



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 13 November 2012

Session 4

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WELFARE REFORM COMMITTEE

13th Meeting 2012, Session 4

CONVENER

*Michael McMahon (Uddingston and Bellshill) (Lab)

DEPUTY CONVENER

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

COMMITTEE MEMBERS

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

*Linda Fabiani (East Kilbride) (SNP)

*Iain Gray (East Lothian) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Kevin Stewart (Aberdeen Central) (SNP)

COMMITTEE SUBSTITUTES

Jackie Baillie (Dumbarton) (Lab)

Kenneth Gibson (Cunninghame North) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ian Ballantyne (Scottish Veterans Housing Association)

Helen Barton (Albyn Housing Society)

June Deans (Glasgow City Council)

Anil Gupta (Convention of Scottish Local Authorities)

Robin Haynes (Scottish Government)

Gordon McNicoll (Scottish Government)

Ann McVie (Scottish Government)

Ken Milroy MBE (Aberdeen Foyer)

Dorothy Ogle (Scottish Government)

Douglas Proudfoot (Convention of Scottish Local Authorities)

Jonathan Sharma (Convention of Scottish Local Authorities)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

Committee Room 3

Scottish Parliament

Welfare Reform Committee

Tuesday 13 November 2012

[The Convener *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Michael McMahon): Good morning, everyone, and welcome to the Welfare Reform Committee's 13th meeting in 2012. I ask everyone to ensure that their mobile phones, BlackBerrys and other pieces of technical equipment are switched off. We have apologies from Jamie Hepburn, who phoned this morning to say that he is ill.

Before we deal with our main agenda items, we have a short item of administrative business. Under agenda item 1, does the committee agree to consider in private item 5, which is discussion of a future visit to an Atos assessment centre?

Members *indicated agreement.*

Universal Credit (Housing Issues)

10:01

The Convener: Agenda item 2 is an evidence session on the housing issues that are expected to arise following the introduction of universal credit, such as issues relating to direct payment of housing benefit to tenants and the introduction of new rules on underoccupancy in the social rented sector.

I welcome to the meeting our witnesses: Ken Milroy, the chief executive of Aberdeen Foyer; Helen Barton, customer services director at Albyn Housing Society; and Ian Ballantyne, the chief executive of the Scottish Veterans Housing Association. I invite each witness to introduce themselves and provide a summary of the key issues for their organisation in relation to the forthcoming welfare reforms. After that, I will invite committee members to ask questions and we will discuss the points that have been raised.

I do not know whether the witnesses have agreed who will go first. Will it be ladies first?

Helen Barton (Albyn Housing Society): We did not agree on who would start, but I will take the opportunity to do so. Good morning, and thank you for inviting me to speak to the committee. As members have heard, I work for Albyn Housing Society, which is a housing association that works in the north of Scotland. We operate across most of Highland Council's area and part of Moray Council's area and we are coming up to our 40th anniversary.

To give members a little context, we have more than 2,700 rented homes in more than 60 towns and villages in the Highlands. They are in a mixture of urban areas, some of which are in the top 15 per cent of deprived areas, and in fragile and remote rural communities. Characteristics are a relatively low level of housing benefit claimants but very low incomes, very high fuel and transport costs—fuel poverty is a significant issue across our area—and limited housing options in most of our area. To travel from one end of our area of operation to the other takes roughly three hours by car, so simply moving people from one house to another house in another community is not an option.

Our three main concerns are the underoccupation changes, direct payments and the digital claims process.

The geographic context brings me to my first point, which is that the underoccupation issue is a particular concern for rural associations such as ours. As I said, our level of benefit claimants is relatively low—about 50 per cent of our tenants

receive full or partial housing benefit—but we are exposed to the underoccupancy rules, because a high proportion of our tenants underoccupy properties.

Most of our stock is two or three-bedroom properties; only a quarter is one-bedroom or bedsit properties. The rules will be applied retrospectively, and a high proportion of our tenants already underoccupy homes, for a wide variety of reasons. One reason is that we were encouraged to and wanted to build in our communities properties that had at least two bedrooms, to provide more flexibility, especially in smaller areas, where the opportunities for moving when circumstances change are more limited. We have older stock—as I said, our association is coming up to being 40 years old—that people entered with families. When family circumstances have changed, people have been left in family houses. A high proportion of the people on our housing list—more than half—are single people. If we did not allow them to apply for two-bedroom properties, we would be unable to meet needs. If we were to make all our smaller properties available to deal with underoccupation and for the transfer of people from underoccupied properties it would undoubtedly have a severe impact on our ability as a partner to the Highland housing register to meet homelessness need across the Highlands. There is a shared concern among all the landlords there.

Our second concern relates to direct payments. For us, that is the great unknown. More than a third of our tenants will have to make payments that they currently do not make. We simply do not know what access they have to bank accounts that could facilitate standing orders and direct debits. Access to credit unions is limited: one credit union operates across the Western Isles and the Highlands. We do not know how many of our tenants already have accounts with that credit union or whether it will be able to gear up quickly enough to provide the sorts of facilities that our tenants might need.

The shift is likely to be extremely time-consuming for our staff, with the onus on them to provide support and guidance to tenants on setting up accounts and managing if payments do not come through. We are expecting a major additional resource requirement for personal contact and helping people to work their way through the change process.

Last but not least, digital claims are of particular concern to us in a rural area. Again, we have limited information about the exact availability of personal internet access to our tenants, although we ask about it in our resident satisfaction surveys. Among those who choose to reply to us, the indications are that it is, at best, around 50 per

cent and that the figure decreases with age. Given that our profiling of the working age population tends to show that that population is older, that is a concern for us. There are also serious infrastructure obstacles, such as internet access not being consistent across the whole of the rural area, public access points being limited, and the particular issue of confidentiality in public access points in small communities and rural areas. Colleagues who have set up internet access availability in their offices have found uptake to be very low because of those sorts of issues.

The overall impact is, we perceive, to shunt the cost of making the system work—of providing support and helping tenants through the process—on to landlords such as us. We have an ethos of a very high level of customer care and we will do everything that we can to support the most vulnerable members of our communities, but this comes at a time of converging pressures: increased loan costs; reducing support for development costs; reduced ability to build new smaller houses; Scottish housing quality standard requirements; and high levels of fuel poverty.

That is my outline of the main issues for us. I will be happy to discuss the things that we have done and to answer particular questions.

The Convener: Gentlemen, would you like to make a contribution?

Ken Milroy MBE (Aberdeen Foyer): Yes, thank you. Thank you for the invitation to address the committee.

I am the chief executive of Aberdeen Foyer. Among other activities, we are a registered housing support provider that works in Aberdeen and Aberdeenshire. I also chair a Scottish Government supported accommodation group. The group was set up at the request of Scottish ministers to provide recommendations to a cross-sectoral group of stakeholders on supported accommodation in Scotland and specifically to consider implementation of recommendations of a report on supported accommodation by a group that was chaired by Linda McTavish, who is principal of Anniesland College in Glasgow. I was also a member of that working group.

As a housing support provider, the Aberdeen Foyer operates 80 supported tenancies in seven sites across our region. We target 16 to 25-year-olds, all of whom have been homeless, have presented to the local authority and have been referred to us. Access to our services is now 100 per cent through local authority nominations. Our service is very much tied in with the local authority and it meeting its statutory responsibilities on homelessness.

We opened our first housing support service in Aberdeen in 1998. Aberdeen Foyer is one of

hundreds of housing support services that are operated across Scotland by third-sector organisations such as us, housing associations or councils. Although our service is focused on those who have been homeless, I note that housing support is also provided in a number of other key policy areas of interest to the Scottish Government, including care leavers, people with addiction issues, people with an offending history and veterans, all of whom will be affected to a greater or lesser extent by changes in the welfare system.

We are concerned that at a Scottish level we do not know the number of people living in supported accommodation. The last information that I could get hold of was for 2007-08 on the implementation of the supporting people regime and showed that, at that time, 9,300 people were in supported accommodation. I have no doubt that the sector has evolved since 2007-08, but I think that the Scottish Government should try to take forward that area of work with local authorities and the regulator to ensure that we have a national handle on the numbers and the different groups who are residing in supported accommodation and that we have a broader planning framework that takes account of the welfare reform changes.

Linked to that is the definition of supported accommodation. The supported accommodation group that I chair is of the view that any such definition should include housing support within mainstream tenancies—accommodation with floating support, if you like—not just support that is provided in dedicated accommodation. It would be a matter of concern if the Department for Work and Pensions were overly restrictive in this respect and excluded some of the models that we have considered as best practice, and we must ensure that the definitions that are adopted reflect the good practice that we have seen across Scotland.

The initial activity of housing support providers through the former supporting people funding regime was overly prescriptive and limited and not at all in line with the person-centred approach favoured by providers and commissioners today. As previously defined, housing support omitted, for example, employability support and wellbeing, both of which have to move centre stage if we are to mitigate certain welfare reform issues. Definition is certainly an important aspect that needs to be clarified.

The committee will be aware that the DWP has not included supported accommodation in the initial universal credit implementation arrangements but is seeking to put in place a new system for 2014-15. Any new system must recognise the costs of operating supported accommodation and ideally should pass associated funds to the Scottish Government,

which will then most likely pass them on to local authorities. Again, a clear definition of supported accommodation will be essential in sizing the pot correctly—if indeed that is how things go.

We in the sector should be proactive in developing any new system, work with the DWP to test out projects and ways of working and help to shape the new system to ensure that the sector in Scotland continues. If the system is focused on supported accommodation and if we can ensure that any changes are understood by service commissioners and regulators, we will be able to ensure that the differing legal and policy framework is being taken fully into account. I am sure that the supported accommodation group will be happy to give some guidance on the matter.

