive competence.

The Convener: You will understand why that is an issue.

David Wallace: Yes—absolutely.

The Convener: I will take that a step further, although I expect you to give the same answer. MSPs will sometimes contact the DWP in relation to not just PIP but a range of benefits, some of which will be devolved but administered under agency agreements and some of which will be reserved. It would seem a real guddle or muddle, and just crazy, if we did not have implicit consent

across the range of benefits and entitlements. Perhaps the Scottish Government and Social Security Scotland could raise that with the DWP and the UK Government, as it would be reasonable for MSPs to have that consent.

Shirley-Anne Somerville: I absolutely appreciate that MSPs have difficulty in their direct correspondence with the DWP. Obviously, it is for the DWP to decide how it wants to deal with MSPs, but I appreciate the frustration, and that is based on personal experience. It is absolutely frustrating. We will guarantee that we will do all that we can within our responsibilities to make the process as seamless and easy as possible for MSPs. As David Wallace said, we have not had much discussion with MSPs through the hotline. I like to think that that is because of the high level of service that people have received. However, obviously, when we move to more complex benefits, members will have cases that they will want to take up directly with the agency. We are absolutely determined to get our house in order and to ensure that MSPs are well serviced in that process.

I did not have time to respond to the point that you raised in your speech in the debate on Tuesday about good practice. You asked the Government and the agency to look at how quickly decisions can be made if we get the right information at the right time. I am certainly keen to learn lessons, and I was interested in the case that you raised. Indeed, I have had representation from Glasgow City Council on the issue. I am keen to ensure that we do all that we can to learn from good practice, even though practice has slipped under the current circumstances with the DWP.

The Convener: That is helpful. I will pass on your comments to Councillor Gow of Glasgow City Council.

Shirley-Anne Somerville: If he has not already received a letter, he will receive one shortly.

The Convener: Excellent—I am sure that that will be appreciated. It would also be appreciated if, when those agency agreements are being reviewed post the transfer of executive competence, there was a discussion between the Scottish Government and the DWP about implicit consent for MSPs when we contact the DWP directly about something for which the Scottish Government is picking up the tab. That would be reasonable.

We have had a tweet from someone who is interested in implicit consent being extended beyond elected representatives. It states:

“It would be really good to ask them”—

that is, Social Security Scotland—

“why they don’t have the concept of ‘implicit consent’ built into the Scottish Social Security system so third sector advisers and welfare rights officers can assist their clients”.

I know that various MSPs have been seeking to ensure that local authority welfare advisers and citizens advice bureau staff do not have to jump through prohibitive hoops and barriers to help vulnerable constituents with universal credit issues. The person who tweeted clearly wants to ensure that we do not replicate some of those issues with Social Security Scotland. Is the agency giving consideration to that? Can you update us on the situation in that regard?

10:15

David Wallace: I am certainly happy to look at that. Without falling back on the usual data protection excuses, I strongly suspect that there will be a clear need for us to be able to verify that somebody is representing somebody else. When it comes to MSPs, the verification process makes logical sense, because it is clear where their offices are and what that community looks like. As we move into the third sector, we are talking about hundreds and thousands of people who could be acting as representatives.

Your point about making sure that it is not a prohibitive check is absolutely right. I understand that we are doing some work on data sharing to make sure that the checking that we do to ensure that we are speaking to somebody who is authorised to speak on someone else’s behalf is at an appropriate level. I make it clear that it should not be a prohibitive check, but I suspect that we will want to have something in place that enables us to ensure that we are speaking to somebody who is genuinely entitled to have a conversation about the personal information of the person they are representing.

The Convener: That is very helpful.

Local authorities and citizens advice bureaux have networks providing support and advice on welfare issues. Those large, structured organisations would be able to enter into protocols with Social Security Scotland to get such implicit consent. Obviously, there would be certain caveats in relation to data protection. Have any such discussions taken place with Citizens Advice Scotland or local authorities? If that is not the case, it might be a good time to start those discussions.

David Wallace: I do not know whether discussions about protocols have taken place yet, but I am happy to take away that question. We have strong, developing relationships with our local delivery partners. We now have local delivery leads across Scotland. Indeed, we have recruited at the layer below that as we build up to having in

place a local delivery service for the wave 2 benefits.

Last week I visited Bridgeton Citizens Advice Bureau with our local lead. It was clear that they have a good, strong relationship with that bureau. We need to put in place something to ensure that things work at a client inquiry level and that, when it comes to an escalation of the process, we have a structure locally across Scotland that allows people in the third and other sectors to speak directly to the organisation about issues that are causing them problems, whether those are case related or structural.

The Convener: Mark, do you want to come back in before we move on?

Mark Griffin: No, thank you.

The Convener: I do not have any other bids for questions—I apologise to Alison Johnstone; my eyes need testing.

Alison Johnstone (Lothian) (Green): I was just sitting patiently and listening.

