



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 10 November 2016

Session 5



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SOCIAL SECURITY COMMITTEE

8th Meeting 2016, Session 5

CONVENER

*Sandra White (Glasgow Kelvin) (SNP)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Mark Griffin (Central Scotland) (Lab)

*Alison Johnstone (Lothian) (Green)

*Gordon Lindhurst (Lothian) (Con)

*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

*Ruth Maguire (Cunninghame South) (SNP)

*Adam Tomkins (Glasgow) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Archie Campbell (Musselburgh Citizens Advice Bureau)

John Cunningham (East Lothian Council)

Rob Gowans (Citizens Advice Scotland)

Andrina Hunter (Inverclyde Council)

Sheila McKandie (Highland Council)

Kyna Reeves (CAPS Independent Advocacy)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Social Security Committee

Thursday 10 November 2016

[The Convener opened the meeting at 09:31]

Decision on Taking Business in Private

The Convener (Sandra White): Good morning, everyone. I am sorry for being 1 minute and 16 seconds late in opening the meeting, but we were discussing something. I thank you all for coming to the Social Security Committee. I welcome our visitors as well as the people who are giving evidence. I remind everyone to turn off their mobile phones, as they interfere with the sound system.

Agenda item 1 is a decision on taking business in private. The proposal is that we take agenda items 3 and 4 in private. Is that acceptable to members?

Members *indicated agreement.*

Universal Credit Roll-out

09:32

The Convener: Agenda item 2 is our main item and is an evidence session on the roll-out of universal credit. I welcome our witnesses: Rob Gowans, policy officer, Citizens Advice Scotland; Archie Campbell, benefits representative, Musselburgh citizens advice bureau; and Kyna Reeves, who is an individual advocacy worker at CAPS Independent Advocacy. If our witnesses have no opening statements to make, we will begin our questions. I will ask the first couple of questions, which are probing questions, after which other members will come in.

Do you agree with the principles of universal credit? Do you feel that, in practice, universal credit is a positive change for claimants?

Archie Campbell (Musselburgh Citizens Advice Bureau): In principle, yes, but it is far removed from the principle even as the Government envisaged it when it introduced universal credit, and it has been tweaking it ever since. For instance, when universal credit was introduced, one of the policy statements—it was also on the Department for Work and Pensions website—was that universal credit was simplifying the benefits system and making work pay. I notice that the DWP has taken that off the website, because it is now, frankly, a bad joke. Neither of those statements is correct. The Government has withdrawn most of the work allowances and the rest of them have been cut or eradicated altogether, apart from one, which is for somebody who has limited capability for work, who gets the same work allowance.

The benefits system is now very complex, and our advisers at the citizens advice bureau—who might come in once a week—are having trouble because they cannot cope with all the changes. Even universal credit has three different systems—the full service; the digital service, which is slightly different; and the gateway conditions—running in parallel, and they all have different eligibilities.

We should remember that the legacy benefits system, too, is running in parallel. In order to carry out benefit checks, our advisers have to understand the circumstances that would or would not trigger a universal credit claim, whether it would be better for the claimant to remain on legacy benefits and so on. There are all sorts of issues making things much more complex and, generally speaking, the system does not make work pay as much as the previous system did, except for those who would not have been eligible

for working tax credits anyway, because of the hours that they worked.

The Convener: That brings us neatly to Rob Gowans.

Rob Gowans (Citizens Advice Scotland): When universal credit was announced, CAS supported the principles of simplifying the benefits system and making work pay as worthy objectives. In practice, however, it has caused a lot of difficulties and raised a lot of challenges from the initial limited roll-out to single claimants with non-complex claims to certain design, administration and transitional issues. The full-service areas of Musselburgh, Inverness and Kirkintilloch—which will soon be joined by Inverclyde—have full-service universal credit, which replaces six benefits. For it to live up to its principles, many issues need to be addressed with regard to the design of elements of the system, some of the changes that have been made since its announcement that undermine the principle of making work pay and the transition to and administration of the new system.

The Convener: Kyna, did you want to comment?

Kyna Reeves (CAPS Independent Advocacy): It is probably not my place to give an organisational view on the principles of universal credit, given that we in advocacy are there to give a voice to the people we work with, who might have very different views. In practice, however, I kind of agree with what has already been said. If universal credit was meant to simplify the system, I do not think that it is doing so at the moment. It is certainly much more complicated for the people we work with, and I do not think that we have even seen its full implications yet.

