



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### WELFARE REFORM COMMITTEE

Tuesday 6 October 2015



---

**Tuesday 6 October 2015**

**CONTENTS**

	<b>Col.</b>
<b>INTERESTS.....</b>	<b>1</b>
<b>DECISION ON TAKING BUSINESS IN PRIVATE .....</b>	<b>2</b>
<b>FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND .....</b>	<b>3</b>

---

**WELFARE REFORM COMMITTEE**

**17<sup>th</sup> Meeting 2015, Session 4**

**CONVENER**

Hugh Henry (Renfrewshire South) (Lab)

**DEPUTY CONVENER**

\*Clare Adamson (Central Scotland) (SNP)

**COMMITTEE MEMBERS**

Neil Findlay (Lothian) (Lab)

John Lamont (Ettrick, Roxburgh and Berwickshire) (Con)

\*Joan McAlpine (South Scotland) (SNP)

\*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

\*Kevin Stewart (Aberdeen Central) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Mark Ballard (Barnardo's Scotland)

Neil Bibby (West Scotland) (Lab) (Committee Substitute)

Ashley Campbell (Chartered Institute of Housing)

John Dickie (Child Poverty Action Group in Scotland)

Keith Dryburgh (Citizens Advice Scotland)

Allan Gunn (Highland Council)

Jeremy Hower (Scottish Federation of Housing Associations)

Alex Johnstone (North East Scotland) (Con) (Committee Substitute)

Maggie Kelly (One Parent Families Scotland)

Peter Kelly (The Poverty Alliance)

Alison McLaughlin (Children 1st)

Mandy Morrison (Quarriers)

Jules Oldham (Homeless Action Scotland)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament Welfare Reform Committee

*Tuesday 6 October 2015*

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

### Interests

**The Deputy Convener (Clare Adamson):** Good morning and welcome to the 17th meeting of the Welfare Reform Committee in 2015. I remind members to ensure that their mobile phones and other electronic devices are switched to airplane mode or to silent, as they can interfere with the broadcasting system.

We have received apologies from our convener Hugh Henry, and from John Lamont and Neil Findlay. We welcome John Lamont's substitute, Alex Johnstone, and Neil Findlay's substitute, Neil Bibby, to the committee.

The first agenda item, in a change to the published agenda, is a declaration of interests. I invite Neil Bibby to declare any interests that are relevant to the committee's remit.

**Neil Bibby (West Scotland) (Lab):** I have no relevant interests to declare.

## Decision on Taking Business in Private

10:01

**The Deputy Convener:** Item 2 is a decision on taking item 4, a discussion of our post-Christmas work programme, in private. That item appears as item 3 in the published agenda. Do I have agreement on that from members?

**Members** *indicated agreement.*

## Future Delivery of Social Security in Scotland

10:01

**The Deputy Convener:** Item 3 on the agenda is oral evidence on the future delivery of social security in Scotland. Today's meeting will focus on the housing element of universal credit, discretionary housing benefits, top-ups and new benefits.

We have two panels today. The first panel contains housing sector representatives. I welcome Mandy Morrison, who is the operations manager with Quarriers; Allan Gunn, who is the head of revenues and business support at the Highland Council; Jeremy Hewer, who is policy adviser for the Scottish Federation of Housing Associations; Ashley Campbell, who is policy manager of the Chartered Institute of Housing in Scotland; and Jules Oldham, who is representing Homeless Action Scotland. We have received apologies from Julie Hunter, who is the housing strategy manager at North Lanarkshire Council.

We have about an hour for the first panel. I will kick off the questions by asking about one of the major changes with universal credit, which is the move to monthly payments. The opening question to the panel is this: how will the change to monthly payments impact on delivery of services?

**Allan Gunn (Highland Council):** Highland Council went live with universal credit in November 2013 for singles, in June 2014 for couples and in February 2015 for families. On the financial impact, about 90 per cent of council properties for which there is UC in payment for them are currently in arrears. Although 90 per cent is a significant amount, when we consider that there are only about 170 properties with UC against a council house stock of about 13,000, it is not a materially significant sum. It is, however, a significant percentage. That is generally attributable to the move to paying people less frequently, every month.

Claimant feedback from roll-out across Highland has indicated that customers found the move to monthly payments, combined with direct payment to claimants, to be quite a change. Previously, payment had been made fortnightly to landlords, but the system moved swiftly to monthly payment to claimants. The combination has contributed to some arrears.

As regards the profile and trend of rent arrears cases, the level was about 89 per cent at the end of June and 90 per cent at the end of September. It was about 88 per cent at the end of April. There has not been much change—it seems to be sitting

around the 90 per cent mark. For some of the local housing associations in Highland—for example, Albion Housing Society Ltd—the rent arrears figure is about 88 per cent for UC claimants, whereas it is about 43 per cent for housing benefit claimants—that benefit being paid fortnightly with jobseekers allowance.

**Mandy Morrison (Quarriers):** In our family support services, although many of the people in the families that we work with are in work, that work is generally low-paid and unskilled and they are used to being paid weekly or fortnightly. The rationale of universal credit is to get people into the habit of budgeting as they would with a salary, but that does not fit the people whom we support.

**Jules Oldham (Homeless Action Scotland):** We also need to take into account that some people are going from weekly to monthly payments, which is a huge jump. HAS's preference is for a choice—based on what suits the person's lifestyle, needs and vulnerabilities—of fortnightly or monthly payments, and for those options to be equally weighted. Everything else that we talk about in the social sector is about being person centred; this seems to be the one thing that does not fit with that.

**Jeremy Hewer (Scottish Federation of Housing Associations):** I will make a couple of points about the administrative side. A problem that housing associations encounter with universal credit is that the assessment date and payment date for each claimant can be different. If housing associations have a large number of tenants on universal credit, they have to know the particular day for each claimant and the transactions that that causes.

The other issue is the discretionary housing payments, which are being used to mitigate the bedroom tax. They are paid on a set date—usually every four weeks—so housing associations are hit with a double whammy. If they are supporting tenants and engaging with them on the date that the tenant's universal credit payment comes in and they have to approach the tenant again—perhaps the following week or two weeks later—to engage with them about the discretionary housing payments, that creates a huge administrative problem.

We hope that one of the things that will come out of the Scotland Bill is an option for more frequent payments, but the real problem is the initial waiting period, which will still be up to six weeks, by which time—particularly for families that are, if you like, on the financial edge—the damage will be done. They will have to cope with a seven-day waiting period during which they will have to find the rent from their own resources. As I said, when that is added to the assessment period and

the administrative period, it will take up to six weeks.

**Ashley Campbell (Chartered Institute of Housing):** The information that we have from our members reflects a lot of what Jeremy Hewer said about the complexity of the situation. As he pointed out, the date of a person's claim can be any day of the month. To add to that the option for people to choose fortnightly or monthly payments adds another layer of complexity. It has been pointed out by some of our members that although that would be complex, it would be manageable, but a lot of thought would need to go into the management process and the information technology system in order for them to be on the ball—to keep up with their tenants and to intervene at the earliest point if they are getting into trouble with arrears. That said, most of our members feel that tenants should be given the choice, and that many of their tenants would manage much more easily with more frequent payments, which would help them to keep their rent arrears under control.

Of significant concern for us, too, is the waiting period: the six-week lead-in time will set people up with arrears from the start, which means that they will struggle even more with difficult financial dilemmas from the very start of their claim. Do they try to pay off their rent arrears? Do they pay for food? Do they pay their bills? The waiting period will increase stress for people who are already in a difficult situation, and will create dilemmas for them and for their landlords as to how they deal with it.

**Kevin Stewart (Aberdeen Central) (SNP):** In the very early stages of the process, there were some housing associations for which direct payments were made, including Dunedin Canmore Housing Ltd here in Edinburgh. The committee went out to speak to people who were going to go through the changes. During our visit, we spoke to a guy who freely admitted that he had a major alcohol problem, and had stayed sober to speak to the committee. He was brutally honest about his situation. He said that if he got that money, he would drink it within a day or two and would end up being evicted quite soon, which would obviously cause problems not only for him but for the housing provider.

What do you think about the situation of people with addiction or other problems? People with alcohol, drugs or gambling problems may find themselves in real difficulties and may end up without a roof over their heads. What have you fed into the United Kingdom Government about such situations? Perhaps we could start with Mr Hewer.

**Jeremy Hewer:** Under the universal credit rules, there is capacity for alternative payment arrangements. There are two instances in which

those are used. The first is when arrears of up to eight weeks have accumulated, in which case alternative payment arrangements can be set up for the housing association. The second is when there are distinct vulnerabilities. If the person has particular vulnerabilities such as those that Kevin Stewart described, it might be wise to have alternative payment arrangements set up from the start. In theory, that is perfectly possible; the problem is how the decision is made. Because the decision lies with the decision maker in the Department for Work and Pensions, it is a bureaucratic process and, because of the way that it is set up, the decision maker does not know the person personally.

There is some talk about having “trusted partner” status, whereby an organisation such as a housing association, which might have direct first-hand intelligence on a claimant, could say that that tenant needs an alternative payment arrangement to be set up from the start and the DWP would accept its decision without question, although there would be periodic reviews to establish whether the person could go on to manage their own payments.

**Jules Oldham:** I echo what Jeremy Hewer said about trusted partners, which would offer quite a good solution. HAS certainly has concerns about the knowledge of the decision maker. It is not possible to be knowledgeable about every element of addictions, mental health and so on. If organisations that have expertise in such areas work side by side with people, why are we not using them? It seems to be a bit of a waste not to tap into that resource.

**Ashley Campbell:** I would reflect the view that the organisations that have built up relationships with the people whom we are talking about are best placed to decide, with the people themselves, what is best for them paymentwise.

In our submission, we recommend that where there is a known vulnerability or we know that the person might have difficulty managing their money, payments should go direct to the landlord. In all other cases, tenants should be able to choose whether to receive payments direct, or to have them paid to their landlord. That way, even if someone ultimately decides to have the payments made direct to their landlord, they will be exercising some choice in the matter and taking responsibility for their finances. If the tenant were to decide to have the payments made to themselves and they got into trouble and fell into arrears, the alternative payment arrangement would be available for them to fall back on as protection for the landlord.

**Mandy Morrison:** I agree with that. That approach would be particularly useful in the context of people's mental wellbeing. Someone

might not have a mental ill health diagnosis, but there might be other issues, such as depression, that some providers are not aware of, but which the body that is providing support—whether it is a third sector organisation or the housing provider—might be aware of and be able to share. There might be issues of confidentiality within that, and issues to do with how much information people want to share with the DWP. People's experience of Jobcentre Plus or the DWP might not be that they are supportive mechanisms—they might be seen, at times, to be punitive.

10:15

**Allan Gunn:** On administration, although alternative payment arrangements can be used to pay direct to the landlord, my fear is to do with the DWP's capacity to operate APAs on a substantial basis. There will be an information technology overhead. If there is to be financial benefit not just to the claimant or customer but to businesses so that they have the cash flow for future investment, there needs to be a guaranteed income wherever possible and where appropriate. Although APAs can work just now, if they were to be rolled out significantly across Highland—or Scotland, for that matter—I am not sure that the current system could manage. I think that it would lead to significant delays with some payments.

**Kevin Stewart:** That leads me on to another question. You are in the process of rolling out UC and you have told us that 90 per cent of folk are already in arrears. How many of those folk can make direct housing payments to you rather than the money being paid to them as part of their UC?

