



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 8 December 2015

Tuesday 8 December 2015

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
WELFARE REFORM AND WORK BILL.....	2

WELFARE REFORM COMMITTEE

22nd 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:

Caroline Cowan (Scottish Government)

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

Alex Neil (Cabinet Secretary for Social Justice, Communities and Pensioners' Rights)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Welfare Reform Committee

Tuesday 8 December 2015

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Hugh Henry): Good morning and welcome to the 22nd meeting in 2015 of the Welfare Reform Committee. I ask everyone to ensure that their mobile phones and other electronic devices are switched to silent or flight mode.

Item 1 is a decision on taking items 5 and 6 in private. Item 5 is a review of the draft call for evidence on the draft budget, and item 6 is a discussion about digital working in committees. Do members agree to take those items in private?

Members indicated agreement.

Welfare Reform and Work Bill

10:00

The Convener: Item 2 is consideration of a legislative consent memorandum in relation to the Welfare Reform and Work Bill. I welcome Alex Neil, Cabinet Secretary for Social Justice, Communities and Pensioners' Rights, Caroline Cowan, who is head of the tackling poverty team in the Scottish Government, and Gillian Cross, who is policy adviser in the tackling poverty team.

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): Thank you, convener.

As members will be aware, the United Kingdom Government's Welfare Reform and Work Bill is making its way through the UK Parliament. The bill makes significant changes to welfare benefits, tax credits and social housing levels and introduces new duties on the UK Parliament to report on progress towards achieving full employment, the apprenticeships target in England and the troubled families programme in England.

I am here to seek legislative consent for elements of the bill that relate to the Child Poverty Act 2010. I fundamentally disagree with the changes to the 2010 act that the bill proposes, for a number of reasons. I therefore secured amendments to remove Scotland from the UK Government's proposed approach. I will briefly outline for the committee the changes and my opposition to them and I will be happy to answer any questions that members have.

Under the bill, the Child Poverty Act 2010 will be renamed the "Life Chances Act 2010". The UK Government will no longer be required to report on income targets; instead, it will be required to report annually on "life chances"—that means reporting on the number of children who live in workless households and on educational attainment at age 16, in England.

Income is a fundamental driver of poverty. I therefore regard the removal of income-based targets as totally unacceptable. The replacement of income-based targets with a target that is focused on worklessness completely ignores in-work poverty, which we know is a growing problem that affects 120,000 children in Scotland. At UK level, 67 per cent of children in poverty live in a household with one or more adults working. The Scottish Government cannot support a child poverty target that does not take those children into account.

The second key issue is the changes that the UK Government is proposing to make to the social mobility and child poverty commission, which will

be renamed “the Social Mobility Commission”—removing in one fell swoop the child poverty aspect of the commission’s remit. The new commission will report on progress towards improving social mobility in the UK and will promote social mobility in England.

The Scottish Government has worked closely with the social mobility and child poverty commission in the past, and we think that its role in scrutinising the Government’s efforts to tackle poverty has been invaluable. The child poverty elements of the commission’s remit are fundamental to its work, and it is not appropriate to remove them at a time when tackling child poverty remains such a priority.

We have therefore negotiated amendments that mean that the duties on the Scottish ministers under the Child Poverty Act 2010 will be repealed and we will not be part of the new social mobility commission. That is not a decision that I have taken lightly. I am extremely committed to tackling poverty and improving social mobility in Scotland. I have discussed my decision with Alan Milburn, the chair of the commission, and I have stressed my commitment to continued informal co-operation with the commission where that is appropriate and possible.

All that means that the Scottish Government must develop a Scottish approach to tackling child poverty. We will do so by working closely with our ministerial advisory group on child poverty, our independent poverty adviser, the Welfare Reform Committee and other stakeholders. I am confident that we can build on and revise the innovative and robust measurement framework that we have in place so that we come up with a distinct Scottish approach that genuinely addresses the issue of child poverty rather than sweeping it under the carpet.