As for those moving on from supported accommodation, I share my colleague's concerns about the so-called bedroom tax and the additional costs on the individual. In order to avoid repeat homelessness, we should be looking at transitional arrangements for those moving on from accommodation-based services. Preparing individuals to move on should be a critical part of their housing support service. It should be planned and multiagency.

As has already been mentioned, there will be restrictions on area choice and a limited amount of single-person accommodation. That might mean that there will only be two-bedroomed properties available, which might mean additional costs for the individual. The discretionary housing payment fund is being devolved to local authorities and that could be used to assist in such cases, but it will be under a considerable amount of pressure. Guidance might be issued to local authorities on specific groups and priorities over and above anything that the DWP provides.

Those are all the key issues that I want to highlight at this stage.

10:15

Ian Ballantyne (Scottish Veterans Housing Association): My role is chief executive of the Scottish Veterans Housing Association, and I thank the committee for inviting me along. The majority of the points that I was going to raise have been raised by my colleagues on the panel. However, there are some specific points about veterans.

The Scottish Veterans Housing Association has a narrow field. We look after homeless vulnerable veterans. We only do it in Edinburgh and Broughty Ferry in Dundee. We aim to transition vulnerable veterans into mainstream accommodation through two hostels, although, over the past few years, we have spent several millions of pounds transferring to better-quality accommodation—we have tried to

take the “s” out of hostel. When people come to us, the first thing that we must do is to make them feel safe and secure and that they have a future. That is why we have the new accommodation.

At the moment, the key issue is getting people into our accommodation. We can provide the service that they need, but it comes at a considerable cost, because we have to meet all the qualifications required by organisations such as the care commission. We have to make sure that we have the correct staff at the correct levels and that they provide the correct service to our veterans.

Once we have got them into the accommodation, we are trying to move them on. Where do we move them to? As my colleagues on the panel have already said, there is no single accommodation around these days. We are concerned about people on jobseekers allowance who are trying to survive on £68 a week, or so. Where do they go?

When veterans get together, they find solace in companionship and in being able to discuss their problems with other veterans and people who are veterans oriented. We get them to the point of transition and get them ready to move on, but there are serious issues around where they move to. Our organisation has developed some flats in Edinburgh and Dundee, but that is just the tip of the iceberg. To help the transition, we are about to start building 51 flats in Edinburgh but, once again, they will be transition flats. We will move people through them, but problems arise at the end of the process. We have to move them out of hostels—where do we move them to? There is simply no appropriate accommodation out there.

So my key concern is about the current situation. Housing benefit is being paid directly to the tenant, and while someone is in supported accommodation, that will not be a problem. However, when people move out of accommodation that we provide, they will have to meet those costs themselves, which puts an extra strain on people who have just been through transition. Where do we put them?

My other concern is about the availability of accommodation to support veterans and how that is paid for, because £60-odd a week does not pay for anything. I would be loth to put such people into accommodation that they have to share with total strangers, because there is a danger that they will revert to their perpetual homelessness.

Those are our, very limited, areas of concern.

The Convener: Thank you, Mr Ballantyne, and thanks to the panel members for bringing those points to our attention. I will open up the meeting to members to ask some questions and develop your points a bit further, but I will kick off by asking

about something that occurred to me when I spoke to the organisation that was involved in the pilot programme that highlighted the point to the committee.

Information sharing is key to identifying each individual's needs and the support and assistance that they might require from your organisations. Can you give us an idea of the current situation as regards information sharing and what practical difficulties you envisage coming about as we move towards universal credit? It would be helpful, at the outset, to know what concerns you have about that.

Ken Milroy: We have a number of data-sharing arrangements in place. We have arrangements with the local authority in relation to the nominations that are made to us, and with other external agencies such as Skills Development Scotland, for which we provide employability services. The fact that there are already data-sharing models in place will avoid our having to reinvent the wheel. I hope that we can build on the existing models. My experience is that, once such arrangements are in place, they work well.

Helen Barton: We have some experience of data sharing. We are a partner in a common housing register, which is jointly operated with the Highland Council and the other housing associations that are based in the Highlands, so we already have an ethos of data sharing when it comes to applicants, housing stock and housing need.

In addition, on the whole we have good working relationships with housing benefit staff at the Highland Council, who have a willingness to share data. We have had early meetings with them to discuss what sort of data we will need to exchange. There is a practical difficulty in that the housing benefit department is extremely pressured and its systems are not set up to allow its staff simply to press a button and provide us with the information that we need. Although the willingness is there, it is taking some time for the practical availability of information to come through. All the time, the clock is ticking and we are getting closer and closer to implementation.

We have sourced a lot of the information on underoccupation from our own household details. Although we try to keep that information up to date, we have no guarantee that it is entirely up to date. We are having to do a lot of work through household audits, telephone censuses and so on, to ensure that we have up-to-date details, because we cannot afford to wait for the information on housing benefit household details to come through to us. We need to start work on that now, and we need to be able to start making personal contact with the tenants whom we think are at risk. The

willingness to provide information is there, but its practical availability is limited.

We have concerns about the implications of the eventual move to the universal credit system and how and where that system will be operated. Although we have a good working relationship with our colleagues at the local authority, that will not be there once universal credit is fully implemented. We have major concerns about how we will be able to operate and with whom we will operate. The information on how that will work, and on what access we as a landlord will have to check details so that we can provide assistance and support tenants who are having difficulties with claims through that process, is simply not available to us yet.

Ian Ballantyne: Our situation mirrors that. We have a very good working relationship with the local authorities. Certainly, data transfer from them is not a problem. We are extremely fortunate in that we see our residents and tenants—although we have only 25 tenants, we have 128 residents in our hospitals—on a daily basis, so we can keep the information flow going.

As we have said, an area of concern is how the initial signing-on to the new universal credit system will be done and what the link will be. At present, if we have an issue with housing benefit, we phone Susie in housing benefit, get an answer and the problem is solved. The new system is an online system, so one day people will be online to Belfast, the next day to Cardiff and the day after to London. My concern is continuity. In addition, as a provider, we will not have direct access to that information; the individual will have to access it. The individual will ask us and we will tell them to go back. Hopefully, we can get that loophole squared off.

I believe that, in many cases, our residents will not be fit to do that task. That is linked to the issue that Helen Barton raised, which is that many of our residents will simply not have the capacity to open a bank account. That is a fact today, and I do not see the situation changing.

The Convener: One thing that has come through strongly is that the move to place responsibility on the individual benefit recipient to keep people advised and informed might create a disconnect between those people, housing associations and housing departments. You have identified that there is potential for that, which confirms the concerns that have been raised with us.

Alex Johnstone (North East Scotland) (Con): My question relates to matching housing stock to demand. One characteristic in recent decades has been a massive shift towards single-occupancy

households. I think that Helen Barton said that that applies to half of all her tenants.

Helen Barton: Half of those on our housing list are single applicants, and probably about half our tenants are single households.

Alex Johnstone: How did we get to a situation in which single-occupancy households have become such a high proportion of households who require support and yet the housing stock does not match that demand? Have we been making the wrong decisions on the houses that we provide, or have we simply failed to respond to markets?

Helen Barton: I do not think that we have made the wrong decisions. The decision to provide accommodation that is flexible enough to meet people's changing circumstances has been the right one, particularly in areas where availability of social housing stock is limited and there are simply no opportunities to move to other accommodation. For example, in many rural areas, other housing options are limited. There is a low proportion of private rented accommodation in areas outwith Inverness city and, where rented stock is available, it is geared towards the holiday market rather than long-term private rentals. Houses that come up for sale are generally not affordable to the local population, whose incomes are based on tourism and local service industries. On the whole, I think that the decisions to build two-bedroom-plus stock have been the right ones.

It is difficult for me to answer the question about why we have so many single households. However, my gut instinct is that it is because of a mixture of demographic and social changes that have happened progressively over a number of years. With the best will in the world and even while our development programmes were buoyant, we have simply never been able to build enough houses to meet the growing demand. The positive changes in homelessness legislation that the Parliament has introduced in the past 10 years have played a part, in that single people now have better access to housing and the housing list than they had in the past. That is a welcome change, not a negative one, but we cannot build sufficient stock in the right places to keep pace with that. A combination of factors has led us to the current situation.

Alex Johnstone: If we took a snapshot of what you are doing right now, would we find that you are responding to the increased demand for single accommodation by planning to provide more single accommodation?

Helen Barton: We are doing that where we can, but our development programme has reduced. We will go from developing slightly more than 300 properties in the past year or so to less than 30

next year. Therefore, our ability to do that is extremely limited.

Kevin Stewart (Aberdeen Central) (SNP): I welcome our witnesses and thank them for giving evidence. I will start by asking about supported accommodation. I put on record my thanks to Ken Milroy and his staff at the Foyer, as well as many other people in Aberdeen, for helping me to get my head round some of the issues. Ken Milroy wrote to me recently saying that he has great concern about the safety and wellbeing of individuals with addiction issues if they are to be paid four-weekly in arrears. I ask him to expand on that.

10:30

Ken Milroy: The major concern is the inability to manage the finances. For instance, when people with addiction issues come out of prison, they can have low tolerance, which can result in drug deaths. If funds come not to a landlord but to an individual who might be in a vulnerable situation, we might see an increase in the number of overdoses in those with addiction issues.

This is by no means scientific but when we carried out a straw poll of the people with whom we are working in recovery programmes and asked them whether they would have spent the money on their rent or on drugs, the answer we got was that they would have bought drugs. I do not know why we would want to put clearly vulnerable individuals into a more difficult situation through that payment mechanism. That fear is grounded in our experience in working with that client group.