**Allan Gunn:** The APA process had some challenging issues in the first year or 18 months but, since February or March, things have settled down and are now much better. More than 100 APA requests have been received and administered, which has helped to minimise arrears. About 75 per cent of APA requests have been accepted; it is not a given that an APA request will be accepted, and there can be various reasons for not accepting a request. For instance, there might be a gap, after an APA is requested, in which the tenant moves property. If the tenant moves property, the chances are that the APA will be with the new landlord rather than the existing landlord, where the arrears lie. When APA payments are made at the end of the month, the landlord that the tenant is with at that time receives the payment, even though they might have been with a different landlord in the two or three weeks leading up to the end of the month.

**Kevin Stewart:** There are a huge number of pitfalls in even trying to get to the point of making sure that there is an exemption and the money is paid directly to the landlord. There are

complications if there are any changes in circumstance.

**Allan Gunn:** That is absolutely correct.

**Kevin Stewart:** I want to move on to a question for Mr Gunn and Mr Hewer, which is on a point that Mr Gunn has just mentioned. We have heard previously about cash-flow difficulties that councils and housing associations might face, and which put real strain on long-term planning and, in particular, on decisions about refurbishment or new build. That would affect smaller housing associations much more than it would affect larger organisations. What difficulties can you foresee if there is a huge build-up of non-payment arrears?

**Allan Gunn:** The current rent arrears figure in Highland Council is £1.5 million. For the UC cases, it is £106,000, which is not material just now, in that it is not preventing us from building council properties. That is because take-up of UC is still relatively low. For instance, we have about 1,200 UC claimants, but we have about 14,000 housing benefit claimants and 18,000 people who receive a council tax reduction. UC has been live for nearly 2 years, but take-up is still low because of the strict criteria. To extrapolate from that, if over time the 60 per cent of cases who are non-pensioners moved on to UC, there would be a cash-flow problem for Highland Council. That would present problems because, ultimately, less capital would be available to build council properties. That is a financial fact. At the end of the day, we would have less money coming in to the organisation and we would need to make decisions to address that.

**Kevin Stewart:** So if we have a complete roll-out, you foresee difficulties with new build and refurbishment of existing homes.

**Allan Gunn:** Yes—because the reality is that we would have less income. As with any business in the public sector or the private sector, if there is less income, something has to stop or be reduced, or there has to be a combination of both.

**Jeremy Hewer:** About 61 per cent of housing association income is from housing benefit. Two thirds of that is from working-age households. The first effect that housing associations would experience relates to their ability to borrow at competitive rates from lending houses. The calculation of covenants is based on an assumption of an income stream, so if that income stream were to be undermined, banks would want to renegotiate the covenants and future borrowing would be more expensive.

Kevin Stewart alluded to the direct-payment demonstration projects with which Dunedin Canmore was involved. I think that the payment rate was ultimately about 94 per cent as opposed to the 99 per cent that Dunedin Canmore expected



under the old system. It might not sound like a lot, but that 5 per cent could be the difference between their holding their head above water and going under.

**Kevin Stewart:** We will not have control of that element of social security, but is it fair to say that it will have a direct impact on the devolved responsibility of housing and the possibility of expanding the housing stock?

**Jeremy Hewer:** I would say that it will, because universal credit is reserved.

**Kevin Stewart:** Is it fair to say that, if it is rolled out across Scotland, universal credit could have a major impact on our ability to build new social housing?

**Jeremy Hewer:** It could be a factor, but it is hard to look into the future because the DWP has amended procedures when they have been found not to work as it thought they would. However, there is concern that roll-out will adversely affect our ability to build.

**Kevin Stewart:** Mr Gunn, do you agree with that?

**Allan Gunn:** Yes. On the cash flow in housing, the £106,000 figure that I gave relates to mainstream housing. Temporary accommodation is much more challenging, particularly in Highland. We have 100 properties of our own under the housing revenue account and about 200 in the private sector, as well as the framework for bed and breakfasts to try to handle homelessness. However, there is no doubt that the cash flow for temporary accommodation is even more challenging. For instance, there are only about 10 temporary accommodation accounts where there are arrears, but the average rent arrears for temporary accommodation is about £1,400 an account whereas, for UC, it is only £700 an account.

The issue is challenging in social housing, but there is a link—direct or otherwise—to the provision of temporary accommodation and what each council must do. In Highland, for various reasons, our weekly charges for temporary accommodation are nothing like as high as those in other parts of Scotland—for example, Dundee and the central belt.

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** In any of the pilot areas, has a study been done of whether sanctions have a knock-on effect on a person's ability to remain in their home and of how that impacts on councils that provide housing, private landlords and housing associations, which have to provide the right support for that person but also have to follow rules, such as those on eviction?

**Jeremy Hewer:** In a recent submission to the committee, which was in response to the Rt Hon David Mundell's question mark over the use of food banks, we noted that a survey that we carried out among our members showed that the vast majority of food bank referrals of which housing associations were aware were a result of benefit delays or sanctions.

Housing associations are not in the business of wanting to evict people; they will do what they can to maintain a tenancy. At present, housing associations are bearing the brunt of increased arrears and trying to mitigate the situation in whichever way they can; eventually, they will put—or try to put—alternative payment arrangements in place.

As I mentioned, the issue is very much the administrative hassle that is involved. Even if everything was tickety-boo and people were making their payments, the additional administrative burden on housing associations would still be considerable.

Another issue is the unconnectedness of the system. At a recent meeting in Glasgow, I raised the issue of council tax reduction, and it was admitted that there is a concern about the lack of connection. Previously, housing benefit was administered by the section of the local authority that dealt with council tax. I am not familiar with the administrative details but, if it was known that someone was on housing benefit, a little light would go on and the administrator would say, "Aha—that person needs a council tax reduction, too."

With universal credit, there is no connection. Those at the meeting in Glasgow said that they had expected approximately 200 housing benefit cases for council tax reduction, whereas—although it was early days—they had so far dealt with 120 cases. Eventually they may catch up with the missing cases, but there are always cases in which that will not happen. For example, we have found that there has not been 100 per cent take-up of discretionary housing payments. For one reason or another, despite housing associations' best efforts to engage with their tenants, some tenants have opted not to take those payments.

In answer to your question, we have not seen an increase in evictions, but that is because housing associations are taking the strain. I am not sure whether they will be able to do that as the years go on.

**Christina McKelvie:** Ms Oldham, I know that you support people who have become homeless at the start of the process and when they have gone quite far forward. When people come to me, they are—as they probably are when they come to you—usually at crisis point. Following the transfer

of people to the new system, have you seen any change in the work that you undertake with people every day?

**Jules Oldham:** I clarify that we are a national membership organisation rather than on the front line, so everybody's work feeds into ours.

One issue seems to be that the system was not working properly to start with so, when somebody was being sanctioned, the housing element of their benefits was not being provided. Now that it is clear that the housing element should still be paid, there is less of an issue, but the fact that the previous situation—in which housing benefit was not being paid—went on for so long means that we are in a strange situation, as a bit of an urban myth is going round and not everybody understands what their rights are. If people are sanctioned and the housing element is not paid, people still believe that that is what should happen.

We have heard about and seen the issues around that. Overall, sanctions are a huge issue. Outwith the housing side of things, the use of food banks—Jeremy Hower mentioned that—and people needing to use every resource around them are a major issue that has a knock-on effect on people's mental health and on criminal activity. If someone does not have food and the only way that they can feed their children is to go shoplifting, the reality is that they will do so. The knock-on effects are huge.

10:30

**Christina McKelvie:** I spent a wee bit of time packing bags at Hamilton District Food Bank on Saturday and having conversations. I found out the reasons why people ended up there; it is horrifying that people get to that stage.

Does anyone else have anything to say about sanctions?

**Allan Gunn:** In Highland—this is similar to what Jeremy Hower said—there is nothing to suggest that evictions have increased because of sanctions. On the contrary, we would look to use the Scottish welfare fund and discretionary housing payments to mitigate the financial impact on tenants who are claimants.

We are also talking about availability of information. For instance, I can see monthly how many people have been sanctioned for JSA breaches in each of the six jobcentres in Highland, and the figure ranges between 3 and 5 per cent. I cannot, for love nor money, see data on sanctions that refers to universal credit. That data is not made available. Members can draw their own conclusions about what that data shows.

We need openness because, whether the customer is being served by the DWP, the Scottish Government or local authorities, it is the same customer and we need to take the most joined-up approach for their benefit. Part of that is about transparency of information on how well we are delivering the services.

**Ashley Campbell:** Most of my concerns have been covered. One significant issue is that sanctions and conditionality are being reserved to the UK Government, which limits what the Scottish Government can do. Other issues are the eligibility criteria for discretionary housing payments, what DHPs can be used for, the payment of DHPs to people who have been sanctioned and the fact that DHPs cannot be awarded to directly mitigate the effect of sanctions.

We are again limited in what we can do to help people. There is indirect and voluntary support, and there are food banks, but they are not the best way of ensuring that people get the help that they need.

**Mandy Morrison:** We deliver front-line homelessness services to young people. On doing a brief consultation with the young people in our Glasgow homelessness services, we found that 38 per cent of them had experienced a sanction.

**Christina McKelvie:** Did you say 38 per cent?

**Mandy Morrison:** Yes. They are young people who have experienced trauma and have additional vulnerabilities such as substance use and mental ill health, and they might also have been through the care system. If they are late for an appointment or if they forget something, it can be because the trauma is affecting a lot of their cognitive function and memory. A lot of young people experience a high rate of sanctions, so a lot of our services now have links with food banks and distribute food vouchers. There might not be a rise in the level of homelessness at this moment, but there is additional strain and a rise in the use of food banks.

**Christina McKelvie:** That leads me nicely to my next question, which is about the impact on people with any illness. Mandy Morrison talked about young people who have faced trauma and might have a physical or mental illness because of that. There are also people who have progressive disabilities who have been receiving benefits that have allowed them to stay in work, such as the disability living allowance and the personal independence payment. When their illness has progressed, they have had to move out of the workplace and on to other support benefits. There are also people who have been diagnosed as terminally ill.

I know that the system that we have is not perfect, and the Child Poverty Action Group

described the disability element as “incoherent”, which is a word that most of the witnesses have used this morning. The system is piecemeal and not joined up, and it creates more problems than it fixes. What is your experience and has any work been done to mitigate the impact on people who have to move from one part of the system to another? That transition period seems to be a vulnerability in the system. If someone has a progressive illness, a terminal illness or something that will not get better, things are much more difficult.

I hope that I can tease out some of the issues that you have faced and what you have used to resolve them. We are looking at a social security system for Scotland. If we do not identify the problems and learn lessons from the solutions that you who are on the front line have put in place, we will not create the system that we want. I hope that you will help me with all that.

**Allan Gunn:** Under JSA, there was implicit consent for benefits advisers to speak directly to the Department for Work and Pensions about customers. However, under universal credit, that data sharing is not yet live. It is progressing, and Jeremy Hower and others might have views about data sharing with social landlords, but data sharing with service providers that want to support people who are on UC or who are coming off UC or other benefits is limited. At times, we are finding out about changes rather than being advised of them.

A key thing for local authorities and housing associations is to have a support framework in place that involves Money Advice Scotland, citizens advice bureaux and other voluntary organisations. Highland Council has an in-house team that is supported by Citizens Advice Scotland and other third sector organisations. We spend upwards of £1.8 million a year to support the individuals involved.