The Convener: Unlike the other committee members.

Alison Johnstone: I have a couple of questions. Social Security Scotland's annual report shows that 10 overpayments—worth a total of £4,000—were made as a result of agency error. Audit Scotland had previously expressed concern that a comprehensive approach to minimising overpayments and underpayments was not yet fully in place. What processes are in place to ensure that that such errors are minimised, especially those that lead to underpayment?

David Wallace: I go back to the discussion that we had about manual processes. Even where those errors occurred, a manual quality process should have been in place, so human error has occurred in those circumstances. Given the scale of the payments that we have made, we are talking about a relatively small proportion. Some such errors are inherent in the system.

We have manual processes, to ensure the quality of individual processors' treatment of cases, and there are wider checks of the system. Those aspects are functioning now and, as was said in the earlier conversation, the more of those that we can mechanise, the better. If we can put in place system checks for those functionalities, that will start to remove some of the potential issues. When one of our advisers has to make a decision in a case, there will always be the potential for a problem, but, at the moment, I am comfortable as I can be that the number of issues reflects relatively well on the number of cases that have been processed.

Alison Johnstone: I appreciate that a new agency has been built from scratch and tasked with the huge responsibility of making a £3 billion system work, and that that places huge demands on staff. What processes are in place to monitor staff wellbeing?

David Wallace: We are part of the Scottish Government and, in many ways, we have grown out of its civil service ethos. We have a strong relationship with our unions, for example, and we meet regularly to talk about all issues in the organisation, including staff welfare. We have access to welfare advisers and employee support programmes; systems and processes are in place.

If we are talking about things that are specific to the organisation, we can take steps that are beyond the remit of the annual report and accounts, for example. The recent funeral support payment is a good example of how we have recognised that such a benefit means new and additional demands on staff. We deliberately constructed that team so that the people who were coming into the environment were ready for it. We did that by asking for volunteers, whom we put through an intensive period of training, so that they could understand what dealing with difficult—sometimes harrowing—calls throughout the day would be like. Through that process, some people dropped out—they decided that that was not the benefit for them to administer, which was fine. We redeployed those people across the organisation.

Even as live calls started flowing, more people decided that the job was not for them, and we were able to redeploy them. The managers were keenly aware that the work might have particular staff welfare issues.

As you would expect, a structure is in place for employee welfare. Over and above that, as particular benefits land, we are consciously looking at whether they are putting a particular strain on the organisation.

Shirley-Anne Somerville: That speaks very much to the ethos of the agency and what it is trying to deliver. David Wallace, as chief executive, and I are adamant that fairness, dignity and respect are for the workforce and not just for the clients. We cannot expect staff to deliver those things for clients if we are not delivering them for every single person.

I am really taken by how hard the agency is working to ensure that that ethos is embedded. An obvious example is that there are no targets for how long to stay on the phone to a client. It will be for as long as required. The staff will not need to get through a certain number of calls or processes in a day. If a client adviser has a difficult call, even if it is on something other than the funeral support payment, they can take a step back and speak to

managers and others and take a bit of time to themselves.

It needs to be built into the systems and processes, and into how we measure things, that someone taking a lot of time with a client is a good thing, if that is what that client requires. We need to make sure that the ethos is as much for the staff as it is for the people who they are there to serve.

Michelle Ballantyne (South Scotland) (Con): Good morning, and I am sorry for being late. I was dealing with an emergency.

I want to follow up on that point about staffing, and I hope that my question has not been asked. One of the things that Audit Scotland picked up is the level of clear guidance for staff and the requirement for a person to be ordinarily resident in order to receive benefits. The national health service and higher education have clear guidance on how to interpret the meaning of ordinarily resident and how officials should make decisions about that. Audit Scotland has suggested that Social Security Scotland does not have that guidance, which will leave the decision to the official, and may cause some stress. Is there an intention to write clear guidance on how to define “ordinarily resident in Scotland”?

David Wallace: Having worked in the higher education sector, I am familiar with the challenges to do with the term “ordinarily resident”. As in much of our conversation just now, we believe that we have robust processes in place for the benefits that we are dealing with. It is not that people were or are left to make decisions about residence without guidance; the decision is made, in effect, by the information that is provided by DWP on postcodes, so it is really clear how residency is being determined.

I think that the point being made is that, as the other benefits that we provide grow, that issue may become more complex. As that happens, we will continue to develop the related guidance. We are in touch with, for example, the Student Awards Agency for Scotland and the NHS about their approach; I think that Audit Scotland mentions in its report that those bodies are dealing with the issue.

I come back to the fact that, on all of that, the organisational capacity has been deliberately built incrementally as we go through the benefits. We do not feel that that is a flaw in the system—it is simply the case that, in essence, the check is automated from the DWP. The Audit Scotland report reflects that that feels appropriate for what we are doing currently.