Kevin Stewart: Under the current set-up, much of the housing benefit for the accommodation that you provide goes directly to you guys but—if I remember rightly—you charge individual residents £5 a week for their fuel and electricity. Your staff said that it is sometimes very difficult to get that £5. How difficult will it be to get housing benefit money from folks if it is paid directly to them?

Ken Milroy: To be honest, I think that it will be nigh on impossible. We are not only the support provider but the landlord, which we think is the right arrangement; however, we might be able to mitigate things by passing the landlord responsibility back to the housing association. Whether the housing association would want such a responsibility is another question. Generally, we are providing what is in effect a probationary tenancy and supported environment for people who then move on to mainstream tenancies.

As I have said, however, it will be impossible to get that money. Our focus has to be on working with individuals who are in need of support; after all, that is the service that the local authority has

commissioned. Again, as I have said, one way of mitigating things would be to pass the landlord responsibility back to the housing association.

Ian Ballantyne: Speaking as someone at the coalface who deals with people from the age of 17 up to whatever, I point out that those people come to us with at least one issue; indeed, the majority have more than one. We charge a high rent because we provide a support service in our accommodation—in other words, we are a landlord and support provider. Housing benefit comprises the majority of that rent, but it is difficult enough to get from some of our residents the small amount that they have to pay. If they were suddenly to get the full whack every four or eight weeks—we must also remember that there might be a delay in getting housing benefit under the new universal credit arrangements and that, as a result, things might go at the speed of the last credit before they got the whole amount—it would be frightening. A gross alcoholic—we have quite a few of them—might receive a huge amount of money, providing of course that he can get a bank account to put the money into.

As a result, I support Ken Milroy's comments. What do I do? Do I say, "I must pay my rent to the Scottish Veterans Housing Association" or do I go to Jenny's across the road and think about it for a while? The move will have serious implications because the organisation will not get the cash flow. If the cash is not coming in, we cannot pay the staff or run the facility and, if the facility has to close, where do those people go?

Ken Milroy: A number of housing support providers are small organisations. Finances are tight and any impact on their cash flow from late or delayed payments will have serious consequences. I would hate that kind of situation to affect some of the smaller organisations.

Kevin Stewart: If small organisations such as yourselves do not get that regular rent or cash flow, they will very quickly be put at risk and the service will disappear.

Ken Milroy: Yes.

Ian Ballantyne: Yes.

Kevin Stewart: The United Kingdom Government has said that there might be some direct payments for vulnerable people, but it has not actually defined the term "vulnerable person". How difficult would it be to define such vulnerability?

Ian Ballantyne: There are two elements to that. One is what is called exempt accommodation. If someone lives in exempt accommodation, we would think that, by definition, they must be vulnerable. However, neither of the two elements has been agreed. There is a provision in the DWP

rules that might count as an exemption, but nobody has said exactly what that exemption will be for property, and nobody has defined exactly what the word “vulnerable” means. How do you define a vulnerable person?

Helen Barton: It is potentially a subjective judgment that needs to be made. I am not sure how we would define vulnerable. Most of our tenants are vulnerable at some point during their tenancy, but some people are vulnerable in the long term. A large number of our tenants have physical and mental health issues or addiction issues or have come through particularly stressful circumstances, but we also have a lot of tenants who are vulnerable at certain points in their tenancy because they hit a crisis—for example, their life circumstances change, a relationship breaks down or their employment changes.

People go in and out of vulnerability, so it is difficult and complicated to define it. One of our concerns about direct payments is about what the triggers will be and when people will come in and out, because we could find people falling through the net very easily.

Ken Milroy: People are referred to our service because they are homeless, so they meet the requirements. We undertake an in-depth assessment of their needs and try to address them either directly or by engaging with other agencies. That includes mental health issues, learning, training and employability—a wide range of different needs that I would relate to vulnerability. However, Kevin Stewart is right. There is no clear definition of a vulnerable person.

Kevin Stewart: Given that it is difficult for you guys at the coalface to define who is vulnerable, could the Government ever come up with a definition?

Ken Milroy: There has been a shift towards the provision of person-centred services that engage with individuals and work directly with them, and the Scottish Parliament is considering the Social Care (Self-directed Support) (Scotland) Bill. In the work that is being done, there is a focus on individuals and attempts to work with them. To put a straitjacket on it would be problematic, because it is important to respond to the individual’s needs and look at their potential and opportunities to get out of the circumstances that they are in.

Kevin Stewart: My last question on the topic is about finding out how many people live in supported accommodation. I asked the minister about that recently, and I understand from the answer and from Mr Milroy’s evidence that that information is now being put together.

I have been asking councils how many folk are in supported accommodation in their area, but again it comes down to the definition. I wonder

whether you, from your various fields, can give us a definition and tell us what you think supported accommodation is. Does it include supported accommodation for elderly folks, be it sheltered housing or extra supported accommodation?

Ken Milroy: The legacy arrangement is that which was implemented through the supporting people fund. I mentioned that in my opening statement, and it is probably a useful starting point. It is then a question of looking at the arrangements for commissioning, which is done mainly through local authorities. The position will vary between local authorities depending on the services that are commissioned. We should not be overly prescriptive about the definition.

As I said, there is a useful starting point, but services have moved on significantly in the past few years. The work that we have been doing through the supported accommodation group can assist with that; it will bring out some useful examples of practice. I do not think that there is a straight answer to Kevin Stewart’s question, but there is a starting point to getting to it.

Helen Barton: I agree. As a landlord, our definition of supported accommodation is accommodation that is designated for particular client groups for whom support is provided as part of the tenancy conditions. We have some of that, although less than we had a few years ago. Models have moved on and the trend is for support to be provided on a floating basis, so it comes in and out and is not strictly linked to the tenancy.

Although a proportion of our stock is still let as supported accommodation for particular client groups, we have a range of tenants who receive support packages at different times during their tenancies; often, we do not even know about them because we do not need to know—the arrangements are personal between the tenant, the commissioners and the support providers. I agree that a definition of supported accommodation can be difficult to pin down.

Ian Ballantyne: I agree with that, too. When we went through the ramifications of transitional housing benefit and supporting people funding came on board, things were okay. Over the years, the ring fencing of supporting people funding has been taken away so local authorities use the money as they see fit. The level of support, and the point at which the local authorities want to input funding into that support, varies by local authority. Some local authorities look at the more extreme ends of support, whereas others look at the narrower end. That has always been a concern.

I am very fortunate—although that might not be the right word—because I have narrow guidance.

We provide only two hostels and some outreach support. The total support in the accommodation is part of the occupancy agreement. If a person does not need support, there is no point in them coming to us because we deal with people who need support. We try to transition people and we use occupancy agreements, not the Scottish secure tenancy, which is another area of concern when it comes to support.

Linda Fabiani (East Kilbride) (SNP): I have a question for each panel member. I will start with Ken Milroy. It is many years since I visited the Aberdeen Foyer, but I remember that employment initiatives were tied to the accommodation. I was struck by your saying that your best-practice models could be at risk. Could implementation of the holistic approach that has been taken by Aberdeen Foyer be at risk, with possible knock-on effects on all sorts of areas?

Ken Milroy: That could be at risk, especially because a way of mitigating the risk around rent is to give up being the landlord. In dealing with young people who have been homeless, it is important that we are the landlord and the support provider. Such a view is not common across the sector, but it has worked effectively for us in terms of separation of the two functions.

It is right to say that we should not think about housing support just in terms of maintaining a tenancy but should also think about how people move on into education, training and employment. We have always put employability at the centre of the action-planning process on which we have embarked. We have not always had the means of responding to it through new deal or other welfare to work activities, but we always tried to put employability at the heart of our activity. Anything that threatens to erode that would severely damage our model.

Linda Fabiani: While Ian Ballantyne was speaking, I was thinking that the Scottish Government has put in place a veterans policy that seems to have been highly regarded by different groups. Will any aspects of that policy be put at risk because of the introduction of universal credit and what goes with it?

Ian Ballantyne: It really comes down to who is going to pay the piper. That is the bottom line. Our organisation has used outside sources to provide the service. We provide support up to a point by giving people a secure base and getting them ready to move on, and one of the key issues for them is to get work. We are very fortunate to be able to bring in the Regular Forces Employment Association to help with that. We use organisations such as Shelter and citizens advice bureaux. We bring in many agencies to help us with people's transitions. My only concern, which I raised earlier, is that, if direct payments do not go

to landlords for rents and no money goes in to do the basic tasks, they may all close down. That is a bit drastic, but it could be the outcome.

10:45

I whole-heartedly support the initiatives that have been put forward. I certainly support one that is not necessarily to do with employment, which looks forward to how we move people on. I said before that we simply do not have accommodation for single people. We do not always deal with single people, of course; we also have couples, some of whom have children, who are making the transition. There are other issues.

Through the Convention of Scottish Local Authorities, the Scottish Federation of Housing Associations and the Scottish Association of Landlords, we are trying to bring into being protocols to get people to move on, and we have found that there is willingness to do that. Before a person can truly make the transition, he or she must be in a particular place. They will want to be in a particular area, in a house in which they feel safe, and with a job. We are working to get the first two; we are working hard to get the third as well, but we must use outside sources. It is about data sharing, as Ken Milroy said, and linking with other organisations that can support us. I must admit that we have come a long way in the past few years.

Linda Fabiani: Helen Barton talked about the profile of the Albyn Housing Society stock. Would I be right in thinking that that broadly reflects the Highland Council stock?

Helen Barton: Yes—it reflects it broadly.

Linda Fabiani: It struck me very much that although it is easier to talk about stock, figures and other such things, we should get down to people, including people who are not necessarily in supported accommodation. I was thinking, for example, of someone who had perhaps lived in the family home for 40 or 50 years, had cared for elderly parents, and was then left alone in a house with a spare bedroom. Basically, we would be saying, "That's not your home any more because you can't afford it, so we'll have to find you something else." If we have to do that, it will be a terrible indictment of our society.