We have housing management officers who work at a local level and get to know tenants in order to find out about changes in their circumstances. Those officers do not know everything, but they can get some idea of issues such as moves from being in work to being out of work. The sooner we catch such things and speak to tenants, the better, because it can take only a few weeks before arrears get so big that tenants cannot dig themselves out of the hole.

Timing is everything, as is the support framework. The reality is that that costs a bit of money. However, if it helps to minimise arrears and increases the income and the capital funding, which Kevin Stewart talked about, there will be direct benefits.

**Jules Oldham:** We have been working closely with jobcentres and the DWP to improve

knowledge about homelessness and vulnerabilities. That goes back to what I said about decision makers. People are expected to be a fount of all knowledge and an expert in every area, but they cannot be—it is just not possible. The same applies to a greater extent to personal advisers, because people meet them first.

We are trying to improve people’s knowledge, but we also want a better dialogue between various relevant people. For example, if somebody from Quarriers heard that someone they were working with was to receive a sanction, surely it would be useful if that person’s support worker got a call to say, “Do you know about X, Y and Z?”, so the issue could be dealt with at that point rather than through a wasteful administrative exercise.

**Christina McKelvie:** That would apply only when people are given notice of a sanction. Sometimes, they just go to the bank and find that there is no money.

**Jules Oldham:** That is one of the other flaws in the plan. However, we want more communication in situations that support organisations are involved in. A lot of people have some sort of support framework, and I come back to the need to use the organisations that have the expertise. That is a wasted resource; more dialogue is needed.

**Jeremy Hower:** There have been some positive initiatives—for example, jobcentres in Highland now allow a support worker to accompany a claimant when they have an interview. That has benefits, as it might allow a more rational claimant commitment to be created.

However, against that, there are concerns about issues such as work capability assessments and PIP assessments. The system is not working as it should. Christina McKelvie mentioned claimants with a degenerative condition, who have to go through the same process. The fact that they have to go through reassessments causes them anxiety and does not help them in the least. The understanding of mental health issues in the assessment process is not what it should be. Interviews are often missed because of mental health issues—that is not because of wilful neglect; it is because of someone’s condition.

Housing associations have invested in support work and try to intervene when they can. For example, Dunedin Canmore had a case recently of somebody from Edinburgh being invited to a PIP assessment in North Berwick. The housing association said no to that and said that it wanted the PIP assessment to be done closer to where the person lives, given their disability.

We have long argued that the assessment must be based on the person’s day-to-day abilities and not on an isolated instance. We hear stories—I do

not know whether they are apocryphal—about assessors observing people from a distance with binoculars as they come towards the place for the assessment to see whether they really are disabled.

There are also systems issues, which will always exist. For example, somebody in Link Housing Association told us that assessments available in Stirling that were provided by Salus were not on the Atos computer system, so they were not being offered to people who live in that area. Such problems can be overcome, but there have been lots of submissions to this committee and other parliamentary committees about the need for a more thought-through way of assessing people who have an illness or a disability.

**Mandy Morrison:** In transitions, it might be worth bearing in mind the situation of children with disabilities transitioning to adult services. There is the additional impact of self-directed support but, for a family whose child is moving into adult services, benefits can play a big role and the situation can be incredibly daunting, even with the support that the child gets. I am using the term “child” because they can be young people of 16 or 17 who are having to go into an adult world. That situation probably needs some thought, but I do not have any answers for it.

**The Deputy Convener:** Mr Johnstone is waiting to come into the discussion, but does Joan McAlpine want to ask a quick supplementary question or to come in on general issues after Alex Johnstone?

**Joan McAlpine (South Scotland) (SNP):** I have a supplementary question on the point that Ashley Campbell made about discretionary housing payments, which we are supposed to be getting power over. She correctly pointed out that we are not allowed to use them if someone has been sanctioned and has lost their housing benefit, except in exceptional circumstances. That has been the subject of quite a lot of debate in the House of Commons during the passage of the Scotland Bill. Labour and Scottish National Party MPs tabled amendments to ask for that aspect to be looked at again, so that discretionary housing payments could be made to people even if they had lost their entitlement to housing benefit, but those amendments were not accepted. What is your view of the discretionary housing payments situation?

**Ashley Campbell:** We have raised concerns about the limitations on discretionary housing payments. Our members have asked for them to be more flexible and asked the Scottish Government to explore every possibility in that regard but, under the current wording of the Scotland Bill, the payments will be limited.

I have always found that there is a bit of a conflict in mitigating the effect of sanctions. Elements of support for people to get back into work are being devolved to the Scottish Government, but sanctions and conditionality will remain reserved. That sets us up with a system where the Scottish Government might like to take a more supportive or proactive role in helping people to get back into work—perhaps a more carrot-driven method of helping people back into work—but the United Kingdom Government still holds the stick of sanctions. How do we create a social security system that supports people when we still have that situation looming over our heads?

**Jeremy Hewer:** The SFHA will reserve judgment until it sees what comes out in the third reading of the Scotland Bill. Our main criticism of discretionary housing payments is that they are an expedient—they were always seen as a temporary measure. It is not right to use them in the long term to mitigate the bedroom tax, particularly when we will face an upsurge in the number of people who are affected by the benefit cap because it is to be reduced from £26,000 to £20,000. I suspect that a lot more families—even those in standard housing association accommodation—will be affected by the cap, and discretionary housing payments might be required to ease the transition.

10:45

**Allan Gunn:** There are various aspects to discretionary housing payments, which perhaps address the effect rather than the cause. In a perfect system, DHPs would be needed much less than they currently are. The system should be fundamentally correct in the first place.

Discretionary housing payments have an administrative overhead—for example, Scottish authorities receive about £1.5 million a year to process DHPs to fully mitigate the bedroom tax. If we just stopped the 14 or 25 per cent bedroom tax penalty at source, we would not need that £1.5 million administrative overhead. That would prevent the delays and guarantee 100 per cent take-up. As well as the administrative overhead, people have to claim DHPs, and some of the more vulnerable clients tend not to claim everything that they are entitled to, either because of ignorance or because of their lifestyles.

Last but by no means least, people have to qualify for housing benefit—this relates to an earlier comment—to qualify for a DHP. In Highland, we had three or four cases in June concerning a claimant and their partner who are on income support but whose son or daughter has started work and is getting about £12,000 a year gross. Because of the non-debt deduction, the claimant and their partner qualify for no housing

benefit and therefore qualify for no discretionary housing payment. However, the circumstances of the claimant and their partner are exactly the same—it is the circumstances of other people in the household that have changed.

There are a lot of pitfalls in discretionary housing payments. They are invaluable as a means to an end to address issues in the system. However, as part of reviewing any social security system, there should be less reliance on DHPs, as Jeremy Hewer said, and more focus on getting the system right in the first place.

**Joan McAlpine:** More of the system should be devolved to Scotland so that we do not have to have this kerfuffle about DHPs.

**Allan Gunn:** That would be helpful.

**Jules Oldham:** We have a big concern that the true purpose of DHPs is being lost now that only 7 per cent of the money is being used for what it was formerly used for. A big thing in homelessness was the two homes payment, which paid for a tenancy that someone was moving into from temporary or supported accommodation so that they did not have to make the move from one day to the next. It is totally unrealistic to have someone move from a tenancy—as they have to do now—and sort out electricity, furniture and everything else that needs to be done to move house within a day or two. Even the two weeks that the two homes payment covered was quite short.

Such things have been lost completely and will impact on tenancy sustainment. If a person is not given the time to get their tenancy right from point 1, they are much more likely to fail further down the line. The money that was spent on that was very small in the scheme of things, but the impact was huge. We understand that most councils have chosen that area as one where they will no longer use DHPs, which is a huge concern to us. Imagine moving house in a day.

**Ashley Campbell:** We echo many of those points. Discretionary housing payments were never meant to be used to mitigate long-term issues such as the bedroom tax. In our submission, we suggested that using the powers to vary the housing element in universal credit would be a far better way to mitigate the bedroom tax in the long term, if the Scottish Government wants to do that. People would not have to apply for a different benefit, there would be no breaks in the claim and what was left in the discretionary housing payment pot could go to other uses.

That would be more transparent. We recognise that the money that was put into the DHP pot to deal with the bedroom tax would be taken out, but at least what was left would be for the original

purpose and what DHP was to be used for would be much clearer.

**Alex Johnstone (North East Scotland) (Con):**

It is interesting to note that David Mundell made it clear some time ago that he thought that DHP was not the only option to mitigate the underoccupancy charge, and perhaps not the best option. He has been proved correct, given the situation that we find ourselves in.

The issue that I want to raise takes us back to the basics of funding for housing. Over many years, we have seen the bulk of the Government contribution towards housing costs move away from bricks and mortar to supporting individual housing costs. We have become very reliant on housing benefit as the key foundation of that, and we have heard how it supports the cash flow of large landlords; it also significantly supports capital investment. I am sure that that is not your preferred funding option for the construction of housing, but is it a good thing or a bad thing that we have moved away from funding the construction of houses to simply funding housing costs on a large scale?

**Jeremy Hewer:** A very interesting Shelter report mapped out the position in the 1970s on the money that was put into subsidising the construction of houses and support for rent maintenance, and the proportions have changed over the years. Ideally, obviously, we would like to see more investment in housing, but reversing that trend will be quite complex. The subsidy that housing associations get to build housing comes from the Scottish Government, whereas the subsidy that they get for rent maintenance comes from the Westminster Government. Therefore, despite housing being devolved, the Westminster Government has a degree of control over housing. We have seen proposals such as the removal of the automatic entitlement to housing benefit for those under 22, and changes to the benefit cap and the local housing allowance. Housing is a difficult issue. You are trying to have a UK-wide policy on income maintenance and a level playing field, which is what the benefit system gave, at least until recently. However, housing costs vary hugely, not only across the UK but across Scotland. It is hard. It is the subject of a whole debate and is probably not suitable for today's discussion. There are other issues, such as rent control and the right to buy, which affect housing associations' ability to provide housing.

**Alex Johnstone:** During the Scottish Government's term, we have seen significant downward pressure on the amount of money that it has put towards the construction of social housing, and housing associations have become progressively more reliant on the housing benefit income stream from Westminster. Is it not the

case that, over the past four and a bit years, we have seen the balance skewed still further?

**Jeremy Hewer:** I would not say so. If you compared the rise in housing association rents with the rise in private sector rents, you would find that the former have broadly maintained a fairly steady trajectory along the lines of inflation, whereas the latter have increased at a rate that is considerably greater than the rate of inflation.

**Alex Johnstone:** The housing association grant was significantly depressed for a number of years. That was a significant downward pressure on the money that was available for construction. Surely that made housing associations more reliant on the flow of income from housing benefit to support capital investment.

**Jeremy Hewer:** Housing benefit does not support capital investment—at least, not directly.

**Alex Johnstone:** I think that you told us earlier that you need a steady flow of housing benefit to support your on-going capital investment—

**Jeremy Hewer:** Indeed, in the sense that we need an income stream to pay our debts. That is it.

**Alex Johnstone:** I am simply suggesting that you have become reliant on that income stream for a lot of things that were once supported by other means through Government.

**Jeremy Hewer:** No, I do not think that that is quite the case.

**Alex Johnstone:** Do you find it ironic that we have a Government in Scotland that is pushing hard to maximise the use of the income stream from the DWP and Westminster, when there is an opposite pressure south of the border that could lead to Scotland becoming disproportionately reliant on a source of funding that comes from outside Scotland?