For a start, it is much harder for people just to get a claim off the ground. They have to gather a lot of complex and diffuse information in order to get a claim started. They might have to get a fit note from a general practitioner; they might have to open a bank account and get an email address, which has to be provided; and they have to get evidence of their tenancy from their landlord. They have to go to a lot of different places to get the information required to get a claim off the ground, and it all has to be done within a short timeframe. The process of applying has become much more complicated for people than it used to be under the legacy benefits system.

The Convener: Mr Campbell, you talked about advisers and the previous very complex situation, which is now even more complex. Is more training required? Are there not enough advisers? Do we need more? Would people still have to go through the same issues that Kyna Reeves has highlighted?

Archie Campbell: The problem with CAB and a lot of voluntary organisations is that the advisers turn up only once a week or even just one afternoon a week. We try to train people, but you have to understand that they come in at different times. They give their time freely, and when we have offered training, we have given them more time to come to it.

The other point to make is that they deal with all issues, so unless their training is reinforced, the next few times they come in, they will forget it, because the issues are very complex. We give them handouts and so on, but even with that it is very difficult for them to keep the facts in mind, because they are very complex and often seem contradictory.

The Convener: Kyna Reeves mentioned that even before someone starts a claim they have to get a letter from their doctor, open a bank account and so on. Do you have evidence that doctors charge for such letters? Also, it is difficult for some people to open bank accounts if they are not familiar with the process. Can you give us a rough timescale for people doing all that? Are people falling through the gap because of that?

Kyna Reeves: I am sorry if what I said earlier was not clear, because what I meant was that people have to get a fit note from the doctor if they are applying for the limited capability for work part of universal credit, so it is not a letter as such.

People do fall through the gap. Some of the most vulnerable people we have worked with have had to start their claim again, because a claim lapses after seven days if someone has not had their appointment. That can also happen because of difficulties in opening a bank account—for example, not everyone has the photographic identification that is needed to open an account.

The Convener: Thank you. Adam Tomkins wants to come in.

Adam Tomkins (Glasgow) (Con): I have a question on the issue of confusion about eligibility. There is evidence from CAS and the Child Poverty Action Group that there is some confusion about eligibility criteria. Do you think that that is because of design problems with universal credit or because of transition problems from the legacy benefits to universal credit, or because of both? What lessons do we need to learn for the devolution of social security to the Scottish Parliament around managing eligibility criteria as smoothly as possible? I am very concerned about the evidence that matters have become more complex or unnecessarily complex. It seems to many of us that it is necessarily going to be the case that the devolution of some of our social security system is going to add complexity rather

than diminish it. Can you give us your reflections on that?

Rob Gowans: For the roll-out of the live service, which is available everywhere in Scotland, there is a long list running to two pages of different criteria that would exclude people at that point. That has made it very difficult to assess whether someone might be eligible for universal credit or for one of the legacy benefits.

An additional problem that we have found when people are trying to apply is that they go to the website, which says that universal credit is available in their area and that they cannot claim jobseekers allowance and should therefore claim universal credit, but they then find on the universal credit website that they fall foul of one of the criteria. For instance, if they have a partner, if they are pregnant, if they have family serving in the armed forces or if they have a claim open for something else or are challenging a decision, they will be told that they are not eligible and should claim jobseekers allowance, which means that they have to go back and forth between websites.

At the initial stages, even when people phone up, it is unclear what they should be claiming and in some cases it will take several phone calls to find out what benefit they are entitled to. Incidentally, the phone number that they have to call is not a freephone number, so the calls can be quite costly.

As you heard from Archie Campbell and Kyna Reeves, the process of applying for universal credit will often involve having ID and an email address and being able to open a claim online, which a substantial proportion of people are unable to do. Even if their claim is successful, there is a six-week gap before they receive any payment. I am therefore not sure—at the moment, at least—that the introduction of universal credit has simplified the system to any great degree.

The Convener: Does anyone else want to come in?

Alison Johnstone (Lothian) (Green): Where did the insistence that applications must be made online come from? Are you aware of what level that was discussed at? It is clear that that is a barrier for a great many people.

09:45

Rob Gowans: That was a policy that the Government had around 2012-13, I think. Since then, we have been particularly concerned about it.

I think that the reasons behind the policy were twofold. It was thought that there would be an administrative saving and that people would need digital skills to get a job, so it would help them in

that way. In some ways, claiming universal credit is supposed to replicate work. The issue is that people might not be able to access an internet connection at home or a decent connection. Some people have never used a computer in their lives, and some people have trouble with literacy and numeracy, which can make it difficult to claim online. The benefits process is also difficult.

We surveyed clients on a couple of occasions. The most recent survey showed that one in five of them could not use a computer at all; one in five had never used the internet; 59 per cent could not claim benefits online without help; and 54 per cent could not apply for a job online without help.