There is huge concern about the viability of all the small housing associations, but there is also terrible concern that we will lose the ethos of our housing providers through being directed from elsewhere on how we treat people. Have housing organisations, support organisations, community-based housing associations and regionally based housing associations taken that on board? Are voluntary management committees talking about that?

Helen Barton: Yes, they are very much talking about that. The matter is a cause for concern among management committees, our communities and our residents.

We have done a lot of work on proactive publicity and issuing press releases, newsletters and targeted mailshots but, despite our best efforts, the general understanding among our tenants is still very low. I do not think that there will be general understanding until we are able to have a one-to-one conversation with every tenant who could be affected.

One of our tenants in Inverness—Mr Gair—has developed a proactive YouTube and Facebook campaign, which has hundreds of members across the United Kingdom. That campaign has given us the opportunity to provide very good case studies to the local press, which has taken up the matter very constructively, to make exactly the points that Linda Fabiani is making.

The matter affects a whole range of people and will seriously impact on our ethos to build good, mixed, sustainable and stable communities across our areas over a number of years. I think that we have had a lot of success in doing that, but we have men who have arrangements for access to their children and who are trying to maintain relationships with those children and to have rooms for them to stay in, and we have people whose homes we have bought under the mortgage-to-rent scheme. We have received Government funding to help people not to have their homes repossessed, and they are now finding that they are “underoccupying”.

We also have people with severe disabilities in properties that have been heavily invested in—and specially built for them, in some circumstances—who have been left with spare bedrooms. Children have grown up and left home; people come and go. There is a wide range of situations. In our lobbying, we have provided a number of case studies to MPs and MSPs. A range of circumstances place people in such situations through no deliberate ploy on their or our part; that is simply how people’s lives and communities have evolved.

In some cases, the new arrangements will mean that people are uprooted from communities in which they have lived for a long time and where they have all their support networks and family networks. For example, we have a case of a tenant in the north Highlands—a woman with a grown-up child. She is now underoccupying and is most likely to get different-sized accommodation and will move 20 or 30 miles away, nearer to Inverness. That is a huge upheaval for someone from a small community.

Linda Fabiani: She will lose her family home and her community.

Helen Barton: Yes—and the community is disrupted by the inevitable turnover and churn that takes place. The changes will have a big impact.

Iain Gray (East Lothian) (Lab): My question is about supported accommodation, so it might be for Ken Milroy or Ian Ballantyne.

When Ken Milroy talked about indications that the Government will introduce a new system of support, I thought that he was quite optimistic about there being an opportunity to improve the situation. Not much seems to be happening in that direction, but I might be missing something.

You said that you do not know how the new system will be constructed or administered and you said that it is expected to be in place for 2014-15. However, other changes, including the cap on local housing allowance rates and the underoccupancy rules, will come in sooner. Will there be a gap into which organisations that provide supported accommodation could fall? Will there be a period before the new system comes in but after the general changes have been made, when it will be impossible for you to continue?

Ken Milroy: I understand that the exemption of supported accommodation from the universal credit arrangements is short term and that in the longer term a system will be put in place. I understand that the timescale is 2014-15, but that is for the DWP to determine.

Maybe I am being over-optimistic about the opportunity to influence thinking about the new system. We can but attempt to do so, because we understand the sector in Scotland and how it has developed over the years. The definition is hard to grapple with, but we should be grappling with it and trying to get our heads around the number of people who will be affected.

On the point about the impact of other changes, the key impact will be when people move on. At least in the short term, we provide a relatively safe haven for vulnerable young people; the question is what happens when they move on, and there is limited and sometimes no choice about what to move on to. That is my concern at this stage. I do not know how the situation will evolve.

Iain Ballantyne: My interpretation of what is happening is that a new system will not be brought in until about 2015. As Ken Milroy said, that gives us a chance to lobby. The trouble is that we are not quite sure what we are lobbying for and against. There is a great grey area. For example, there are currently no rules on what qualifies as support for vulnerability. It is thought that the current exemptions will continue, but what are they? Hostels are technically exempt in the short

term, which is great, but we do not know whether that will continue. When will we be told? How do we plan for the future? I know that it is all about definitions, but we do not accept that there cannot be a definition somewhere.

We need to know, and we need to be involved. Ken Milroy's organisation and the committees in which Ken is involved are important and we will certainly feed into them, but we need advice and decisions on how things will go forward. The burning issue is the current plan on implementing direct payments and online registration. That is a very serious issue for my organisation and, more important, for individuals. We are talking about people, not buildings, and it is people who will suffer. If organisations collapse, people will suffer. The bottom line is that we deal with people across the road from this building who say, "I cannae possibly fill in a form on a computer; will you do it for me?" Of course we will. "Will you phone up?" Well, we can today, but we may not be able to next week.

I know that there will be an interim period in which housing benefit offices—certainly in Edinburgh, Dundee and the areas that I deal primarily with—will have staff who can continue that conversation, which is good. However, what happens when the day comes when, for example, there is no continuation of housing benefit controlled at local level for vulnerable people? That gives me serious concerns. I do not know where it is going.

Iain Gray: My second question follows on from that, in that it is about how prepared tenants are. What has the Albyn Housing Society done to ensure that people know the reform is coming? How have you tried to work with them to enable them to prepare for some pretty difficult circumstances that you have described and which are coming their way?

Helen Barton: We have done a range of things. As I have mentioned, we have issued various press releases and newsletters. We have sent out targeted mailshots to people whom we have identified as being likely to be underoccupying or who are likely to be affected by things such as increases in non-dependant charges. We have sent targeted mailshots to those people, and I have a staff team who are busily working away to see who has got back to us and who has not. Only a very small number of tenants have got back to us—most people have not—so we must now start phoning round people and sending staff out to knock on doors and say "We've sent you this letter. Do you realise the implication of what's happening?" Quite often, the answer is "No" and we have to have conversations with people to check whether their household circumstances are what we think they are. We do not always know

when people's circumstances change—family members move in and out of their families, and we do not always know who has come in and out.

We then look with them at what their options are and whether we can provide a transfer or match them up with another tenant on an exchange list. We work in close partnership with other landlords in the area and with the private sector—where there is one—to see where we can match people up and where there is potential for mutual exchanges. We also seek to work with other social enterprises and voluntary sector partners to create training and employability programmes to help to move people into work and off benefits, where that is possible. In some cases, people are unable to move and we have to go through their finances with them and help them to re-budget their household finances. Some people say, "I simply can't move. I can't leave this area," or "I have to stay in this house so that my children can still visit." They will have to meet a shortfall of 14 or 25 per cent, and we will work with them to work out the finances that they need to do that.

All of that is going to be extremely time consuming and resource intensive. I am starting to have discussions with my executive team and our board about whether we can make additional staffing resources available to us to help our tenants through that process. Otherwise, we will be extremely stretched. Some tenants will simply be unable to make up the difference because their incomes are marginal, and that presents a risk to our rental income. At least 95 per cent of our income comes from rent, and if that starts to go down it will put pressures on our budgets, we will be within the regulator's sights and it will want to know what we are doing about the situation. Our board will potentially have some difficult decisions to make, as we expect arrears to increase as well.

Iain Gray: You are saying that, to get people to be aware of and to understand the implications of the changes that are coming, your staff are having to knock on their doors and speak to them face to face. Nothing else is really having an impact.

Helen Barton: Yes. It is about personal contact.

Iain Gray: Thank you.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I want to pick up on something that Helen Barton alluded to a wee while ago, on the wider societal impacts. I have heard anecdotally that the UK Government has made two suggestions, neither of which I could describe as being helpful. It has suggested that people could move to smaller accommodation, which we have seen is not necessarily easy, or that they could take in a lodger. What do you feel about those suggestions—particularly the latter—given the reality of people's lives, especially with respect to

kinship carers and parents who have, as you mentioned, contact orders in their favour?

11:00

Helen Barton: We have looked at our policy on lodgers to ensure that it is flexible enough. Of course, all our tenants have the right to take in a lodger if they get our permission. We take a permissive rather than proactive approach to this issue, and we and our partners have taken another look at whether there should be some sort of matching service to help people to find lodgers. However, we are not keen on that approach because it could place us in a very difficult position. If a tenant asks us whether they can take in a lodger, we will agree, but we will also ask whether they know the person, whether they have thought about the consequences of having someone whom they do not know living in their house and whether they have considered the risks, especially if there are children in the household or if they have access to their children.

The single parent whom I mentioned earlier who has started a Facebook campaign is in exactly that situation—his children regularly visit him at the weekend. We have discussed with him the option of putting a lodger in his spare room but, of course, it is not an option unless the lodger is a student or someone else who is away at the weekends; after all, he simply would not want to expose his children to any risk from someone whom he did not know. Although we discuss such options with our tenants and although they work for some people, they are not viable options in all circumstances or the solution in all cases.

The Convener: I have some final questions. You have all talked about the additional work that you are having to carry out with your clients and others. Have you assessed the cost of and the additional resources that are required for one-to-ones, leafleting and whatever else you do to keep in touch with people?

Ian Ballantyne: We are very fortunate in that respect, because we deal and interact with our people every day. However, our field is very narrow. We would not do any more than we do at the moment; for a start, we talk people through all the support mechanisms such as housing benefit. However, if we do not get our rent, we will have to rethink how we go about our business. We have put together a worst-case scenario in which we provide only accommodation or hotel services; of course, that raises the additional problem of who would pay for the imported services. We have looked at lots of scenarios but, as I have said, we are very fortunate in that we interact with people every day.

Ken Milroy: We have not managed to quantify the additional work that we are carrying out, but we are continuing to work with individuals on a one-to-one basis—

The Convener: Are you finding that the work has resource implications?