**Jeremy Hewer:** I do not think that I am qualified to comment on what might be happening south of the border.

**Neil Bibby:** On a similar theme, and without prejudice, rents are going up and are a huge factor in people's monthly outgoings. What is being done, and what more could be done, to reduce rent increases? Of course, rent increases have a knock-on impact on the amount of money that is required for housing benefit. You said that housing associations have put up rents by less than the private sector has done. Do you have figures on rent increases in housing associations? Perhaps Highland Council can tell us about rent levels in Highland, too.

**Jeremy Hewer:** I do not have figures to hand but I would be more than happy to provide figures to the committee if you would like them.

Anything that increases the administrative burden on housing associations will have a knock-on effect on all rents. Before universal credit, local authorities usually transferred housing benefit payments to associations every four weeks or so, which was a fairly cheap way of accruing the money, given bank transaction charges. Under universal credit, if hundreds of tenants make individual payments, the bank will levy a charge on each payment.

There will also be the challenge of ensuring that our rent accounts are reconciled. That brings me to another issue. Universal credit is paid monthly, whereas discretionary housing payments are made on a four-weekly basis, so people will have to find out when the exact amount of money is has come in.

Another concern for housing associations, which I have not mentioned, is the change to the rules on eligibility for housing costs. Maintenance charges for adaptations for disabled people for things such as automatic door closers, track-and-hoist systems and Clos-o-Mat toilets will be eligible under housing benefit rules but not under universal credit housing cost rules. That seems self-defeating. For a disabled tenant, a track-and-hoist system is as essential as a gas central heating system is for any tenant, but no one is questioning whether the maintenance charge for a central heating system is an eligible service charge. If housing associations do not provide adapted housing, what is the alternative? Is it a care home or hospital? Are those any cheaper? Is that a better use of public money? I do not think so.

**Allan Gunn:** I do not have figures for the current year, but we can look ahead and see that the local housing allowance rates will be frozen or minimised to 1 per cent over the next three to four years, so that will be a controlling mechanism on the amount of housing benefit that can be paid.

Construction has been mentioned. The situation for local authorities is slightly different from that for housing associations. We have a ring-fenced housing revenue account, and rental provides a sizeable source of income.

11:00

Councils already have other powers that we can utilise, such as additional council tax discounts, and we have created things such as land-banking funds. In April, like some other councils, we introduced a council tax charge of up to 200 per cent for long-term empties. We are using that income to fund some of the much-needed one-off construction.

The realities of the rental market are different across Scotland. The pressures in the Highlands

are different from those in Glasgow and Edinburgh, and are reflected in rent levels, collection rates and so on. As I say, some powers, such as the council tax powers, are available to councils, albeit that those powers are limited.

Housing benefit is an important cash flow for the housing revenue account, and it is also important for tenants, as it helps them to pay their rent. We should not lose sight of the fact that we are trying to support tenants, who ultimately are our customers.

**Kevin Stewart:** My question is on a slightly different topic. We have concentrated on housing, but the submissions cover other areas, too. The Quarriers submission says:

“The reality, however, is that people with a disability have been subject to a disproportionate amount of cuts in their benefits which is undermining their human rights and preventing them from participating fully in society.”

How is the UK Government's current social security system breaching people's human rights?

**Mandy Morrison:** I am from the children and families section and do not work directly with the disabilities section, so I do not have the knowledge to comment on that. I can speak to our policy officer and ask them to get back to you.

**Kevin Stewart:** That would be extremely useful. A lot of folk are saying that folks' human rights are being breached. I do not disagree with that in a lot of cases, I have to say, but it would be very interesting for the committee to have examples of where organisations think that folks' human rights are at risk because of the social security changes.

**The Deputy Convener:** Another couple of members have indicated that they want to come in. Christina McKelvie will go first.

**Christina McKelvie:** Thank you. I have a very quick supplementary.

I convene the European and External Relations Committee and we have just issued a call for evidence on the impact in Scotland of the repeal of the Human Rights Act 1998. I am sorry for making that plug, convener.

My supplementary follows on from the mischievous question that my colleague Alex Johnstone's asked about the impact on capital budgets. I would like to clear up whether each council understands the difference between housing association grant and other methods of raising funds for capital investment. Over the past few years, have disproportionate cuts to capital budgets from the coalition Government and the new majority Government at Westminster had a direct impact on your ability to build houses?

**Allan Gunn:** In Highland Council, in terms of capital, the answer would be no just now, but the

potential is there. If UC is rolled out in its current format, there will be an impact on cash flow. There is a potential problem, rather than there having been one to date.

**Christina McKelvie:** Thank you. Mr Hewer?

**Jeremy Hewer:** Could you repeat the question?

**Christina McKelvie:** Over the past few years, the Scottish Government's capital budget has been hit by cuts of, in some cases, up to 38 per cent. Has that had an impact on the ability of housing associations and other organisations to build homes?

**Jeremy Hewer:** It has had an effect. A few years ago, when the HAG allowances were reduced, a lot of housing associations curtailed their development programmes. The HAG figures have been revised now and new builds by housing associations are picking up, which is very welcome.

The Scottish Federation of Housing Associations is pioneering a financing scheme for smaller associations to club together to build. We try our best. Associations are fairly adroit—if there is an opening that enables them to build, I am sure that they will find it.

**Alex Johnstone:** Another £500 million was announced yesterday. That should build a few houses.

**Joan McAlpine:** From April 2017, those aged 18 to 21 who are out of work and making new claims under universal credit will not get the housing element. This Parliament cannot mitigate that, because the powers are not being devolved to us. What concerns do you have about that? Have you planned for it?

**Jeremy Hewer:** The Scottish Government is coordinating negotiations with the DWP about the exceptions to the 18 to 21-year-old rule. The rule does not quite apply in Scotland because tenancies are occasionally given to 16-year-olds. We are trying to protect the most vulnerable—for example those who are coming out of care, or those with children or who are expecting a child and where there has been an irretrievable relationship breakdown—by making them exempt. It is a complex area and the list of proposed exceptions is quite comprehensive. A cynic might ask, “Who's left? Who's going to be hit with the charge?” We will have to wait and see.

The concern that has been raised about discretionary housing payments is that people can get them only if they are entitled to housing benefit. Those under 22 who are not entitled to housing benefit will not be entitled to discretionary housing payments. That is known in policy circles as the nudge philosophy. The idea is to nudge people under 22 to go back and live with their

parents. Whether that is a practical proposition remains to be seen. I think that some people will be hurt.

**Jules Oldham:** We would echo a lot of what Jeremy Hower has said. I emphasise that we are really concerned about 16 and 17-year-olds, who do not seem to have had much attention. We are talking about the most extreme, vulnerable cases. The numbers are not huge, but we have to get this right for 16 and 17-year-olds. We probably need more than one answer, too, depending on whether they are looked at through the throughcare system or whether there are new exemptions that suit the situation in Scotland. I suggest that there is not one answer that will work for everyone.

**The Deputy Convener:** I have a question that is probably more for Mr Gunn than anyone else, although if others want to contribute, I ask them please to do so. It relates to the evidence that we took on our visit to Highland Council, and the idea of the scalability of the manual interventions involved, particularly in respect of data sharing. We found out that support could not be given to people directly from front desks because staff did not have access to the universal credit element of people's claims. That was difficult for claimants because they could no longer get front-desk support. What will be the impact on the roll-out of universal credit if those issues are not resolved?

**Allan Gunn:** I would not like to put a figure on the financial impact across Scotland. I have to give credit to the work coaches at the DWP in Highland—there is no doubt that they are very good and very dedicated to what they do. However, when a customer who gets universal credit and is trying to get a job comes in, the staff often do not have access to the universal credit screen so they cannot answer the customer's questions. They have to speak to the service centre for that.

We have taken the step of having our staff work closely with the DWP, in the same office, so that we can catch those customers and help them through that varied support model. We are more expert on financial advice, whereas the DWP's main driver is employability, so we speak to the customer from different perspectives and try to join that up as best we can. Without that, benefits could go unclaimed and changes could go unreported, which obviously would impact on entitlement and take-up across Highland and Scotland.

I would not like to put a figure on that but, if universal credit is not claimed by those who are entitled to it, the chances are that they will not be able to pay their council tax and other bills.

**The Deputy Convener:** Mr Johnstone can ask a very quick supplementary.

**Alex Johnstone:** It is on a different subject entirely, but I can keep it short.

**The Deputy Convener:** If I had known that, I would not have let you come in.

**Alex Johnstone:** After a sticky start, councils did extremely well at administering the welfare fund. Given the prospect of developing new benefits in new devolved areas, are councils a suitable level at which other benefits could be administered?

**The Deputy Convener:** Could we have quick answers, please?

**Allan Gunn:** Yes.

Delivering services at the local level is an absolute must. In reality, a mixture, so that some stuff is delivered nationally and some locally, might be the best outcome. However, without doing a much more detailed options appraisal, I could not say one way or t'other. Local authorities administer the education maintenance allowance on behalf of the Scottish Government and we generally do that pretty well, working to a set of rules.

**Alex Johnstone:** With what has been devolved so far, administration costs have been worryingly high as a proportion of the total. If you had a greater range of responsibilities, would that give an opportunity to push down administrative costs in councils?

**Allan Gunn:** Yes, it would. In Highland Council, we have co-located our Scottish welfare fund team, housing benefit team and council tax reduction team and made them generic, so we already get economies of scale. Therefore, with respect, I would challenge the point that it costs Highland a lot of money to process the Scottish welfare fund. In my view, it does not. We are delivering an efficient service—for instance, 100 per cent of crisis grants are paid within a day and 100 per cent of community care grants are paid within three days. Certainly, the performance metrics suggest that, as with the EMA, we are making quite a good job of it. The potential is there for local authorities to do more.

**The Deputy Convener:** Mr Hower can have the final final word—very quickly, please.

**Jeremy Hower:** On the question of scalability, I commend to the committee the report of the UK Public Accounts Committee in the last Parliament in which the committee expressed a number of concerns about the live system and the digital system. Obviously, come April next year, we will have very many more people on universal credit. One issue is the adjustment of housing costs as a result of the rent reviews that usually happen in April. We have been advised by the DWP that bulk data sharing has had to be set aside, so there will



be a manual process, which will be a considerable headache for all concerned.

**The Deputy Convener:** I thank everybody for their participation. I suspend the meeting for five minutes to allow the panels to swap over.

11:13

*Meeting suspended.*

11:17

*On resuming—*

**The Deputy Convener:** I welcome to the committee Mark Ballard, head of policy, Barnardo's Scotland; Maggie Kelly, consultant policy adviser, One Parent Families Scotland; John Dickie, director, Child Poverty Action Group in Scotland; Keith Dryburgh, policy manager, Citizens Advice Scotland; Peter Kelly, director, the Poverty Alliance; and Alison McLaughlin, money adviser, Children 1st.

The focus of today's evidence is on universal credit and its impacts. The opening gambit to the first panel was about the change to monthly payments and what its implications might be for service delivery. What are the panel's views on that?

**Keith Dryburgh (Citizens Advice Scotland):** The committee may be aware that, at the start of August, Citizens Advice Scotland undertook a survey of 600 benefit claimants on how they budget and how they might be affected by the terms of universal credit. About 26 per cent said that they budget weekly, 23 per cent said fortnightly and 24 per cent said monthly, so how people budget is spread widely. Most people plan in those ways because that is when their money comes in.