The Convener: Thank you. You said that there should be different indicators in Scotland and that you are not convinced by the proposed indicators on children in workless households and educational attainment at 16. Is it possible to do what you propose while retaining those indicators? Would it be of value to know about failures in relation to educational attainment?

Alex Neil: We are currently engaged in a debate on the best way to close the gap in educational attainment, but there is such divergence between the Scottish and English education systems that the way in which attainment is measured in England is different from the way in which it is measured in Scotland.

As you know, the Cabinet Secretary for Education and Lifelong Learning is considering the measurement of attainment, as is the commission on widening access. Given that we have a

separate education system in Scotland, we think that in any case it is better to measure educational progress here in Scotland. We do that using a whole range of measurements.

The Convener: I understand that, but would it be wise to continue to use those Scottish measurements while having a target on educational attainment in Scotland, given the concerns that we all have about the failure to close the attainment gap?

Alex Neil: As you know, the education secretary and the First Minister are looking at that very issue. The question is whether anything like that should be in the Welfare Reform and Work Bill; we think that that would be inappropriate. What is in the bill is very much geared to the English education system and not to what happens in Scotland. I do not think that it covers Wales, either. As you know, Wales has taken a similar position to ours on the bill.

The Convener: Perhaps I am failing to understand you. Is it not possible to have the same target but to use Scottish indicators and Scottish measurements?

Alex Neil: In theory, that is possible, but we are engaged in a debate on what the targets for educational attainment should be, how and when attainment should be measured and what metrics should be used. We have all the legislative power that we need to build that into our own legislation and make it part and parcel of our strategy on widening access and closing the attainment gap. There is no added advantage in having a target on attainment at 16 in the Welfare Reform and Work Bill.

The Convener: Will the Cabinet Secretary for Education and Lifelong Learning bring to the Parliament a proposal to measure the gap in educational attainment at 16?

Alex Neil: That is all part and parcel of the consultations that are going on and the work of the commission on widening access. The cabinet secretary will come to the Parliament in due course with proposals on how and when such things should be measured, if changes are required.

Kevin Stewart (Aberdeen Central) (SNP): The four UK children’s commissioners have expressed ire at the changes proposed in the UK bill. In formulating your approach to measuring the issues in Scotland, will you consult the Children and Young People’s Commissioner Scotland, and will you take account of his view when you decide how to proceed?

Alex Neil: We absolutely will. The commissioner plays a significant role in all aspects of policy that relate to children and young people.

Our measurement framework was set out in our “Annual Report on the Child Poverty Strategy for Scotland—October 2015”. You might remember that when the 2010 act, which Gordon Brown initiated, was passed, there were four aspects to measuring child poverty. We think that all four aspects are still relevant, but we have developed what we think is a more comprehensive and robust framework for measuring progress on child poverty.

We absolutely agree with the commissioners’ assessments.

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): Good morning, cabinet secretary. Thank you for your explanation this morning.

I noticed that Iain Duncan Smith proposes to measure educational attainment, worklessness and addiction. Do you agree that, in many cases, those are the symptoms of poverty rather than the causes? How would our Government refocus the approach? I am not saying that those things should not be taken into consideration, but how can we refocus what we do to recognise that those are sometimes the symptoms of poverty rather than the causes? How do we reverse the approach?

Alex Neil: As I said in my introduction, it is clear from the analysis that we have done and the work that has been done by the independent adviser on poverty in Scotland that the biggest challenge in Scotland and the rest of the UK is in-work poverty, which affects not just adults but children. Across the UK, 67 per cent of children who are in poverty are living in households in which somebody is working, and the figure is about 59 per cent in Scotland. No matter whether we are looking at Scotland or the whole of the UK, and no matter which way we cut it, in-work poverty is by far the biggest challenge, but it is being totally excluded from targets and the provisions in the bill.

The bill is part and parcel of a wider agenda of trying to paint people who are unemployed as skivers. We do not agree with that philosophy, approach or analysis at all.