Therefore, there is still a long way to go before an online-only system can be moved to. There are probably cautionary tales in that as regards how people can make claims in developing the new devolved Scottish system.

Archie Campbell: I want to address a couple of things that Mr Tomkins said.

In the full-service areas, the criteria for a person being put on to universal credit are basically that there is a new claim for a means-tested legacy benefit or there is a change of circumstances that would trigger a new claim for a legacy benefit. If a person made a new claim for housing benefit because of a change of circumstances—if they moved to a new house in the local authority area, for instance—that would not trigger a new claim. Therefore, the person would remain on the legacy benefits. However, if the person moved to another local authority area—assuming that it had the full service—that would trigger a new claim. There are all sorts of confusions about that aspect.

Mr Tomkins also talked about transitional payments. That is a big problem for sick and disabled people who are losing their premiums. We are finding that the number 1 issue is that people who already receive employment and support allowance are being called up for work capability assessments to be reassessed and are being found to be fit for work. They must then make a claim for universal credit if they want money during the mandatory reconsideration period, otherwise they cannot claim employment and support allowance until their appeal has been lodged. That can be six weeks or two months; it can be as long as the DWP deems necessary.

Once the person makes a claim for universal credit, they will remain on it: there is no way back. If they were getting a daily living award in a personal independence payment, for instance, they would be entitled to premiums. For example, they would be entitled to the severe disability premium if they were the only adult in the house and nobody was claiming the carers allowance for them. That is a substantial amount—it is around

£62 a week. They would lose that, and they could never get it back because no legislation is in place for transitional payments.

The legislation was initially put back to 2018. It is my understanding that it has been put back again to 2019. It is envisaged that only claimants who are moved by the DWP from a legacy benefit on to universal credit will get that transitional protection anyway. Thousands upon thousands of claimants claiming disability benefits and sickness benefits will lose out substantially.

Kyna Reeves: I want to add to Archie Campbell's point on the confusion around what change in circumstances would trigger a claim for universal credit. It is certainly true that that is a big issue. We did not have that much warning, possibly because of how quickly the universal credit full service was rolled out to Musselburgh jobcentre. People who work in other agencies might not have been wholly clear on the circumstances that would trigger a claim for universal credit.

I have certainly worked with people who have been advised that moving within the local authority would mean that they had to claim universal credit, when in fact they did not have to do so. That was only clarified because we were able to support them to get further advice. There might be an opportunity to mitigate that somehow in future roll-outs, if the service was rolled out more slowly or if there was more training for staff who would be involved in advising customers.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I have a couple of supplementaries on a few points. First, Rob Gowans spoke a bit about the online service, but I wonder whether he or the other panellists would like to speak in more detail about whether any support is provided to those who are having difficulty with the online service and give their assessment of whether that is adequate or effective. Also, is the digital service causing any distinctive problems outwith the ones that you have already mentioned?

Slightly to the side of that issue but interrelated, I have a question for Archie Campbell. Thanks very much for your written evidence, in which you raise a point about multiple and expensive phone calls. Will you comment further on the problems around that, particularly in relation to the online service? There is certainly frustration about the online service from constituents I have spoken to. People do not have enough support with the online service, so they try to make a phone call but the cost is prohibitive and it is difficult to communicate in that way.

Also, Kyna Reeves just made a really interesting point about rolling out the system too quickly. Does any of the other panellists want to comment

on that? It is certainly a criticism that I have heard before.

Rob Gowans: On digital support, the situation was particularly difficult in East Lothian when the system first rolled out. Archie Campbell will probably be able to say more on that. Even though we knew that it was going to be a problem, we initially underestimated how many people would need support—and it is on-going support that they need. If people have no digital skills at all, they need to be taken right through it, from setting up email to making a claim and then to managing the claim, which takes on-going effort.

One of the initial problems was not so much that people did not have access to computers, because there are plenty of computers in libraries and in the jobcentre; the issue was getting people in who could teach the people who needed support how to use the computers. We have raised the issue with the DWP and it is trying to put in place arrangements with local authorities as universal credit rolls out, but that will be a substantial challenge because of the amount of work that needs to be done to make that happen.

There are two points to make on the distinctive features of the full service as compared with the live service. First, with the full service, claimants are generally more vulnerable. Secondly, the live service served a very limited amount of people, and the volume and complexity of cases seems to have increased.

Another feature that has cropped up, in addition to the issue with employment and support allowance reassessments that has been flagged up, concerns people who are in work but are paid weekly. They receive five weekly payments when there are five weeks in a month, but as universal credit is assessed monthly those payments might push them over the earnings limit and they would not be entitled to any universal credit for that month.