We found that about a third of claimants struggle to make it to the next payment and have to borrow money or get a crisis grant. We asked how they would cope with receiving a monthly payment. Almost half of those—45 per cent—who claim benefits that will become universal credits indicated that they would struggle to reach the end of the month and were worried about the implications of that. However, it is worth saying that a fifth said that they would have no problem with receiving a monthly budget.

**John Dickie (Child Poverty Action Group in Scotland):** We are getting evidence from families who are using the food bank that even having two-weekly payments causes problems—even budgeting over a two-week period on a low income is a key issue in why they end up having to use a food bank. We are therefore keen to see the new powers over the payment of universal credit

used to give claimants choice and the option of a greater payment frequency or, at the very least, the choice to have two-weekly payments. We have flagged up in our submission the issue that that raises. Given that the length of the waiting period before a universal credit payment is made remains reserved, a person could find themselves having to wait a month—the payment is paid a month in arrears—for a two-week payment. A commitment to give choice for more frequent payments would need to be accompanied by looking at the use of discretionary payments and the powers to make or top up such payments, to ensure that the first payment is enough to cover the month.

**Maggie Kelly (One Parent Families Scotland):** I echo the previous comments. A number of our clients have raised serious concerns about being able to budget with automatic monthly payments. As Keith Dryburgh has pointed out, some people have said that they would prefer that, but the broader concern is that it will cause serious problems. We would like to see more choice for lone parents to be able to decide when their payments are going to be made. If a monthly payment would suit them better, they should be able to claim that way; if not, perhaps a two-weekly payment would be more suitable for them.

People may think, "It's just a few weeks," but it is key to remember that the amount of money that people are struggling to live on is so tiny that there is a need to have shorter periods between payments. We need to consider the waiting period for universal credit. As John Dickie said, we should perhaps look at having a policy or agreement about making discretionary payments if a person has to wait for more than a month for their first payment but that payment covers a shorter period.

**Peter Kelly (The Poverty Alliance):** Later this month, we will publish some work looking at the impact of welfare reform in Glasgow. We have engaged with advisers as part of that work, and they have echoed the concerns that we have just heard about moving to four-weekly or monthly payments.

Some of the rationale for moving to the approach is to mirror what we think goes on in the labour market, where most people get paid four-weekly or monthly. We must remember that a significant minority of people, particularly those who are in lower-paid work, are paid fortnightly and, in some cases, weekly. The idea that we are moving towards a system that is widely understood and that people generally are able to budget in that way does not necessarily hold true, particularly when people are moving in and out of work which, as we know, is often the case at the lower end of the labour market.

**Mark Ballard (Barnardo's Scotland):** I echo the remarks that have been made. I also highlight that, through the Children and Young People (Scotland) Act 2014, we have developed a new architecture for supporting families that are vulnerable or have a particular need. The positive emphasis in the act is to bring together all the agencies that are working with vulnerable families, so that we can ensure that we get the maximum benefit by integrating what the local authority, the health service, schools or other agencies are doing to support them.

The concern that we hear a lot from our staff is that the missing element of that jigsaw is the welfare system and that the thing that is pushing some of the families that Keith Dryburgh talked about into crisis could be a shift from fortnightly payments to monthly payments, because the difficulty of budgeting in that way has an impact on the ability of all the other services to support a family effectively. It is difficult to support a family in trying to deal with a child's poor behaviour at school, for example, if the poor behaviour comes at the end of every month and that loops back into the fact that the family is struggling to budget.

The wider conversation about future opportunities should be about the ability to have a better relationship between the new architecture for supporting families and any future welfare system. If that happens, the flexibility that Maggie Kelly talked about can happen and the discretionary payments and potential shifts from monthly payments to fortnightly or even weekly payments can be informed by other conversations that are happening about effectively supporting vulnerable families or families in crisis. That will be very important.

**Keith Dryburgh:** Another question that we asked in the survey was whether claimants preferred to receive payments weekly, fortnightly or monthly. Fifty-five per cent said weekly, 32 per cent said fortnightly and 13 per cent said monthly. That does not mean that we should not go with monthly; it says that maybe we should give people the choice. Another of our findings is that people who have control over and choice about their budgets tend to budget better. I think that if we give people choice about when they get paid, that will improve their ability to make their money last.

**Alison McLaughlin (Children 1st):** We certainly agree with that point. Our experience in working with families is that they are very adept at managing their budgets. At the moment, families tend to stagger the benefits that they receive so that they can manage their money better. For example, child benefit might be paid weekly, income support fortnightly and child tax credit four-weekly, which means that families know when they are going to get a big payment or when they

will have a week with less money. Our concern is that the changeover will mean a delay in those benefits being paid and that there will be, as has been mentioned, difficulties in accessing crisis payments.

**The Deputy Convener:** Before I open up the session to committee members' questions, I have a question for Mr Ballard. You talked about a disconnect between the welfare system and what the Scottish Government is trying to do for families under the Children and Young People (Scotland) Act 2014. We heard in the earlier evidence session about the housing element of support being taken away from 18 to 21-year-olds, although Scotland of course has tenancies for those who are 16 and older. In terms of the work on supporting care leavers and ensuring that they have support services from councils, how do you see the change in the housing element of support affecting the ability of young people leaving care to move into successful tenancies?

**Mark Ballard:** As was highlighted earlier, there is an on-going conversation about what exemptions will be in place for 18 to 21-year-olds. Barnardo's hopes that there is as wide a group of exemptions as possible, particularly to address the needs of groups such as care leavers. One of the things coming out of the 2014 act that I know is being explored is whether Scotland needs to widen the definition of who is eligible for support as a care leaver. Aileen Campbell made a commitment to the lead committee on the Children and Young People (Scotland) Bill at stage 2 that that aspect would be explored. We could end up in a situation in which Scotland has a broader definition of eligibility for support as a care leaver and it is not clear how that would root back into any Westminster definition of care leaver for the purpose of an exemption to the general removal of housing benefit for 18 to 21-year-olds. We have a concern about that possible mismatch.

We would like to see as many young people as possible who have been through the care system being eligible for support as care leavers. However, our concern is that we could end up with two classes of care leaver: one that would be eligible for support from corporate parents and local authorities but not housing support through welfare payments; and another that would be eligible for housing support. There is a big concern about how things will play out in practice.

Equally, as the deputy convener highlighted, 16 and 17-year-olds in Scotland are treated as children under the terms of the 2014 act. They will have a named person. If they have a wellbeing need, the named person has a responsibility to act, and potentially there will be a move to a child's plan and targeted intervention. It is not clear what would happen if the wellbeing need

arose from a lack of financial support from the UK welfare system. Our concern is that, in the interaction between that system and the positive elements of the 2014 act and the holistic model of support for which it provides, a crucial piece of the jigsaw will be missing if welfare payments do not form part of the conversation about how we address the wellbeing of 16 and 17-year-olds.

11:30

**The Deputy Convener:** I open up the session to members' questions.

**Christina McKelvie:** My question leads on very nicely from Mark Ballard's comments. I have a briefing that the Child Poverty Action Group produced—or rather, revised—in June; I hang on to all the briefings that I get, especially the ones from CPAG. It broke down all the clauses in the Scotland Bill, the additional powers and the impact that they would have on people. The thread that I see running through CPAG's reports and the reports of other organisations is about how incoherent the whole package of reforms is. That relates to what Mark Ballard has just said.

There are layers of incoherence, depending on whether someone is a child, a child who is a carer or a child who is in a family in which someone has a disability; whether they are an adult, an adult with a disability or an adult who has someone who acts as their carer in the household; or whether they are a woman—the committee has taken a keen interest in the situation of women and the impact on them. There are layers and layers of incoherence. In considering a future social security system for Scotland, how on earth can we make that work? It is becoming obvious that no real thought has been put into the impact of a pick-and-mix selection of powers, what effect that will have on the ability of the organisations that are represented here to do their job and what effect it will have on our ability to create a system that is a true social security system. Can you help?

**John Dickie:** Given the situation that we are in, as we look at what powers are devolved to the Scottish Parliament, what can be done within those powers and how they link to the bulk of social security powers that will remain reserved to Westminster, intergovernmental working relations will be key. There needs to be a commitment to make the new system work while keeping the interests of claimants at the forefront of thinking. As well as looking at what works for the two Governments, we should make sure that we think about things from the perspective of individuals and families that rely on social security, whether they are in work or out of work. We also need to ensure that we get systems in place that work.

We have flagged up the fact that, in the existing system, among the key factors that impact on families are the problems with maladministration, delays in benefit payments and interactions between payments from different levels of government, whether we are talking about housing benefit that is administered at local authority level or UK Government social security payments. We recently published a report that looked at kinship care as a key example of how important it is to think about the issue from the point of view of the kinship carer, because just having a policy intent does not translate into additional support for a kinship carer.

Looking ahead at the situation of individuals and families more generally, we need to think through what the impact of additional support through a Scottish benefit will be in terms of UK social security support. Such things need to be thought through very carefully. At the heart of that, we need thinking about the administrative infrastructure for delivering the Scottish bit of the social security system.

I do not want that to detract from the real opportunities that we have always said will come with the powers that are being devolved to the Scottish Parliament. I hope that at today's meeting we will tease out how crucial social security is to reducing child poverty, improving children's wellbeing and improving outcomes for children. We must think about how to use the powers that are being devolved in a way that contributes to the national ambitions on those issues.

We can demonstrate the importance of social security in three ways. The institute for social and economic research has done work for us on the role that tax and benefit income transfers play in reducing child poverty in Europe. What is clear from the study is that in just about all countries in Europe, child poverty levels would be far higher without tax and benefit transfers, and that social security plays a key role—although not the only role—in reducing child poverty. We need to think about how we use the powers that are coming to Scotland to make as big a contribution as we can to preventing and reducing child poverty.

Progress has been made in the past in reducing child poverty. Investment in child benefit and in tax credits led to a significant reduction in the number of children living in poverty in Scotland and elsewhere in the UK. Therefore, we know that investing in social security makes a big contribution to reducing child poverty and improving children's wellbeing. Alongside that, we now have evidence of the impact on families' wellbeing of cutting social security support, and there are forecasts of an increase in child poverty.

Only a small amount of the social security system is being devolved, so we must think about

what we can do within those limits. When we come on to talk about top-ups, administration of universal credit and the housing element of universal credit we can consider how we can make a big difference to families by ensuring that they have the financial support that they need to protect their children from poverty.

**Christina McKelvie:** I would like to hear from Maggie Kelly, but first I want to focus in a wee bit. Over the past few days we have heard lots of pronouncements from the Prime Minister and the chancellor about how they want to make work pay. They have been talking about what I call a fake living wage, because the rate that they have been talking about—£7.20 per hour—does not meet the Resolution Foundation's criteria for a living wage that can lift people out of poverty.

When cuts to tax credits are taken into account, it turns out that some people will keep only 7p of every extra pound that they earn. Indeed, for most families, tax credit changes will mean an average cut to household income of £2,000 a year.

There will be a serious impact on lone parents. The committee has talked to lone parents about how they will be affected. I am very much involved in the transforming lives programme in my area, which One Parent Families Scotland runs. Young mums and dads in my area who work part time while looking after their kids are fearful that the cut in tax credits will have a disproportionate effect on the family budget—indeed, on the family's ability to stay together.