Christina McKelvie: I am glad to hear that, cabinet secretary. On vulnerable young people, I note that the bill talks about the most disadvantaged pupils at the age of 16. However, we in Scotland changed our focus a few years ago when we reformed the children’s hearings system to measure vulnerability to the age of 18, and perhaps longer if the young person has come through care or has a background in which welfare, rather than criminality, was an issue. How will we measure that? There will be a gap between 16 and 18, which for some young people is the most vulnerable time of their lives.

Alex Neil: We believe that our approach has to be to measure things throughout the young person’s life, not just at one particular point. The fourth element of the Gordon Brown act—the Child Poverty Act 2010—was about persistent poverty. If you look at any analysis of poverty in Scotland or the UK, you will see people going in and out of poverty because of their circumstances. However, there is also a hard core of people who live in persistent poverty and never get out of the poverty statistics at any time in their lives. Poverty is no respecter of age; there are children who were born into poverty and people who die in poverty.

The committee has heard evidence from Harry Burns and others about the biology of poverty, showing that a child’s level of poverty is often determined when they are in the womb, even before they are born. A child’s life chances are pretty well determined within the first year of their life. We should not wait and put all the emphasis on measuring poverty when the child is 16. There is nothing wrong with measuring poverty at the age of 16, but it is only one snapshot in what could be a lifetime of going in and out of poverty.

The bill’s approach of taking the child poverty remit away from the commission is a mistake, because it deprioritises child poverty as an issue. Far from deprioritising it, we believe that tackling child poverty should be a top priority in our country.

Christina McKelvie: Thank you, cabinet secretary. I have a final point on that transition period. Will the proposed changes to welfare benefits for 18 to 25-year-olds—no housing benefit, changes to tax credits and all that—impact on young people who might be starting their families, and therefore complete the cycle of poverty? Are the changes wrong-headed? What is the Scottish Government’s answer to them?

Alex Neil: Young people fared very badly under the budget and spending review. Although there was a U-turn on the headline reforms to the tax credit system, a lot of what is in the bill will still damage people who are in poverty.

The freezing of benefits until 2020, the limiting of tax credits to people with only two children and the range of measures that Christina McKelvie mentioned will all be detrimental to the fight against poverty.

The people I meet do not want to be living in poverty. They do not want to be unemployed. They do not want to be disabled. They are sick, but they want to be able to work if they can. They want to get a job and have a decent income. Our emphasis should be on helping people out of poverty, not by ignoring or underestimating the problem but by being up front and honest about

the scale of it and therefore the scale of the challenge that we face.

10:15

Christina McKelvie: I have one very quick further point. What are the Scottish Government's thoughts on the third child condition and the issue of a woman with a third child having to prove that she has been raped to be exempt from it?

Alex Neil: That is one of the changes being made to the tax credit system. We would not agree with those changes in the first place, so the issue would not arise. It is a very good example of how ill thought out those proposals are.

Alex Johnstone (North East Scotland) (Con): With the Scottish Government adopting a different measurement framework from that in the rest of the UK and coming up with a different set of indicators, there will be some divergence in the information that is being kept. Welfare payments in effect operate outside the Barnett envelope: they come according to need. Is there a danger that, by measuring differently in Scotland, we might ultimately get a disagreement about or a divergence in entitlement north and south of the border?

Alex Neil: There is a very thin correlation between entitlement to benefits and the level of poverty. It should be much stronger, so that those who are in poverty are the ones who get the most help. The measures in the bill on further changes to tax credits, the freezing of benefits, and the changes for 18 to 25-year-olds affect groups for whom the levels of poverty are very high, yet those are the people who are losing the most in benefits through the bill. The correlation in terms of policy determined by the UK Cabinet is very thin indeed.

Alex Johnstone: We are at the very beginning of a process whereby the Scottish Government in future years will begin to contribute more significantly to the welfare budget and we may see new benefits evolve. Is the divergence in the information that we record likely to be an area that could be exploited to reduce the UK Government's contribution to benefit payments in Scotland and pass the burden progressively to the Scottish Government?