Michelle Ballantyne: As the disability benefits come on stream and are delivered by Social Security Scotland, do you sense that there will be change and that staff will need to up their game—I

am trying to think of a way of phrasing that—to deal with more complex matters?

It is good that they have started with benefits that are perhaps easier and more straightforward to deliver. Are the staff talking about the issue? Are you as a team looking at the differences that will come along when you have to make decisions about people? Rather than straight determinations, such as whether someone has or has not had a baby, there will be more complex determinations about an individual’s needs and entitlement.

Shirley-Anne Somerville: I will come in on that. I am adamant that the staff at Social Security Scotland do not need to “up their game”. They are working very effectively, as the satisfaction rates for what we already do demonstrate.

We have said all along—Audit Scotland has pointed to this on numerous occasions—that, as David Wallace said, as the benefits change, the agency will change to deal with them. We know that the most complex benefits are still to come, which is why, as we move forward incrementally, the agency will change incrementally. The guidance is appropriate for what is there at the moment and it will be appropriate for what is required at wave 2.

There needs to be an acceptance and an understanding that building an agency incrementally is good practice. If we had people sitting about who we did not require for wave 1 benefits but who we needed for wave 2, that would be a poor use of money. The recruitment is what is required for what the agency delivers at the moment, the guidance is appropriate for what the agency delivers at the moment and the agency and the programme work well together to ensure that the staff are appropriately trained for the benefits that they have to deliver.

Michelle Ballantyne: Do you anticipate that the current staff will go on to work on the wave 2 benefits, or will there be new recruitment for wave 2?

Shirley-Anne Somerville: Given the fact that we will be delivering more benefits, we will have to recruit more staff. You pointed out during the debate that we have recruitment advertisements out for the agency. That is because they are required for the next wave of benefits. We will, of course, have new staff in post, partly because an entirely different skill set will be required for case managers and the specialist advisers. The requirements will be different to those needed for client advisers who deals with a case for a best start grant or the Scottish child payment.

10:30

Jeremy Balfour: I have two quick questions, one of which is for the cabinet secretary. I do not wish to embarrass David Wallace, but I noticed from the Audit Scotland report that he has had to reapply for his job—or, at least, he has had to go through a review process—because of restructuring of the agency's senior management team. Had a review always been planned, or did you look at the structure and think that it was not quite working?

Shirley-Anne Somerville: No. It is working effectively at the moment. I am not saying that just because David is sitting beside me; it has been an absolute pleasure to work with him as chief executive of the agency.

Jeremy Balfour: I did not mean Mr Wallace; I meant the structure below him.

Shirley-Anne Somerville: I make it clear that the review has not been carried out because anything has gone wrong. This goes back to my earlier point about our building incrementally. The agency developed out of the Government. At that point, it was required to be smaller but perfectly formed. The level of seniority of the senior management team has required to change as the agency has changed, so the review has been part of the process that we have had to go through. The team is developing as the agency develops. I give the committee an assurance that the review has been part of that process of incremental change rather than the result of a decision by the Government.

Jeremy Balfour: Will that requirement be reflected in budgetary decisions? Will it be included in the budgets?

Shirley-Anne Somerville: As we require to make changes to staff?

Jeremy Balfour: Yes.

Shirley-Anne Somerville: All that will be shown in the published annual accounts.

Jeremy Balfour: That is great. Perhaps David Wallace could write to me on my final question rather than our getting into a long discussion now. I have reflected on your comment that, when the circumstances of someone who has made an application change, the agency can look at that—in a sense, they can backdate their application. I am interested in how the agency makes such decisions. Does your team work according to a protocol? Such an approach sounds different from what the DWP does. Is there consistency in how the agency's decisions are made? I am sure that the whole committee would like to know the answers to those questions, too, so perhaps you could give a bit more information about how your day-to-day practice works. Will the same process

be used with future benefits, so that the agency can look again at a person's old application should their circumstances change?

David Wallace: I am happy to write on those points. On the final one, as the cabinet secretary has said, we are building our capacity in increments. However, as we move forward, I expect to be able to replicate what we are doing now. The whole ethos of our organisation is helping people to get things to which they are entitled and not putting in place barriers to their getting those things. I expect that approach to continue, and I will be happy to write with further details.

Jeremy Balfour: I want to find out how such an approach might fit with the regulations that the Parliament has passed.

David Wallace: Okay.

The Convener: We have reached the end of our questioning.

We should perhaps suggest to David Wallace that, if he does have to reapply for his post, he might want to print out the *Official Report* of today's proceedings, since the cabinet secretary has put some quite helpful comments on the record. [*Laughter.*] I am sure that Mr Balfour would also be available to give a reference, should Mr Wallace wish to take him up on that.

I thank all four of our witnesses for their evidence. That ends agenda item 2. We move to agenda item 3, which we have agreed to take in private.

10:33

Meeting continued in private until 11:34.

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