Ken Milroy: Resource use has been more at management level in our attempts to understand the implications of the changes and to mitigate the risk to the service. The discussions about risk management are being had at boardroom level.

Helen Barton: Most of our contact with tenants is being carried out using existing resources. However, as we are only starting to look at additional resource requirements, I am not sure that I can quantify that element yet. We are certainly moving in that direction. We have not yet put a figure on the cost of mailshots. I guess that we could work it out, but so far they, too, are covered by existing resources.

The Convener: You have all mentioned either directly or indirectly the knowledge gap and the information—or lack thereof—coming from the DWP. Are you in regular discussion with the DWP? What information are you getting from it to try to close the gaps? After all, a lot of what you are saying seems to be predicated on what you think might be happening; you do not know and have received no confirmation of whether it is happening. For example, in response to Iain Gray, Mr Ballantyne talked about whether his organisation would be exempt; although there appears to be some information from the DWP about exemptions, the situation has not been clarified for you and you are still working on the basis that you are not quite sure where things stand. What sort of dialogue have you had with the DWP?

Ian Ballantyne: I have had no personal direct dialogue with the DWP. We tend to do that through the Scottish Federation of Housing Associations, because there are common themes. We have attended quite a few of the meetings that the DWP has organised in Edinburgh, but we never get direct answers to direct questions. At one meeting that I went to, the person who came up from the DWP did not have the answers and freely admitted that there were concerns, not the least of which was about the information technology system that will supposedly run the whole process. I await the next DWP briefing here in Edinburgh. However, we feed in our questions primarily through the Scottish Federation of Housing Associations, because it is running a tally—for want of a better expression—to see how far we can push things and what the answers are.

Kevin Stewart: On that point, there is a UK housing benefit and supported housing working

group that involves UK housing, homelessness and support representatives meeting Lord Freud on what we are told is a regular basis, although it does not seem very regular to me. Have you guys had any feedback from that working group on the issues that we are discussing today? That should give an insight into the mind of the minister, if nothing else. Has there been contact between that group and your organisations?

Helen Barton: There has been no direct contact. We are in a similar situation to Ian Ballantyne's organisation, in that we have not had direct contact, but we have had contact through our membership organisation, the Scottish Federation of Housing Associations. We are in close contact with SFHA policy officers, who produce regular briefings for the sector as they get information. We also get information through the Chartered Institute of Housing.

Kevin Stewart: Yes, but information is lacking in that regard.

Ken Milroy: The supported accommodation implementation group has representation from Community Care Providers Scotland through Yvette Burgess, who has been excellent at providing information on the discussions at UK and Scotland levels. That has been an important source of information for us. Scottish Government officials have also given advice to that group.

At local level, my experience has been that the DWP has not been proactive. Local authorities have been proactive and have tried to pull together working groups to consider the implications and to mitigate the worst effects. The DWP has been involved in that, but through a local point of contact, not through somebody from further afield. The issue is that the DWP has not been particularly proactive. It has been reactive, when asked.

The Convener: So, the picture is that you get some information through the SFHA, some through Community Care Providers and some through local authorities, but very little through the DWP.

Helen Barton: Yes.

The Convener: We have found that to be a recurring theme. I think that I speak on behalf of the committee when I say that we are not at all satisfied that the Department for Work and Pensions is engaging in the process in a way that informs and helps individuals who will transfer to universal credit or organisations such as those that are represented here, which will have to deal with the consequences of the changes. We appealed to DWP ministers to come to talk to us about the issues, but they refused to do so. Therefore, I understand your frustration at not having the information.

We must be absolutely clear that, unless the DWP starts to engage in the process and to openly and actively talk to us and others, there will be a huge problem. We already know about some of the practical difficulties, but there will be a huge problem when the system kicks in. If all the warnings that have been given are not heeded, many vulnerable people will be affected and important organisations will not be able to function properly under the new system. However, the DWP seems to be ploughing ahead regardless and not taking cognisance of the information that is coming to us from the organisations. That is just not acceptable.

I welcome the evidence that you have given us this morning, which has been helpful and has enlightened us about the situation for you. Thank you very much for coming and for having a dialogue with us. If you have anything to pass on to us, if something occurs to you or if something develops that the committee might find useful, please keep in touch and let us know about it. Thanks once again to you all for your contributions.

I suspend the meeting for five minutes to allow the witnesses to change.

11:10

Meeting suspended.

11:18

On resuming—

Social Fund

The Convener: Agenda item 3 is on the successor arrangements for the social fund.

There are two elements to the committee's consideration of this item, and I propose to address each in turn. The first element is on the arrangements that the Scottish Government and COSLA have agreed for the introduction of an interim scheme for the administration of the fund from April next year. The second is to ask any initial questions that we might have on the statutory instrument that will devolve responsibility for certain parts of the social fund. Looking at the first element, members will note the submissions that have been provided by the Scottish Government and COSLA.

Do any members of the panel want to make any introductory comments? No. In that case, I will open up the discussion to questions from colleagues.

Iain Gray: I have come to this issue a little later than some of my colleagues—this is only my second meeting as a member of the committee—so I might be going over ground that has been covered before. However, I am interested in hearing about the decision to replace a system that was part grant and part crisis loans with a single system of grants. I appreciate that most, although not all, respondents to the consultation preferred such an arrangement, but I am interested in hearing about the thinking behind that.

Ann McVie (Scottish Government): There are two points to make in response to that.

The first point is on a matter of practicality. Under the current arrangements, the Department for Work and Pensions has the option of recovering the loans through the benefits system, whereas, certainly under the current devolution arrangements, that option would not be available to the Scottish Government. The administrative overheads involved in recovering what are in effect very small amounts of money—the average crisis loan for living expenses is around £52 or £55 per person—without the ability to deduct the money at source from social security benefits is very expensive. Therefore, our ministers took the decision that, from a practical point of view, we would not do that, certainly for the interim scheme.

A second broader point is that, given that we are dealing with vulnerable people on low income, it is questionable whether it would be a good thing to give them a loan when they find themselves in a crisis rather than a grant to help them out of that

situation. That is the rationale behind the position that we have proposed.

Iain Gray: Both those points make a great deal of sense, but I just wonder what impact that will have on the resource that is available. When we took evidence from the cabinet secretary, we had some discussion of the issue, and of course the Scottish Government has made additional funding available. The Scottish Government has provided a table that details previous expenditure on community care grants and crisis loans as well as the proposed funding for the interim scheme. However, one difference is that any money provided in crisis loans is, in theory at least, recyclable because the money will come back in. For example, the table suggests that £6.8 million was spent in crisis loans in 2011-12. Was that the expenditure figure, or was that the figure of what was made available to those who accessed crisis loans?

Ann McVie: That is what was made available to those who accessed crisis loans.

Iain Gray: So the figure may include money that came back by being repaid.

Ann McVie: I am not quite sure how the DWP organises its finances, but in theory yes. However, my understanding is that, even for the DWP, the recovery rate for crisis loans is quite low. There is not a 100 per cent recovery rate.

Iain Gray: Thank you.

Linda Fabiani: I have a more general question. I know that everything has been very rushed, and I can see from the submissions from the Scottish Government and COSLA that a lot of work has gone on to meet the deadlines. What is your relationship with the DWP like on these issues?

Ann McVie: At official level, we have a fairly constructive discussion and relationship with the DWP. We try to engage at three levels.

First, in the core team within the Scottish Government we have a relationship with the officials in the DWP at the centre, who are looking to localise—that is what they call it—welfare provision. Secondly, through my colleagues in COSLA, we have a working relationship with the DWP's operational managers in Scotland. Thirdly, at the level of individual local authorities, we are encouraging closer partnership working with local DWP offices because we are conscious that, from the point of view of the applicants, there will be a need for dialogue between DWP benefits and the new successor arrangements.

We are conscious that there are three levels of engagements, and we are working to ensure that the relationship is constructive at all those levels.

Douglas Proudfoot (Convention of Scottish Local Authorities): I would echo that. Last week, I gave a presentation to the DWP Scotland team on welfare reform change and there were a lot of operational managers around the table. It was heartening to be able to make that presentation to them and to listen to the questions that they asked.

There was a lot of recognition around the table that the operational managers need to do a lot of work at local level to make things happen and that they cannot wash their hands and move away. They recognised the need to ensure that they get their stuff in place in a timely manner and communicate effectively with us both in rolling out the new arrangements and through the transition period and beyond.

Linda Fabiani: What about at the next level? How ready do you think local authorities are?

Douglas Proudfoot: As we said in our submission, the arrangements are being made within an enormously challenging timeline. However, I am certainly impressed by the ways in which local authorities are implementing the arrangements.

We have established a number of different forums at practitioner level to collaborate meaningfully and share the workload, to communicate good practice with one another, and to move things forward. It would be fair to say that different authorities are at different stages. COSLA and Scottish Government colleagues are trying to make sure that no one falls behind and that everyone at least gets good information.

There are democratic and other processes to go through within individual authorities. Some authorities are at the stage of formally determining where things are going to sit from a decision-making and back-office perspective, and some are still wrestling with that problem. Some have in mind how they are going to implement the arrangements but they still have to formalise the situation. We have a spread of readiness.

For the project at a national level, we have established a practitioners network meeting. It meets monthly and is so well attended that it is becoming difficult to manage, so we have to address that. We have established a knowledge hub with the Scottish Government and the Improvement Service, and we have populated it with a lot of library documentation to ensure that people have good information at their fingertips. Hearteningly, we are starting to see individual local authority representatives putting up their own reports, job descriptions, project plans, customer maps and so on, so that instead of things being done 32 times they can be done once and then shared. It will not be one size fits all by any

means, but at least people will be able to use a template to move things forward. We are sharing the burden of implementation as much as we possibly can across the board.