Alex Neil: The fiscal agreement that we are in the process of negotiating between the Scottish Government and the UK Government is designed partly to address that issue, as well as many other issues. The aim is that, if we take a different policy decision on any matter, there should be no detrimental impact on the Scottish budget or indeed on the individual.

You may remember that, when Henry McLeish introduced free personal care, the then Secretary of State for Social Security, Alistair Darling, decided that all those receiving free personal care would no longer be entitled to attendance allowance, which today would be worth about £40 million to the affected people. Similarly, when the Scottish Government declared in 2007 that we wanted to extend the benefits that foster parents enjoy to those who provide kinship care, we were told by the then Secretary of State for Social Security that, if we gave additional money to kinship carers, every penny would be taken off those people in the benefit system by the UK Government.

A key part of all of those proposals is that the decisions we make in future on the new devolved powers, and indeed on existing ones, should not lead to a consequential diminution in either our budget or in the individual budget of any benefit recipient. The different way in which we measure should not impact on policy at all.

Alex Johnstone: Is it not the case, however, that the previous events that you have described were clearly understood because we had common benchmarking? If we had different benchmarking, would that not be likely to open up an area of contention in future fiscal negotiations?

Alex Neil: The decision to take away the attendance allowance for people getting free personal care had nothing to do with benchmarking or anything else; quite frankly, it was based on pure spite. Similarly, the decision that was taken when we wanted to give kinship carers the same benefits as foster parents was not based on any measurement or anything other than pure spite. Therefore, I would say that history does not tell us anything about the future. The important point is to establish a guarantee that there will be no detrimental impact on the Scottish Government's budget or on the budgets of individual claimants as a result of any policy differences between Scotland and the rest of the UK.

Caroline Cowan can inform members on some of the technical aspects.

Caroline Cowan (Scottish Government): I just want to clarify that the statistics that are used on many of the issues—the statistics on households below average income—will continue to be collected across the UK. What is really changing is that they will no longer be used to inform policy targets, but the baseline statistics will continue.

Neil Findlay (Lothian) (Lab): I am sure that I heard Alex Neil commending the work of Gordon Brown and saying that we have all the power that we need.

Alex Neil: I did not say that.

Neil Findlay: Yes, you did. You said that we have all the power that we need.

Alex Neil: That was in relation to the narrow aspect that we are discussing.

Neil Findlay: I commend you on getting out of the right side of the bed this morning.

I do not question the commitment to eradicate poverty, but why has the report on inequality joined the growing list of reports that are going to be delayed until after the election, as reported in the media at the weekend?

Alex Neil: Are you talking about the index of multiple deprivation?

Neil Findlay: Yes.

Alex Neil: That decision was taken in April this year by the chief statistician, on the advice of the measuring deprivation advisory group. It is not a political decision. It was taken by the chief statistician under the UK code of statistics. I am sure that the convener, as a former minister, will confirm that, on such occasions, we are not even consulted. The decision is taken and then announced, in this case by the chief statistician for Scotland. The reason why the decision was taken related to a consultation on whether the geographic definitions that are used in the index of multiple deprivation provide an accurate enough assessment of what the index intends to indicate and report on. That consultation was not completed on schedule, and that was the reason that the chief statistician gave for his decision to delay. He said many months ago that the earliest that the index will now be available is May 2016. That was a non-political, independent decision by the chief statistician, and ministers were not involved in it at all.

Neil Findlay: Are you confident that, when the SIMD is published, it will show that the inequality and poverty gap is narrowing in Scotland?

Alex Neil: No, I am not confident of that at all. The impact of the tax and benefit changes that have been made by the UK Government may well have made inequality and poverty more of a problem. We have just been talking about young people aged between 18 and 25 who are reliant on benefit. I do not see how we can anticipate that poverty will decline if their benefits are being withdrawn completely or reduced or frozen.

Neil Findlay: Do you expect the performance in Scotland to be better or worse than that elsewhere in the UK?