**Maggie Kelly:** I will flag up some figures about lone parents, in light of your comments. The combined effect of the budget will lead to particularly large losses for lone parents, who are the household type that was hardest hit by tax and benefit changes in the previous session of Parliament. The Institute for Fiscal Studies estimates that a single parent who is working for 20 hours a week on the minimum wage, and who has two children under five, will lose £1,709 a year by 2019. That clearly shows the impact of the so-called living wage increases and the cuts to welfare taking place at the same time.

Your point is absolutely right, and it highlights another aspect of the cuts. There are two prongs: the need to support people who are not in work and the rising issue of in-work poverty. The IFS figures clearly show that the current cuts, and the budget overall, will push more working lone parents into poverty.

In considering what we can do with the powers in Scotland, we must think about those two prongs. We have to think about how we support parents and children, and people who are carers because their children are very young or because they are looking after disabled children or family

members. We also need to arrange top-ups or additional benefits to take into account the need to support people and provide incentives for them to stay in work. The present system is not working at all for lone parents and the situation is desperate.

Recently we surveyed lone parents on the impact of welfare reform; the survey has not been published yet, but I have some initial comments and data. I will give you a brief real-life example to go with the IFS figures. A woman says:

"I got a wage increase in April but my tax credits have dropped so I am now £70 a month worse off. I've got no money towards my childcare, I've got zero working tax credits and now it's eating into my child tax credit as well. I've got no housing benefit even though I'm in a private rented house, and so I'm paying double what I might be if I was in social housing and half my wages go on rent. I can't manage like this."

That example refers to the cuts that are in place just now,, so it applies even before we consider the forthcoming cuts in the budget that I have just mentioned. We need to think about the two prongs that I highlighted—that is my key point. We need to look at work incentives and making work pay, and we need to support people who are not working for whatever reason.

**Mark Ballard:** Barnardo's Scotland and One Parent Families Scotland have been working together on particular elements of the changes, such as the extension of conditionality for parents with a youngest child aged three or four. At present, parents with a child under five do not have to do compulsory job searches; that will change under the Welfare Reform and Work Bill, and parents with a child of that age will have to sign a claimant commitment, undertake compulsory job searches and face sanctions if they fail to meet the terms of that commitment.

Many of the parents with whom we work, and the lone parents with whom One Parent Families Scotland works, want to move into work. They want a well-paid job that they can combine with their caring responsibilities. The barrier is not a lack of willingness on their part but a lack of appropriate jobs that they can combine effectively with their caring commitments.

Our concern is that extending conditionality to parents with a youngest child aged three or four will inevitably lead to more of those parents facing benefit sanctions because they cannot find the work or because the childcare is not available or not in the right place to enable them to combine the work that they might be able to find with their responsibilities. They will therefore face sanctions.

That is another example of where the Scottish Government's early years strategy, which is about supporting young children and ensuring that every child gets the best possible start in life, could be undermined if more and more parents—lone

parents in particular—with a child aged three or four are facing benefit sanctions. We know that the impact on children, and young children in particular, is huge and echoes throughout the rest of their life.

The entire focus of the early years strategy is to build wellbeing and resilience for young children in particular. There is a particular concern about the interaction between Westminster policy and changes to United Kingdom legislation, and the early years strategy in Scotland. I know that there are plenty of examples from families that Barnardo's, Children 1st and One Parent Families Scotland work with of the existing impact of benefit sanctions where a parent has a child who is over five. The committee can probably imagine what the impact would be if that regime was extended to parents with a child who is aged three or four.

11:45

**Christina McKelvie:** I could probably ask loads of questions on the matter, but I have a final quick question.

I have looked at some of the evidence. There is a big submission from the Child Poverty Action Group in Scotland with case studies. I find that the theme is that going to a food bank is becoming a normalised part of the support structure for some families rather than being an exception. Are my thoughts on that correct? There is a case study of a woman who is worried about the additional costs of the school holidays. The kids get breakfast club and lunch vouchers and there is only one food bank in the area. In thinking forward to the summer holidays, a food bank becomes a normal part of the support structure rather than something that should be an exception.

**John Dickie:** Going to a food bank should be an exception; indeed, it should not need to happen at all. We should have a social security system that protects families when they hit hard times, whether people are sick, disabled or face unemployment, and which meets the additional costs of children when people are not able to work as many hours as they might otherwise be able to. It is an indictment of the failings in our current social security system that we are seeing an explosion in the use of food banks.

We included that case study as an example of a family that gets all the benefits and tax credits that they are entitled to. They get all the financial support; that is not an issue. There has been no benefit delay, sanction or maladministration, but the person is still struggling.

**Christina McKelvie:** The small change in circumstances with the school holidays created that situation.

**John Dickie:** Exactly. The support that is available during the school term is taken away.

On the other hand, we see a lot of families who face an even more acute income crisis in finding themselves with no financial support. Mark Ballard flagged that up. That is a key trigger for the use of food banks.

In thinking about the future of social security, our aim should be to consider how to use the limited powers that are coming to Scotland in relation to social security with the ambition that no family in Scotland will need to use a food bank. That should be the minimum ambition, and that is what we are aiming for.

**Christina McKelvie:** I agree.

**Peter Kelly:** We have done work for around a year following the publication of research that we did last year—we published that in January or February—and there is no doubt that there is a relationship between the increased use of emergency food aid and the issues that John Dickie talked about. We need to remember that the problems of food insecurity are more widespread than the numbers of people who turn up at food banks suggest.

Your original question to John Dickie was about the coherence of the system. His response, which we need to hold on to, was about intergovernmental working. There is also the work at the local and Scottish levels for the future welfare system.

John Dickie's other point was about how we make the future powers work to tackle poverty. We need to look at how we spend our resources in our welfare systems and how we will use the additional powers to address the problems. Fundamentally, it is about inadequate incomes. That is why people go to food banks and why, with small changes in people's situations, they find themselves below the breadline.

**Keith Dryburgh:** Our latest statistics show that one in every 31 CAB clients needs a food voucher; that figure is up from last year's figure of one in 50. We are talking about how small changes can impact on those people but small changes the other way round can improve people's lives. There is an opportunity within the powers that are coming to Scotland to make small changes, whether they be administrative or changes to people's income, that will help to keep them away from needing a food parcel.

**Joan McAlpine:** Mark Ballard and Maggie Kelly illustrated changes at the UK level that are having an impact on families and increasing child poverty. Mark Ballard gave the example of the parents of three to four-year-olds who are facing sanctions and Maggie Kelly talked about changes to tax

credits. Sanctions and tax credits are reserved to the UK level and we will not get any power over them at all.

We have already heard about the Scotland Bill and taken evidence on the clauses that deal with where we can mitigate. There has been a lot of talk about top-ups and mitigation of reserved benefits, but what is coming from Westminster restricts what we can do to mitigate the benefit cuts. Carers Scotland and Inclusion Scotland have suggested that the Scotland Bill will further restrict our ability to pay out from the Scottish welfare fund if someone is being sanctioned and that the Scottish welfare fund will not be enough on its own. This morning, we have taken evidence on the DHP and how we are restricted on what we can do with it.

There has been a lot of talk about top-ups and new benefits but, when it comes to those really serious changes being made at the UK level, we will be quite restricted in what we can do with our new powers. Will you comment on that?

**Maggie Kelly:** I could not agree more, certainly on sanctions. That is a huge stumbling block for us in trying to put together a coherent system and, as we heard earlier, coherence is a big issue. As long as we have the current sanctioning regime, it will be problematic. Having said that, we have to try to think creatively about what we can do to deal with sanctions.

Simply improving people's basic level of entitlement goes a long way towards preventing them from falling into serious crisis if they are sanctioned. Being able to use top-ups on reserved benefits, for example, would cushion people. That is an important measure for tackling poverty in general and child poverty in particular. We should definitely look at how to do that topping up and what benefits we might want to top up.

We should also definitely look at topping up child benefits, at the rate of benefits and at ensuring that that rate keeps up with inflation. The basic problem is that the cost of living is going up and benefits are either not being uprated in line with inflation or in many cases benefits, particularly children's benefits, have been frozen at a low level for a number of years.

**Joan McAlpine:** How can we top up child benefit in practical terms?

**Maggie Kelly:** We will have to wait and see the final result of the bill. We are talking about something that is still in the making so I cannot say 100 per cent how we will do it. We do not have the powers in front of us and we cannot look at the detail.

We would definitely be right to start looking at the powers overall and considering a more

progressive taxation system that would fund some of those top-ups. That would definitely be worth looking at. To some extent, we are stuck with sanctions—although not entirely and I will say a bit more about that in a minute—but we should focus on providing a better cushion for people overall and tackling poverty in general, particularly among lone parents and children.

I will not talk about the detail of the bill, but there are powers there under which we should be able to top up reserved benefits. There are powers in the clauses on universal credit that will allow us to consider, for example, the local housing allowance.

I referred earlier to the case study in which the woman said that half her wages were going on rent. That is a typical example of somebody who could really benefit from assistance within the universal credit housing element.

**Joan McAlpine:** But we do not have powers over universal credit. We do not have powers over the housing element, either. We have powers only over discretionary housing payments. We have already heard how we are restricted in using those powers—when someone loses their housing benefit, they lose their entitlement to discretionary housing payments. I admire your optimism, in a sense, but I am afraid that the evidence that the committee has received does not tend to back that up.

**Maggie Kelly:** You are absolutely right to say that sanctions are a huge stumbling block. That is a problematic situation as far as Scotland is concerned. What do we do about that?

One of the powers that is coming to Scotland relates to the work programme. It is very problematic if Scotland is in charge of the work programme but we still have sanctioning. We need to consider carefully what we can do within the powers over the work programme to minimise the use of sanctions as far as we can. I can see Mr Stewart shaking his head. We need to consider the powers that we have in Scotland to run that programme.

In particular, we are in a position to start training people. One of the issues for lone parents when it comes to sanctioning is that the lone parents regulations around discretion are just not used. One of the first things that we can do is to set up some training for those people who are required to refer people for sanctioning and to get them to implement the regulations properly. That is not being done. That is just one example—I could talk about quite a few more—of how we could dramatically reduce the number of lone parents who are being sanctioned through that programme.

**Joan McAlpine:** That is one element. However, we are seeing only a tiny amount of the effects of universal credit at the moment, even in the pilot areas. The area that I represent includes Dumfries; I have been told that it is a pilot area, but things are being done in a very incremental way.

We all know that universal credit contains a much higher level of conditionality. The conditionality will be more than we have ever seen before, which means more sanctions than we have ever seen before. I cannot see how that will be mitigated by the example that you give. Perhaps it will help some people under certain circumstances, but that will be completely outweighed when universal credit is rolled out fully across the country.

**Maggie Kelly:** I agree that the bill that is being considered in Parliament is horrendous. Mark Ballard talked about the issue for lone parents with three-year-old children, and that is a disaster in the making. We should consider the impact that there has already been on lone parents.

I am not being at all optimistic about this—I am saying that we should use the powers that we have and that we should consider in detail what we could do. One of the things that we could do is to train people so that they can actually abide by the law as it stands. We should train people so that they can consider whether they are meeting human rights requirements under international law. We could tell providers what we want them to do when we take over the work programme—we want them to abide by the regulations. The regulations say that the wellbeing of the child should not be negatively impacted, and that leads me to the conclusion that the family should not be sanctioned. I do not see why we cannot do that.