Linda Fabiani: You might only be able to respond to this point anecdotally. What level of engagement are local authorities having with their partners such as advice agencies, citizens advice bureaux and others who will be involved at the front line?

Douglas Proudfoot: I have been to about a dozen local authorities in recent weeks. Some of them invited me to their local project boards, which were well attended by a cross section of sectors, such as the voluntary sector, health boards and the DWP, as well as individual departmental representatives who work on customer services, housing, homelessness, and revenues and benefits.

In the majority of cases, the authorities have been looking at verification and decision making in relation to the national scheme and eligibility criteria. There have been some very good examples, although some local authorities might not be quite there; they are still wrestling with processing and the staff and resources that they will need.

It is generally recognised that we are talking about not just processing a payment but joining up activities. If we are going to work better than currently—and practitioners firmly believe they can—we have to support accessibility to the scheme and be creative and innovative about delivery. Even if we say no to some applicants, they will still be our customers and we need to make sure that they receive the right package of support and advice at the very least. It might well be that the majority of people need to receive a rounded package of support.

Linda Fabiani: Thank you.

Kevin Stewart: My question has been partly answered. I was thinking about looking at things in the round. Mr Proudfoot said that there is no universality and—let us be honest—there never is in local government. How many councils are looking at aligning their teams with welfare rights and other advice services, and allowing contact with other agencies, and how many are looking at doing something different?

From my perspective, the ideal situation would be a one-stop shop for those services, so that folk would not have to keep coming back for a crisis loan and could be helped in other ways. That is the great hope, but we are probably about to see a situation in which huge numbers of folk are given benefit sanctions and have to rely more and more on crisis loans.

Can Mr Proudfoot and Mr Gupta tell me what local authorities are doing as part of the joined-up approach?

11:30

Anil Gupta (Convention of Scottish Local Authorities): I will respond with regard to the longer term rather than the immediate situation, because there is a lot of discussion under way among the local authority associations throughout Britain and the DWP in that regard.

We have lobbied considerably to say that the additional pressures on communities, individuals and families that we are anticipating need to be sized up. Further discussion is needed on the establishment of proper face-to-face services—which are resourced through the DWP—as part of the burdens that are effectively transferring. It is only in the past two or three weeks that we have entered the territory in which task forces are being put together. Those involve the different local authority associations, some of those who are doing pilot work with universal credit delivery, and others.

Kevin Stewart: Can I stop you there, Mr Gupta? You say that those task forces have been put together only in the past two or three weeks. Some folk outwith this room will think, “Why has that only just happened?” Can you explain why it has taken so long to get to that stage? Is it because of a lack of information from the DWP, or the fact that the amount of cash that local authorities are receiving from elsewhere in the Scottish Government has been known only very recently? Is it the DWP’s delay that has caused the task forces to be formed only very recently?

Anil Gupta: In my view, it is the fact that the DWP has taken a considerable amount of time to respond to the lobbying from local authority associations that has been on-going for quite some time. The DWP’s view now appears to be that it needs to move forward at some pace. We are involved in meetings that are intended to be held on a weekly cycle, which will be quite difficult for us to resource.

To pick up on what Douglas Proudfoot said, we are anxious to create a permissive environment in which discussions about the longer term and face-to-face services can take place. By that, I mean that we must recognise specifically the peculiarities and the strengths of delivery in Scotland, taking into account the community planning partnership arrangements and the fairly good relationships that we have with DWP district officers, among others.

Douglas Proudfoot: To follow up on the earlier point, consistency is very important. We are talking about a particularly vulnerable group, and

the customer journey is not vastly different between one authority and the next. The national guidance is very important in that respect.

During the consultation period in August, we heard from quite a few local authorities that were looking for more of a steer on how to enable that consistency to develop. The latest version of the draft guidance is more helpful in that respect, and we are working with the Scottish Government to form a decision maker’s toolkit. Its aim will be to give decision makers across all the authorities a flavour of how they can prioritise at a consistent level within the scheme’s confines.

It would be fair to say that, through all those forums that I mentioned, we are trying not to stifle innovation—we recognise that different things work in different areas—but to ensure that there is consistency. I know that I am talking about a contradiction, but we are trying to achieve the local delivery of consistent principles. Practitioners across local authorities have a fairly good grasp of that.

Kevin Stewart: It may sound contradictory, but it makes sense to me.

Annabelle Ewing: I have a question on the second element of our consideration.

The Convener: We have not got to that yet. We will deal with it separately.

The witnesses all identified the need for good connectivity between the different organisations. The changes will affect a number of organisations, such as citizens advice bureaux, carers organisations and issue-specific organisations. What training has been provided to those who will advise and signpost individuals who come for crisis loans to ensure that inquirers are pointed in the direction of the support?

Ann McVie: That is one of our next big tasks. We are conscious that we are getting towards the end of the first full iteration of the guidance and that our next task is to work up with COSLA a fully scoped training programme that probably will be delivered in February next year.

We have agreed with COSLA and local authority representatives that a train-the-trainer approach is the best way of approaching the task. We will provide a centralised training scheme for the trainers—at least two people from each local authority—so that they can go back and deliver their own training.

We are putting together a list of topics or modules that we want to address during that training programme, and signposting is on the list. With COSLA and local authority representatives and through the welfare reform scrutiny group, we need to begin to define what that signposting might look like.

Separately, we are also doing some work with the Scottish Council for Voluntary Organisations to map the type of provision that is available for specific groups on a geographical basis. We hope that that work will fit into the broader scope of work that we will do with COSLA and individual local authorities in the training programme.

The Convener: It is helpful to know that such work is happening.

I have spoken to a couple of organisations about their concerns. Sometimes, those are fears about what might happen, rather than examples of anything that has happened. However, it has been brought to my attention a couple of times that people are concerned that there might be cost shunting—I had never heard the phrase before, but it has become familiar to me; I see Mr Gupta nodding, so there is obviously something to that. There is a fear that people will consider the new fund that is being put in place to be an alternative to the existing provision of social services and will shunt individuals towards a crisis loan, rather than towards aids and adaptations, for example, or social service support.

As Mr Gupta nodded, I ask him to comment on that.

Anil Gupta: I should not nod.

From a global perspective, the cuts in the level of benefits will result in what we call cost shunting in three main areas: the crisis loans; the obligations on councils to provide funding through their social work functions; and the discretionary housing payments. In essence, as individuals' budgets tighten up, they will become more vulnerable and might make greater use of existing arrangements, albeit that, in the case of the Scottish welfare fund, they are transferred to different providers.

Part and parcel of the concern is also that, as the DWP starts to try to withdraw from face-to-face services and work primarily with a computerised system, people will go to a variety of other organisations for the services that the DWP currently provides and, therefore, that element of current costs will simply be shunted over to different agencies.

Alex Johnstone: We have heard how different organisations are preparing themselves for change. Without naming any organisations, I get the impression that different organisations might be in different places with their preparation and readiness. Local authorities are right up there as an example of a group that is genuinely ahead of the game, if that is possible in this process. Are you concerned about any of the organisations that might or might not have been named during this morning's discussion, and whether they are advancing to where they need to be?

Douglas Proudfoot: I have in my mind a fairly good idea of where local government is in general, across the piece. We are engaging with specific organisations for certain aspects of the guidance and the new arrangements as they come in. We are also engaging with other sectors in some of the additional supporting work that we are moving on with, such as helping decision makers to interpret the guidance consistently. We will work with Citizens Advice Scotland to identify scenarios and get it involved in the process of communications and roll out.

It is fair to say that a lot of different things are happening with different organisations in different authorities, and that is slightly beyond my reach, although I am aware of what is going on. If there is an opportunity to advise or bring people up to speed, we have offered that opportunity to all practitioners and we will try to facilitate that as much as possible, but the authorities are really the experts within their own areas.

Alex Johnstone: I will explain myself a little more. When the committee takes evidence and talks to people about the welfare reform process, it is sometimes easy to see that some are on the front foot and some are still on the back foot. We are talking to you today, and you are very much on the front foot, but I am concerned that others are still worried or uncertain about how to deal with the process. Are you confident that all the organisations that we have discussed today are on the front foot and interacting appropriately?

Anil Gupta: It is quite difficult to answer that, partly because the welfare reform process, which is being steered by the DWP, is rolling out in a slightly unpredictable way. It is difficult to know how prepared people should be and for what. For example, the housing benefit changes are coming into play much sooner than the rest of the universal credit-related changes, which means that we will not be able to predict when people who might be anxious about how they will be affected by universal credit will seek advice and support.

We anticipate workloads developing from the point that the greater Manchester pathfinder comes on stream, but, in effect, that will cover only about 5,000 or so families, as far as I am aware. Presumably, people will then come to the advisory agencies and service deliverers in Scotland on the back of a probable high degree of public and media interest in what happens in Manchester.

There are unlikely to be immediate major effects until we get up to the start of the financial year 2014-15. There will be some roll-out from October 2013, but we understand that it will be quite limited in Scotland. I think that there are concerns, and we will want to use part of the time that we have available to develop some of the face-to-face

services that will, of necessity, require us to work closely with other people who have an interest in the area but, at the moment, it is difficult to size the task.

11:45

Ann McVie: We are conscious that the Scottish welfare fund is discrete and specific, and will start in Scotland from next April. We recognise that we will need to develop an appropriate communications strategy for the fund so that the individuals who might previously have gone to the DWP for a community care grant or a crisis loan will know to go to their own local authority for those things after April.

This Wednesday we are holding the first meeting of a sub-group that was set up with COSLA, local authority representatives and some of my colleagues in the Scottish Government's communications teams. We will think about the messages that we need to send and the types of channels that we might use to ensure that the people who need to know about that change are fully up to speed by the beginning of April, when the new scheme will begin.