Alex Neil: It is difficult to anticipate the answer to that because of the population changes south of the border. There was net immigration last year of more than 300,000 people, and the figures will be influenced by the profile of those people. The

indications are that they are relatively well off with high levels of employment, and that a lot of them have tended to congregate in the south-east of England, rather than a high proportion coming to the north of England or Scotland. If that is the case, statistically, that might well result in an improvement in England because of that one impact. I do not know whether that is the case, because the research has not been completed and the figures have not been published, so it would not be wise of me to try to forecast the outcome.

Neil Findlay: Which policies of the Government at the moment involve redistributing to those who most need it to narrow the poverty gap?

Alex Neil: Under this Government, the social wage has increased enormously, specifically in relation to children. Of all the things that we have done, the expansion of free childcare is probably the most important. All the evidence shows that the extension of free childcare is fundamentally important to the life chances of children and also helps the life chances of their parents.

There are many other policies, too. For example, the introduction of free school meals for P1, P2 and P3 has been a fundamental change—

Neil Findlay: But everyone gets that, cabinet secretary—it is not redistributive.

Alex Neil: No, but the reason for introducing free school meals was that, under the old system, many of the people who were entitled to them did not take them up, whereas they are now taking them up.

Neil Findlay: You accept that there is no redistributive element to that policy.

Alex Neil: No, I do not accept that at all. It is the same with—

Neil Findlay: So, how is it—

The Convener: Hold on a minute. We need to have that discussion as a society and as a Parliament, but it is not germane to the topic that is before us now. Do you have anything else to ask about the legislative consent memorandum, Neil?

Neil Findlay: No.

Clare Adamson (Central Scotland) (SNP): Cabinet secretary, in Edinburgh yesterday I attended a conference on welfare at which there were contributions from One Parent Families Scotland, which has produced a child poverty action plan with the Child Poverty Action Group and other stakeholders. Income is a key element of what they are asking for, so I understand and agree with the Government's position on income. We also talked about the complexities of having a shared social security system should the Scotland

Bill be enacted, and I have a big concern about the UK Government's lack of consultation prior to this stage. Were you surprised that the devolved Administrations were not involved prior to the introduction of the Welfare Reform and Work Bill?

Alex Neil: Unfortunately, that is par for the course. We are often not consulted. Probably the best example of that came during the current financial year, when £100 million was taken out of the Scottish Government's budget by the UK Government without a by-your-leave. When the UK Government tells us that it treats us with respect, I take that with a large pinch of salt.

Of course, we should have been consulted—as should the Northern Ireland Government and the Welsh Government. Unfortunately, at times it seems that parts of the Department for Work and Pensions have never heard of the devolution of power and forget that there are now three other legislatures in the UK in addition to the one in London. There were no surprises in that respect but, of course, we should have been properly consulted.

The Convener: You obviously feel strongly about the general principle of consultation. Do you consult each individual local authority before you make changes to its budget?

Alex Neil: Absolutely. Tomorrow, John Swinney and I will have, I think, our fourth or fifth meeting in the past eight weeks with the leaders of the Convention of Scottish Local Authorities in relation to its budget, which will be announced by John Swinney on 16 December. Intense negotiations are going on, and that is just at the political level. At official level, that happens on a daily basis.

The Convener: What about the individual councils? Do you discuss such matters with them?

Alex Neil: COSLA negotiates the agreement with us on behalf of local authorities across Scotland. That is the system, and it has been the system for a long time.

The Convener: As there are no further questions, I thank the cabinet secretary for his contribution and suspend the meeting to allow him to leave.

10:28

Meeting suspended.

10:29

On resuming—

The Convener: Item 3 is consideration of the LCM. We have heard evidence from the cabinet secretary and the committee must report to Parliament on the LCM. In effect, we need to

indicate whether we are content with the terms of the LCM. Are there any views or comments?

Clare Adamson: I am content with it.

The Convener: Are all members content with it?

Members indicated agreement.

The Convener: That brings the public part of the meeting to a close. This is our last meeting of 2015. We will reconvene on 12 January 2016 to consider the draft budget.

10:29

Meeting continued in private until 11:04.

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

Information on non-endorsed print suppliers
Is available here:

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