There is a lot more to be considered, but I throw that in as a practical suggestion about one way in which we could challenge the UK Government on sanctions. We could say that there is other legislation that should be looked at and that we in Scotland are determined to look at it in detail and enforce it here—in so far as we are able to, obviously. I take Joan McAlpine's point that we do not have carte blanche control over the whole situation, but we should make a stand on those issues.

12:00

**John Dickie:** I echo that. We would certainly never underestimate the scale of the damage that is being done to families in Scotland by the current approach to social security—the so-called reforms, which are essentially cuts to the value of benefits and tax credits when they are wrapped up into the

universal credit, in addition to the conditionality and sanctions.

At the same time, I would not want that to blind us to the opportunities that are presenting themselves to us through the Scotland Bill, even as it is currently drafted. Ms McAlpine mentioned top-up benefits, and there is also the housing element of universal credit. As we understand it, the powers that the Scottish Parliament would have in relation to that element could make a real, meaningful difference. They should allow us to properly abolish the bedroom tax by getting rid of the underoccupancy charge.

We would have control of local housing allowances, which are used to calculate housing benefit in the private rented sector. The allowance could be adjusted to reflect real rents in the sector, as opposed to the current situation in which there has been a break between the rents that are eligible for housing benefit in the private rented sector and actual increases in levels of rent in the rental market. We have seen a switch to consumer prices index uprating, a 1 per cent cap on uprating and now a proposed freeze on uprating of local housing allowances. My understanding is that local housing allowances would be within the competence of the Scottish Parliament, which could take a different approach and ensure that eligible rents under the universal credit reflect actual rents in the private rented sector.

We have identified another example of an improvement that could be made. A lot of folks are in the social rented sector, quite understandably, but the private rented sector has the equivalent of the bedroom tax as well. That means that someone is eligible only for the number of rooms they are deemed to be eligible for, not the number they need. For example, a parent who shares the care of a child might get only enough housing benefit to cover the cost of a one-bedroom flat when they are actually in need of a two-bedroom flat in order to have a room free for a child for half the week. Our understanding is that, with the Scottish Parliament's control of the housing element of universal credit, that issue could be addressed here in Scotland.

In the overall scheme of things, those measures might seem minor, but they could be important and make a real difference to individual families, and they could help ensure that support with the cost of housing better meets the needs of families in Scotland. They could also contribute to reducing child poverty, because housing costs have a major impact on what families have left to pay for other essentials on a day-to-day basis.

With regard to top-ups, again I am not sure of the details, but my understanding of the Scotland Bill is that it would give the Scottish Parliament the competence to legislate for additional payments

to, for example, families in receipt of child benefit, so as to reflect inflation and the real rising costs of bringing up a child in Scotland.

The Parliament would also have the competence to make what will be difficult decisions, looking at the overall Scottish budget and the overall revenue-raising powers that it has, and to say that it will use those powers to prioritise children and families and to contribute to the goal that I think is shared widely across the Parliament of improving children's outcomes and reducing child poverty.

Without taking anything away from the scale of the damage that has been done, there are real opportunities here that we do not want to lose sight of. I hope that we see the Parliament use the powers that come to make the biggest possible impact on the lives of children and families in Scotland.

**Keith Dryburgh:** It is worth flagging up that some mitigation has already happened even without the Scotland Bill. We have the Scottish welfare fund, which the Scottish Government has topped up to ensure that it reaches enough people. With the council tax reduction scheme, the Scottish Government has topped up the funding; that was not done in England, where there has been a big impact on vulnerable people.

The Scottish Government has also provided mitigation funding for advice through citizens advice bureaux, which has allowed us to give advice on 50,000 more issues than we would otherwise have done and enabled a client financial gain of around £17.5 million. On the bedroom tax, the Scottish Government was able to use what was in effect top-up or discretionary funding to mitigate the worst of the impact on vulnerable people.

It is also worth flagging up that, by 2019, at least 700,000 households will be on universal credit. That is 700,000 people who could benefit if the Scottish Government used its powers over payment frequency to allow them to budget better. On disabled people and carers, more than 200,000 people in Scotland claim DLA. If the Scottish Government gets its designs right for disability benefits, those 200,000 people could benefit.

There are plenty of opportunities to use the powers that we have and the powers in the Scotland Bill. It is important that the Scotland Bill is right so that the Scottish Government is not inhibited in what it can do.

**Mark Ballard:** I emphasise the point that John Dickie made about the importance of intergovernmental relationships in making the system work.

Westminster has decided to devolve some elements of welfare to the Scottish Parliament, and that will require the development of a new relationship. Maggie Kelly talked about the implications of devolving responsibility for employment training programmes and said how that will require new relationships. The UK Prime Minister has talked about plans for new forms of support for young people under which—after a period of, I think, six months—they will be offered either a community job or a training or college place. If that is to happen in Scotland, it will require a new relationship with the Scottish Government, since colleges are the responsibility of the Scottish Government, not Westminster. There will have to be new relationships.

On sanctions, this might be optimistic, but there is a difference between sanctions legislation and sanctions as they are applied in practice. There is discretion in how to apply sanctions. I hope that the new relationship that Westminster has chosen to have through partially devolving responsibility for welfare will open up an opportunity for conversation not about the legal structure for sanctions, which will be common across the UK, but about how in practice and on a day-to-day basis those legal regulations are applied in Scotland.

**Kevin Stewart:** Much of our discussion has been about areas that will remain reserved to Westminster, such as universal credit, conditionality and the disaster that is about to happen on tax credits, which will affect 200,000 families in Scotland and 346,000 children, with more children going into poverty.

We have heard from Mr Dryburgh about what has already been achieved here in mitigation, through the Scottish welfare fund, council tax reduction and the bedroom tax mitigation. In some of the other areas, what we are talking about just seems like more mitigation and not an ambition to create a social security system that works for all and provides a real safety net for all. That is because only part of the system is being devolved and, even then, there will be a veto over us on certain issues, so we will not be allowed to do certain things.

My question is therefore simple: does the Scotland Bill give the Scottish Government and the Parliament enough powers to have an effective and fair social security system?

**Mark Ballard:** Barnardo's concern is rooted in the points that Christina McKelvie made: the important thing for the children, young people and families with whom we work is a coherent system. That is why we welcomed the fact that employability would come to the Scottish Parliament.



Our submission to the Smith commission highlighted the fact that the point for us is that the system should be coherent. A case could have been made for the responsibility for colleges and training to go to Westminster. For Barnardo's, with our concern for families, the important thing is that we have a system that is as coherent as possible from the point of view of the children, families and young people who need it. Therefore, we support anything that brings greater coherence. That should be the bottom line.

If we want a welfare system that works for those who need it, it must avoid as far as possible the complications that arise when different Parliaments are responsible for different elements. We need coherence. Our concern about the partial devolution is that it has the potential to increase incoherence for some of the reasons that Maggie Kelly described earlier. We do not want an interface between a work programme and a sanctions regime that does not work effectively for anybody or in anybody's terms, whether those of the policy direction that Westminster is taking or of the policy direction that the Scottish Parliament is taking.

Barnardo's does not take a position on the constitutional questions. We look and hope for a system that is coherent from the point of view of those who need it. That should be our bottom line.

**Kevin Stewart:** If it is incoherent, it will be ineffective, will it not?

**Mark Ballard:** There is more danger that it will be ineffective but, as I highlighted, if Westminster decides to partially devolve some elements of welfare, the challenge will be to put in place the intergovernmental frameworks and new ways of working that will minimise the impact of any incoherence on vulnerable children and families.

The challenge to us comes back to what is in the interests of vulnerable children and families. If a decision is taken about a particular structure of powers, how will the Parliaments interact effectively to deliver something that looks as coherent as possible from the point of view of vulnerable children and families?

Parliaments can co-operate and the DWP can co-operate even more effectively with a new architecture. I talked about how, under the Children and Young People (Scotland) Act 2014, even if there is not a legal duty, nothing prevents bodies from working together more effectively if they share an ethos of supporting people who are in need.

**Kevin Stewart:** Let us hope that the wrangling does not go on as long as it normally does in such circumstances. Unfortunately, I do not entirely share your optimism, Mr Ballard.

Ms McLaughlin, will we be able to create an effective and fair social security system in Scotland with the powers that we are getting?

**Alison McLaughlin:** Children 1st is not able to make any comment on the framework or the powers that will be devolved. We hope for a bottom-up approach that takes into account the hidden vulnerabilities of families, the barriers that they face and the different structures of families—John Dickie mentioned shared care; we also have concerns about kinship care and single-parent families. Instead of mitigation and asking how we can protect ourselves, we hope for a greater person-centred focus, a more holistic approach and a focus on how we can support wellbeing.

**Kevin Stewart:** It is difficult for us to have such a person-centred approach if we do not control all the various things that have an effect on a person's life.

**Alison McLaughlin:** Of course, but we look for at least a recognition of the difficulties that families face and the knock-on effects that those have. The problem is not only a lack of money or food; it is continuing trauma and how that impacts on children. We hope to build resilience in families and to look beyond what the money means and what not having food means to ask how that affects attachment and what the knock-on effects and costs are for other services such as health and social care.

12:15

**Kevin Stewart:** It is difficult to build resilience among a group of people if they have no cash in their pocket or grub in their bellies.

**Alison McLaughlin:** I certainly agree. Maggie Kelly mentioned creative approaches; we would look for a clearer administrative system with clearer language that is easier for people to navigate and interact with. Training has also been mentioned. We hope that the approach that we are allowed to take will go some way towards overcoming the protectors of the public purse, and that it will build capacity in families.

**Kevin Stewart:** Mr Dickie, can we build an effective and fair security system with the division of powers?

**John Dickie:** Yes, with the right political will in both Governments and the right approach to social security.

The reality of what is on the table for devolution means that responsibility for social security will be shared between the Scottish Parliament and the UK Parliament. As I have said, the scope of what is being devolved to Scotland is limited, but I would hope that, with the new powers in those areas of social security that are being devolved,

the Scottish Parliament can take a lead and demonstrate what is possible when a different, more principled approach is taken to social security reform.

I hope that we can lead on the values and principles on which many people—including the Scottish campaign on welfare reform, of which many of us are members—have agreed. Benefits should be adequate to prevent people from falling into poverty and the social security system should treat people with dignity and respect. The system should be simplified through greater use of universal and non-means-tested benefits, and there should be additional investment to ensure that people are able to participate in social security and to participate fully in society.

What is possible in Scotland and in the Scottish Parliament will be limited, but there are opportunities for us to demonstrate our ambition for a social security system in line with those principles, at least within those elements of social security that will be devolved.

As I have said, that is reliant on putting in place working relationships with the UK Government. We need those relationships to ensure that the mechanisms and the administrative infrastructure for delivering those bits of social security that are devolved to Scotland are right, to enable people to access the financial support to which they are entitled, no matter which level of Government—local, Scottish or UK—is responsible for administering that support.

**Kevin Stewart:** You spoke about a shared power. Do you think that it is right that one of the partners should have a right of veto over the other if the powers are shared?

**John Dickie:** It is a shared space, and I am not sure about the language of vetoes. It is clear that decisions will need to be made so that the system operates well—for example, where universal credit remains a reserved benefit but there are devolved powers on the housing elements. The Governments need to come to an agreement on how the system will work in the interests of families in Scotland.

**Kevin Stewart:** I am talking about Westminster's right of veto over decisions that we take about top-up benefits. Do you think that Westminster should have a power of veto over us in that regard?

**John Dickie:** As I understand it, the Scottish Parliament should have the power to make additional payments to top up reserved benefits. The mechanism for that will need to be agreed with the UK Government, and it certainly should not be vetoed.