There will probably be a briefing note for MSPs and councillors. We are thinking through the different types and levels of information that we need to put out there, as we need to ensure that information is widely available in the public domain before April. Watch this space: it will probably be some time around the end of January, as we think that that may be the most appropriate time to ramp up some of the public communications regarding that change.

Iain Gray: We have been talking about preparedness, but on a couple of important issues it is not yet clear where discussions are at present. One such issue is the distribution of the fund among local authorities.

Ann McVie: That has been discussed at the joint settlement and distribution group with COSLA and the Scottish Government. It is proposed that the programme funding and the administration funding will be distributed on the basis of historical spend. We have fairly robust data from the DWP on spend at local authority level for the past two years, so we envisage distributing the funds initially on that basis, with a view to looking at a system that is more needs based in the longer term.

Iain Gray: That is important, because the guidance mentions quite a bit the obligation on local authorities to budget across the year because the budget can and will run out. The guidance says that there is a review process, but that it does not apply where an application is refused on the ground that the budget has run out.

Why is there no review if the decision is taken on that basis?

Ann McVie: Dorothy Ogle might want to talk about that.

Dorothy Ogle (Scottish Government): In producing the latest version of the guidance we have looked at that issue again because it was not clear exactly what was meant. The decision on making an award is made on a priority basis, so there is no right of review based on the level of priority that is set within that month.

At the beginning of each month the local authority will make a judgment for budgeting based on whether it can pay out on high priority, high and medium priority or high, medium and low priority. The guidance now states that there is not a right of review against that budgeting decision at the beginning of the month, but that there is a right of review of the level of priority that has been applied to someone's application. If a local authority was paying out only on high-priority applications and someone's application was judged to be medium priority, they could request a review of that, but they could not request a review of the local authority's decision that it could not afford to pay out on anything more than high priority at that stage.

Iain Gray: If there is new guidance, we may be able to look at that again.

The other issue on which clarity is missing is the second-tier review. The potential for social fund decisions to be reviewed by the commissioner has historically been very important. Have you made any progress on replacing that?

Dorothy Ogle: That is a very current piece of work, and we recognise completely the value that people place on the independent aspect of a second-tier review. The difficulty is that it has not been possible to find an organisation in Scotland that could carry out that work in addition to its existing duties. Setting up something bespoke was never really possible given the time, and it would have been extremely expensive.

We are talking about small-scale administrative awards of money. If we were to consider the issue from the perspective of never having had an independent review service, it is unlikely that we would put in place the independent review service as it exists. We are having to look at how we balance practicality and cost against independence, and we hope to come up with something that satisfies as many people as possible.

The Convener: Having referred to the communication or lack thereof between the DWP and the Scottish Government and others, I should be fair and check whether COSLA is happy with

the level of information that it is getting from the Scottish Government.

Anil Gupta: Yes. [*Laughter.*]

The Convener: I have to be seen to be fair.

Having finished all the questions on the first element, we will move on to the second element of our discussion, which, as I indicated earlier, is on the statutory instrument. I invite questions from members.

Annabelle Ewing: I am pleased that we are slowly but surely working our way through schedule 5 and that reserved matters will no longer be reserved.

Having looked at the section 30 order, I think that the timescale for this work seems quite tight. I imagine that we in the Scottish Parliament will have no difficulty in meeting the timescale, but both houses at Westminster have to approve the order. Have you received any information about what is happening there?

Ann McVie: I do not have specific dates but, as you will be aware, the Scotland Office manages the process through the House of Commons and the House of Lords and we have a timetable to which we are working that will ensure that this will be in place by the necessary date. When I last checked with the Scotland Office, which was last week, it did not raise any concerns about meeting the timetable.

Annabelle Ewing: By what date does Westminster have to sign this off?

Ann McVie: I am sorry, but I do not have a specific date. Our intention is for the order to go to the February meeting of the Privy Council and the introduction date has been set to allow that to happen.

The Convener: Finally, an issue has been brought to my attention that might seem pretty technical but should be clarified. If you have the information in front of you, that is all well and good, but if you need to get back to me, that, too, would be acceptable.

Article 2(3) of the order sets the points at which two pieces of legislation would be considered to be frozen from the point of view of interpreting the scope of welfare benefits that will remain reserved under the Scotland Act 1998. One of those points is a date in the past, which allows us to be certain of what the Parliament is being asked to agree to. However, the other point is a date in the future, which means that, as the legislation concerned has not been devolved, the Parliament is being asked to agree to an interpretation of something that could be amended between the approval of the order and its coming into effect and over which the Parliament would have no control. Is my

understanding of the position correct? If so, how can the Parliament be confident that it knows what it is being asked to agree to?

Ann McVie: This is why I brought my colleague Gordon McNicoll with me.

Gordon McNicoll (Scottish Government): Convener, I will take your hint that you will accept a written reply and get back to you in writing. [*Laughter.*]

The Convener: It was well worth having you here, Gordon.

If there are no more questions, I thank the witnesses for their information. I suspend the meeting for a few minutes to allow for a changeover of witnesses.

11:53

Meeting suspended.

11:56

On resuming—

Subordinate Legislation

Council Tax Reduction (Scotland) Regulations 2012 (SSI 2012/303)

The Convener: Agenda item 4 is an evidence-taking session with the Scottish Government and the Convention of Scottish Local Authorities on the council tax reduction scheme that will operate from April 2013 to April 2014. I thank officials from the Scottish Government for coming along to outline the basis of the scheme. After they have made some introductory comments, I will invite questions from members.

Robin Haynes (Scottish Government): Good morning. We are very grateful to the committee for inviting us to come and talk about the regulations that were laid last week. First, I should confirm the need for the regulations to be brought before Parliament. The committee clerk's note refers to the abolition of council tax benefit from April 2013; from then on, assisting the vulnerable in meeting their council tax liability will cease to be part of the social security system and will become part of the local taxation system.

Subject to Parliament's will, the regulations will provide the legal basis for implementing the policy response that Scottish ministers and COSLA agreed in April and create a scheme of council tax reductions that will result in individuals having the same net council tax liability—assuming, of course, that their circumstances are otherwise unchanged—upon the abolition of council tax benefit. In other words, if the regulations do not come into force, local authorities will have no alternative but to bill everyone for the full amount of council tax due. The regulations relate to people of working age; an equivalent set of regulations for people of pension age will be introduced very shortly.

It might be helpful—feel free to stop me if it is not—if I offered a very brief description of how the system of council tax reductions compares with present council tax benefit. In drafting the regulations, we sought to adapt where appropriate or possible the present entitlement criteria in the Council Tax Benefit Regulations 2006, partly to fulfil the policy objective of ensuring that entitlement to a council tax reduction replicated as much as possible existing entitlements. It is fair to say, though, that it is also a recognition that the timescale that was imposed on us meant that there was no other realistic alternative.

The most fundamental difference between the regulations and the present council tax benefit is that they reduce an individual's council tax liability.

It is actually a profound point of principle: this is not about entitlement to a social security benefit. It means that local authorities on the ground will cease to manage access to public funds; instead, they will be managing variations on their own council tax base.

That means that somebody who has applied for and is entitled to a reduction will still receive a council tax bill, but it will reflect the fact that their liability has been reduced. By way of comparison, someone who currently receives council tax benefit receives a council tax bill that has been reduced to reflect the fact that the DWP has paid some or all of it. There is a profound difference between the current arrangements and the regulations that we are considering, but a lot will be deliberately familiar to the delivery community and those who are currently entitled to council tax benefit.

I will pause there. If it would be helpful, I can give a brief description of how entitlement to a council tax reduction would be deduced or calculated.

12:00

The Convener: I will allow members to ask questions that are in their heads; we might then get to that clarification. If the clarification is still outstanding at the end, it might be useful to get it.

Alex Johnstone: I will ask a very simple question. Does COSLA think that the matter is as simple as how it has just been explained?

Jonathan Sharma (Convention of Scottish Local Authorities): Obviously, we are looking for a scheme that matches as far as possible the current provision for benefit recipients. Robin Haynes has gone to lengths to explain to us why the scheme has to be different, because one of the questions was why we could not just replicate exactly what existed before. We understand that there will not be a benefit and that there will be a transfer purely to the council tax side of things, and machinations are required around that. I hope that Robin Haynes can give more detail about that, if that is needed.

Obviously, we welcome the fact that the regulations have been laid in Parliament. That gives a great deal of confidence and certainty to the local government community, which has had to deal with implementation while waiting for the regulations to come into place. Therefore, there has been a little bit of trust on that. We are greatly encouraged that the regulations have been laid. That pretty much allows the councils to get on and get them implemented.

Alex Johnstone: So you are confident that the regulations that have been laid before the

Parliament are workable, functional and deal with the issues that were set before the Government.

Jonathan Sharma: I think that we are as confident as possible in that regard. Local government practitioners have been involved in considering the regulations. Obviously, we can see how things are only when they come to be and we are operating the scheme, but the local government practitioners have fed back and have, I hope, given Robin Haynes many pointers to help the Government in bringing about workable regulations.

Kevin Stewart: I would like to hear from the front line in that regard. I want to know what Ms Deans has to say about it all. That is no disrespect to COSLA, but I know that Ms Deans is at the coalface. What does she think of the regulations?

June Deans (Glasgow City Council): I echo what Jonathan Sharma said. The most important thing for us is having something in place for 1 April. If we did not have a scheme in place by February or March, when we usually do our annual billing and council tax exercise, things would be very difficult for us. We have been working on having contingency planning in place if that did not happen, but we have some faith in the regulations being ready, so we are preparing in the same way that we would normally prepare for council tax billing.