**Kevin Stewart:** The Scotland Bill says that such a decision must be made with

"the agreement of the Secretary of State".

I would say that that is a power of veto. Do you think that there should be a power of veto?

**John Dickie:** I hope that it would not be seen or used as a power of veto, but rather that it would be used as a mechanism for ensuring that the administrative infrastructure is in place to allow the Scottish Parliament to make a top-up payment to child benefit, for example.

**The Deputy Convener:** We are running out of time, I am afraid.

**Kevin Stewart:** Can I quickly get the views of the other three witnesses, please?

**The Deputy Convener:** Yes—I know that Peter Kelly wants to come in.

**Kevin Stewart:** Can we create an effective and fair social security system with the vast bulk of the powers being retained in London?

**Maggie Kelly:** I can comment briefly. Following on from what John Dickie said, OPFS is a member of the Scottish campaign on welfare reform, and we want the key principles that John described to be the foundation for any welfare benefits system in Scotland.

It is clear from listening to our discussion this morning that, because devolution has lots of ragged edges between various parts of it, it creates potential holes that people can fall through. To my mind, there is a major issue with the whole issue of passporting when one benefit is a reserved benefit and the other one is a Scottish-administered devolved benefit. Clearly, passporting already causes quite a lot of problems for people, and there will need to be lots more of it now that we have the newly devolved powers. Mark Ballard and others commented on the need for a better working relationship between Governments. That is going to become even more important because of the passporting issue. It is one of many issues, but it is a particularly worrying one for me.

There is the issue of the system being piecemeal and of people falling down the cracks in the middle. One of the key things that SCOWR wants is for benefits to be simplified, but of course many of the cuts that have been introduced are complicating things further, as is conditionality. It is a hugely complicated system.

With some of the powers that Scotland will have, we could perhaps simplify some of the elements. Rather than thinking about discretionary housing payments, we should be talking about introducing measures to abandon the bedroom tax in Scotland. That would be a much simpler and

better system than the current one. You say that we cannot do that, but my understanding of the bill is that there is a power to do that at the moment—

**Kevin Stewart:** There is a power to do that—I do not dispute that. We can abolish the bedroom tax with the powers that we are getting. The thing is that the secretary of state still has the right of veto over various things.

**Maggie Kelly:** I take your point. Setting that aside for a minute, I am giving an example of how we can use the powers, notwithstanding the veto issue, to simplify the benefits system.

Instead of people needing to make a claim for a discretionary housing payment—lots of people do not manage to make a claim for various reasons, as they might be in crisis; also, the payment is a temporary mitigation—we could introduce a measure to abandon the bedroom tax as a permanent part of a simplified and better benefits system that is about rights rather than discretionary handouts. As far as possible, we should be looking at making sure that people have basic entitlements rather than discretionary payments.

I agree that we could discuss whether there is a veto quite a lot. The Smith commission did not say that there ought to be a veto, as far as I know, and it would not be a very helpful way for the two Governments to proceed. That is probably all I want to say about that.

I would just like to reiterate my point about sanctions. I think that—

**The Deputy Convener:** Can I stop you there? I am really sorry, but we are running out of time. Another committee member wants to come in and I am sure that Mr Kelly and Mr Dryburgh want to respond to Mr Stewart as well.

**Maggie Kelly:** That is not a problem.

**Peter Kelly:** Mr Stewart asked whether the powers that are coming will create an effective and fair framework for social security in Scotland to tackle poverty. As you have heard, almost all of us gave evidence to the Smith commission that was based on a coherent approach.

We said that the powers over social security and welfare that are devolved to Scotland should be coherent. We did not take the approach of some organisations and say that all welfare powers should be devolved. We said that whatever the package is, it needs to be coherent. If it includes working-age benefits, it should include all working-age benefits. That is not what we have.

Ironically, the powers that we have make things more difficult. As Maggie Kelly said, our main goal is to have a simplified system, which was the goal that was set out when universal credit was first

mooted as a new benefit that would harmonise other benefits and allow people to move through the simplified system far more easily. However, from the discussion that we are having here, we can see that how we intend to divide up the powers will make things more complex. We are asking about how things will interact and how people will see their way through the system. We need to focus on how we work with the powers that we have to ensure that people's experience of the new powers and benefits, whatever we choose to do with them, is as seamless as possible.

There are two key points about people's experience of the social security system, one of which is about the money that they have in their pocket, what they can do with it and whether it is an adequate income. Further devolution might give us some limited powers to address some of those issues. We need to look seriously at child benefit and topping it up. We have not quite answered the question today, but Paul Spicker has produced some interesting information on how we could use topping-up powers around child benefit, and we need to look at that seriously.

As well as the income dimension, there is also people's experience of interacting with the welfare system or social security system on a day-to-day basis. We all hear about that; people talk to us about not just their low income and its consequences but their interaction with the services. We can start to change that through the use of new powers. Keith Dryburgh spoke earlier about small changes that can improve people's lives, and people talk to us all the time about small changes such as being treated with dignity and respect whatever service they are receiving. Going forward from this inquiry and looking towards introducing new powers in a future social security bill in Scotland, we need to be clear that people must be treated with dignity and respect whatever benefits they receive.

**Kevin Stewart:** On dignity and respect, an amendment from me to the Welfare Funds (Scotland) Bill, which has now been enacted, will—I hope—be a trailblazer provision that will appear in all other social security bills in Scotland. However, although we treat folk with dignity and respect while we are dealing with Scottish aspects, my fear is that that might not be the case when folks are dealing with the DWP and the reserved powers.

**Keith Dryburgh:** My short answer to the earlier question is yes, but it depends on a number of different factors, such as the UK and Scottish Governments being able to work together to improve administration of the system and to treat each other as partners in that shared space. It also depends on how the Scottish Government uses its powers to the maximum benefit of the

claimants who will be affected. It depends, too, on social security being not just about benefits but about the overall welfare of individuals and families so that it includes things such as social care and social health costs. It is about ensuring that the powers that the Scottish Government will have can work alongside the housing, social care and health powers that it has. It does not matter to a vulnerable person who helps them; all that matters is that they are helped. That is all contingent on the Scottish Government ensuring that the new powers fit in with the overall powers that it currently has.

**Neil Bibby:** The case study of families struggling during school holidays was mentioned earlier. Renfrewshire Council has initiated a scheme whereby it will provide school meals to those in poverty during the school holidays. Does the panel welcome that?

Further, Maggie Kelly mentioned progressive taxation. If we are talking about coherence, the tax and benefits systems are obviously closely linked. With powers over income tax being devolved, would your organisations support redistribution through the tax system and a more progressive taxation system such as, for example, raising the top rate of income tax to fund initiatives that would help people with education?

**Maggie Kelly:** I probably cannot comment on a specific proposal around more progressive taxation. However, when we consider the new powers that are coming to the Scottish Parliament, and when we consider welfare and measures in education, training and so on—as you know, One Parent Families Scotland is very much involved in employability—we need to consider the overall package, including taxation.

We need to consider the long-term impacts of poverty on children and families. We have been focusing, quite rightly, on the impact on individuals, but we also need to think about the cost of poverty. If we do not spend the money on supporting families who are on low incomes and in crisis, we will have to bear the cost of homelessness and the national health service expenditure that will go up because of health crises. My plea is for us to consider the powers overall, including taxation, with a view to thinking about the overall cost of poverty to society as well as to the individual.

12:30

There is a need for progressive taxation to support individuals and to make the policies on homelessness, housing, healthcare, early intervention for children and getting it right for every child work. As Mark Ballard said, those policies do not work if people do not have food to

put on the table. We need to consider everything in the round.

**Keith Dryburgh:** A better social security system does not need to be more generous. You do not need to spend more money on it; you need to ensure that you are spending the money in the right places, that you are ensuring that people who require support get support and that you improve administration, because a lot of the costs in the system come from administration issues. Doing those things will deliver a better system without the need for more taxation. I echo the suggestion that we need to look at the issues in the round to ensure that funding goes to the right places.

School meals and school holidays is a good example of where people are okay most of the year but come up against gaps in the system. The Scottish Government could consider putting money into the pinch points and crisis points that arise because of those gaps. Top-ups or discretionary payments could be used for that kind of thing.

**Mark Ballard:** Neil Bibby gave a good example, but there are lots of other examples of fantastic work that is being done to address child poverty by local authorities in Scotland, often working in partnership with the local voluntary sector. I highlight the role of the Scottish child poverty strategy, which should be one of the key ways that different examples of good practice are brought together to ensure that there is learning from what is happening at a local level and that those examples are reproduced effectively Scotland-wide.

Harking back to the Children and Young People (Scotland) Act 2014, Barnardo's welcomed the general requirement to take account of the United Nations Convention on the Rights of the Child, and article 27 in particular, which says that a standard of living that is good enough to meet the physical and social needs of the child is the right of every child. We hope that every element of the Scottish Government and local authorities embodies that right in everything that they do.

**John Dickie:** Neil Bibby mentioned the initiatives around the cost of food during the school holidays. They are welcome but the cost of school holidays across the piece should be considered, because childcare, access to holiday activities and so on all cost money. Some of those things could be looked at together. For example, providing a school meal during an activity programme will help to bring young people into that programme during the school holidays and will ensure that they are given a decent meal at some point during the day. That kind of approach is very welcome.

At the moment, we are doing some work with Glasgow Life and partners in Glasgow on the cost of school holidays. We conducted research over the summer holiday period and there is no question that the additional cost of food, childcare, activities and so on puts huge pressure on families. Finding ways to remove those financial barriers would be welcome.

Earlier, I flagged up the role that tax and benefits play in preventing and reducing child poverty levels. Redistribution through the tax and benefits system helps to bring down child poverty levels in almost every European country. We need to consider ways of doing that more effectively. Scotland is a wealthy country with huge resources. As well as thinking about the social security powers that are coming to Scotland, we need to think about the new and existing tax powers, harness that wealth and ensure that those who are able to make a fairer contribution to ensuring that none of our children grow up in poverty and that the additional social costs that can build up as a result of child poverty do not do so.

The issue is not just about redistribution from those with wealth to those without wealth; it is also about the distribution across the life course. At certain points in our lives, we incur additional costs and lose income. When we are bringing up children, for example, we have extra expenditure and might have to give up some of our work time to provide for our children. The tax and benefits system can be a way of redistributing resources across the course of our lives. It can ensure that we insure ourselves against the realities of the costs that life imposes on us and that we do not leave people, particularly children, without the resources that they need to enjoy a decent standard of living.

**The Deputy Convener:** I thank everyone for taking part today. You have given us a great deal of food for thought. Human rights have just been mentioned and, of course, there are proposals to change the Human Rights Act 1998, which I am sure will come under further scrutiny in the Scottish Parliament.

If there is anything that we have not covered that is not in your submissions but which you would like to highlight to the committee, please feel free to follow up in writing.

We will now move into private session to discuss our post-Christmas work programme and review the evidence that we have heard today. This is the final meeting before our October recess. Our next meeting will be on 27 October, when we will continue to take oral evidence on our inquiry into the future delivery of social security in Scotland.

12:37

*Meeting continued in private until 12:55.*



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

---

Published in Edinburgh by the Scottish Parliamentary Corporate Body

All documents are available on  
the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

Information on non-endorsed print suppliers  
Is available here:

[www.scottish.parliament.uk/documents](http://www.scottish.parliament.uk/documents)

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

---