Our job has been made a little bit more straightforward because the intention of the scheme is to replicate the entitlement levels as they are. We are not really bringing in something that is fundamentally different for the person in the street; their council tax bill will look similar, and they will see the change as a reduction rather than a council tax benefit. Provided that the regulations act as we expect them to, there should be no significant change for local authorities at the customer front end.

However, there is a change for local authorities on the systems side. We and other local authorities, along with the Scottish Government and COSLA, have been engaging with the software suppliers for the main revenues and benefits systems, who have been planning for the replacement scheme for a while. The change affects the whole of the UK, so we have been feeding back requirements for the scheme to our suppliers. The information technology implementation will involve a bit of activity and cost on their side, and we are working towards having that system available to us in January or February so that we are ready for our council tax billing.

Kevin Stewart: There is not uniformity across the board on the IT side. Are you aware that any of the software systems that are currently being

used by Scottish local authorities might make it difficult to make these changes? I often hear the word “patching” being used in relation to some of those systems. Is there any one system with which we may find difficulty?

June Deans: I am aware that there are differences in the systems, and I am most aware of the system that we use in my authority. I cannot speak for all the software suppliers or all the local authorities, but I am fairly confident that the suppliers with whom we are dealing have a track record of delivering that type of change.

The calculations for housing benefit and council tax benefit are intertwined in the current systems and have to be disengaged. That will allow us to pay the new council tax reduction separately, so it will be quite a significant difference. Peculiarities in some of the IT systems will make it more difficult for some suppliers than for others. We may well not be able to do some things automatically in the first instance, so we might have to put some manual processes in place. That might be the case across the board, or in one or two particular systems. We do not have all the answers yet, but from a broad calculation my understanding is that most of the software suppliers will be able to deliver the change.

Kevin Stewart: I wonder whether Jonathan Sharma is aware of any problems in any local authorities.

Jonathan Sharma: We have not received any feedback that suggests that councils will have difficulties with their software suppliers. The key issue that is coming back to us from councils is effectively the question of who is going to pay for the change. That is still a pretty moot point. We have discussed the issue with the Scottish Government and ministers, and the key for us is that the money should come from the UK Government, which has made the policy change. What causes the most anxiety is not the implementation, but who is going to pay for it.

Linda Fabiani: My question was on IT in general. It may be a bit unjustified, but I am always filled with horrible thoughts when I think of those big IT changes. Kevin Stewart has beaten me to it.

June Deans said that she had been working on contingency planning in case there was not a replacement scheme. Do you have a contingency plan in case the computer systems do not work?

June Deans: Yes, that is the same thing. We have all those levels in place. The plans are not especially detailed, because we have enough confidence that things will be in place on time—

Linda Fabiani: We will remember that. This is going on the record.

June Deans: We have outline plans in place in the event that we are not able to have a scheme or to facilitate a scheme through our systems. It would be a very serious consideration for local authorities if they had to send out council tax bills that did not contain the council tax deduction. There are a number of different avenues that we might go down, but there would be difficult decisions to make, and each local authority might take a different approach.

Annabelle Ewing: I want to pick up on what June Deans said about the need for housing benefit to be disengaged from council tax benefit. We all understand the reasons for that, given our session earlier this morning on the impact of the new housing benefit changes. In light of all the difficulties that we heard about, not least of which is the proposal to pay housing benefit directly to the recipient, where is all this useful information about housing benefit going? It seems that the lack of information will cause various organisations—including, I imagine, Glasgow City Council and housing associations the length and breadth of Scotland, as well as supported accommodation providers—enormous problems, but what happens to this information? Does it just go into the ether? June Deans said that the council tax benefit information will need to be disengaged from housing benefit information. Where will the housing benefit information that is currently in the system go? Has it just gone?

Jonathan Sharma: Looking at 2013-14, I think that the increasing likelihood is that there will not be a huge amount of change in how councils administer what will, in effect, be their joint housing benefit and council tax support arrangements. The Government is obviously committed to bringing in universal credit, but it looks as though that will happen just a little bit slower than was originally intended, which probably comes as some relief to us. The key point is that the changes—whether we consider the systems aspect of the changes, the wider implications of housing benefit being moved to universal credit, or the various other changes that will reduce the amount of housing benefit for individuals—all carry major implications for our local authorities and we do not have the sort of answers on those that we would like to have.

I will take universal credit as an example. Although we can say that universal credit has been delayed and so may not have such an impact in 2013-14, we do not have a migration timetable for its introduction. We do not know how the disaggregation, if you like, will take place, so we are pressing the DWP for answers on that. Major changes such as the rules on underoccupancy will affect the systems that our councils operate, so councils will have to look at different processes for identifying those people

who are affected. Councils will also need to look at processes for supporting and managing those people, because if people start to fall into arrears, that will be a major issue for our councils.

I suppose that what I am saying—I hope that I have answered your question—is that the council tax support is being introduced not in isolation but at a time when other systems, such as the new social fund, are also coming into place. There are impacts across the board, so we must look at all that. Our feeling is that we will need to do some more work to clarify the practical aspects—we will have a further discussion with the Scottish Government on any areas that need to be ironed out—but I think that we can bring in the council tax support without too much disruption to our local authorities and communities. The point is that that is not being done in isolation.

12:15

The Convener: I am not sure whether any of you can answer this question, but I will ask it anyway. Are you working towards the assumptions that were made by the DWP? They appear to have been based on the May statistics, which show projections of a 2 per cent decrease in the pressure on council tax benefit. Since May, there has been a lot of redefining of the economic expectancy for the year that the system has left to run, so are you still working to the projections that were made in May or are you working to your own assumptions and projections?

The UK figures show decreases in unemployment, but the employment figures appear to be being bolstered by part-time employment, which would mean that a number of people will stay on benefits. In addition, last month's figures indicate an increase in unemployment in Scotland that might mean that our growth figures will not match the UK projections. Are you working to your own figures, or are you relying on the DWP to get all this right?

Robin Haynes: I assume that you are referring to the quantum of money that will be transferred to the Scottish budget upon the abolition of the council tax benefit. As I understand it, the final amount to be transferred will be based on forecasts that were made by the DWP and endorsed by the Office for Budget Responsibility for the cost of council tax support next year, minus 10 per cent. The final forecast will be published when the Chancellor of the Exchequer makes his autumn statement, which, if memory serves, will be on 5 December.

We are aware of the issue that you mentioned, which has been raised at official level and political level with Whitehall and Westminster counterparts. Nevertheless, the OBR is as definitive a provider

of forecasts as anyone. We do not have any forecasts of the cost of support for next year, but there is a clear political agreement to maintain a dialogue between Scottish ministers and local authorities as the scheme operates next year.

The Convener: That is helpful. We will not ask any more questions, but you said that you would give the committee some technical information on implementation. Do you want to do that now, and we will wrap up the meeting with that?

Robin Haynes: Would the committee find it helpful if I tried to give a brief overview of entitlement?

The Convener: That would be helpful.

Robin Haynes: It would certainly help to explain why members have 130 pages in front of them.

Entitlement to a reduction in council tax will be means tested and three key elements of each application will require to be determined. First, the applicant's total council tax due will need to be identified. That sounds quite simple, but some of the provisions in the regulations exist to identify other people in the household who might be expected to make a contribution to paying the council tax. Such deductions are referred to as non-dependant deductions. Secondly, the applicant's income and savings need to be defined. Part of the regulations defines the income of someone who is self-employed, and schedules refer to which income is treated as income and which is disregarded.

Lastly, the applicant's living expenses need to be determined. In council tax benefit and council tax reduction parlance, that is called the applicable amount. It is about determining whether the applicant is single or lives as part of a couple, whether they have dependants, whether they have children, whether they have a disability and what the extent of that disability might be, whether they have caring commitments, and so on. The requirement to nail those elements contributes to the complexity and length of the regulations.

If the net income is less than or the same as the applicable amount, the applicant is entitled to a reduction of 100 per cent of their weekly council tax. If their income is above the applicable amount, the amount of reduction is tapered by 20 pence for each £1 that the applicant's income is over the applicable amount. There is no entitlement to a reduction if the residual income is five times or more greater than the council tax liability.

Entitlement criteria to certain benefits, specifically jobseekers allowance, income support, income-related employment support allowance, and guaranteed pension credit are such that recipients are automatically entitled to a 100 per

cent reduction of their eligible council tax. That is sometimes referred to as passporting.

As I have said, much of the complexity and length of the regulations derives from the need to define the income, savings and allowable living expenses of the applicant. Once those figures are reached, the actual calculation is quite easy. I have a list of the differences between council tax benefits and reductions. Would it be helpful if I left that with the clerks?

The Convener: That might be useful. It would be good to have a record of that.

Annabelle Ewing: In broad-brush terms, are the differences between the old and the new substantial or, if not substantial, technically relevant?

Robin Haynes: The policy intention is that if someone is entitled to council tax benefit at the moment, and their circumstances are unchanged, their net council tax will be the same. There are a couple of minor differences. One example is the treatment of income from war pensions and ex-servicemen's pensions. At present, local authorities have some discretion about how much of that income is disregarded in the assessment of the applicant's income. All local authorities in Scotland choose to disregard the entirety of income from war pensions, but the legal powers under which the regulations are made mean that we cannot reproduce that discretion. The regulations therefore reflect what happens in Scotland, in that they compel local authorities to disregard all war pension income.

The Convener: That has been really helpful. Thank you all for coming this morning. No doubt you will continue to consider the situation as it progresses.

Linda Fabiani: Good luck.

The Convener: If you have any other technical information that you think might be of use to the committee, it would be helpful if you could send it to the clerks. Thank you for your time.

We will take the final agenda item in private.

12:22

Meeting continued in private until 12:29.

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e-format first available
ISBN 978-1-4061-9953-6

Revised e-format available
ISBN 978-1-4061-9968-0

Printed in Scotland by APS Group Scotland