Under the previous system, someone's universal credit claim would at least stay open for six months, so if their earnings dropped below the threshold they would go back on to universal credit. What tends to happen now is that the universal credit claim is closed and the person has to reapply, which potentially causes even more difficulties. That feature should have been built into the system, given that we know from the DWP's official figures that 49 per cent of people in low-paid work are paid more frequently than once a month. Our colleagues at Citizens Advice in England and Wales did some work with clients and found that 60 per cent were not paid monthly when they started a universal credit claim. One issue that we face in trying to get a good integrated in-and-out-of-work system is the need

to deal with the frequency of payments and to understand that not everybody is paid monthly.

With regard to the system being rolled out too quickly, it has been in development for a long time. It was announced in 2010 or 2011, and the first claims were taken at the tail end of 2013, so there has already been a long roll-out. In East Lothian in particular, there was not a lot of time between the announcement of universal credit and the system going live. I understand that the DWP's current policy is to give at least six months' warning, which is better. I hope that the DWP is learning from the experience in Musselburgh, where there was limited time for everybody, including the local jobcentre, to get ready for the change.

The Convener: We have two panels—the first panel will be finished at 10.15, but we still have a number of questions to get through. Do the other two witnesses have anything to add to what Rob Gowans said?

Archie Campbell: Yes. The situation is somewhat worse than Rob made out. That issue affects not just people who get weekly payments but those who are paid on a four-week basis. In addition, hardly anybody is paid according to the calendar month—they are paid on the last Thursday of the month or whatever. If someone's assessment period happens to be towards the end of the month, twice in a year or something like that, they will get two pay days in the assessment period. Those two pay days will be taken into account for the period, and the person will get little or no universal credit. In the next month, they will have no pay day, so they will get the full universal credit.

That is not such a problem at present, apart from the fact that people expect the payment so there is a budgeting issue. Indeed, they are actually a few pennies better off over a two-month period. However, in April 2017, another bit of legislation on excess earnings will be introduced that will mean that anything over the threshold will be taken into account in the next assessment period. That means that all the people in the situation that Rob Gowans and I have just described will be worse off, which is everybody who is on universal credit. The Government has not thought that through at all, although I think that it is incompetence rather than something that is being done on purpose.

10:00

The other thing that I would like to make clear is about the online or digital by default system that the DWP is talking about. Many clients are confused, because they hear that and quite rightly think that it is a digital system, but it is not. It is a hybrid system, because you have to make a

phone call within seven days of the end of your claim, otherwise your claim is closed down. We have found that the information technology is so badly designed that even people who are IT literate and highly intelligent do not notice the link that should take them on to find out that a phone call is required and what the phone number is. It is a mess.

Kyna Reeves: I want to add a few thoughts about the digital by default nature of universal credit.

We offer independent advocacy to people with mental health issues, so the people who we work with might have issues with memory, concentration, motivation, learning new tasks and things such as that, which can make using the IT system particularly difficult. As I said, people are expected to have an email address—which is often set up for the purpose of the claim only—and to manage a long password of 12 or 16 digits. The difficulty with that is that people rely on external services to manage it for them and to help them to remember the password, which is not particularly secure for their claims.

People can ask for communication by text, rather than email—they have to ask; it is not offered to them—but even then they are expected to update their journal and make changes online. If people have no experience of digital systems, that makes them more reliant on external services for support. It is one of the biggest barriers that people face and one of the biggest changes from legacy benefits.

Pauline McNeill (Glasgow) (Lab): Good morning. As others have said, your evidence has been very valuable. Thank you for your written submission, Mr Campbell.

What is the impact on claimants of universal credit payments not being made on time, of delays and of some of the other issues that you have talked about?

Archie Campbell: One of the main issues is debt, which will become a huge issue. To be fair, East Lothian Council was very good about that when universal credit was introduced and, at the beginning, the eligibility criteria for crisis grants were extended slightly so that people could get a crisis grant within the six-week period. The council is tightening up again and reverting back to the original eligibility criteria under which, for instance, if you get access to a benefit advance, you will not get a crisis grant. That was the way that the legislation was originally supposed to work. The council has reverted back purely because it has run out of cash, but it has been very helpful in that regard.

The problem with benefit advances is that they can be quite substantial. There is a six-week

period before people get paid and that is assuming that things go according to plan. We are finding that clients are already in debt by the time that they get their first payment and, bearing in mind that those are subsistence payments, that is not a good situation and people get into more and more debt. That problem is coupled with the problems that our clients regularly experience with getting their housing costs element paid. The witness from the council will probably be able to tell you more about that.

There is no joined-up thinking. The situation will cause a big problem for social services across the board. The people who make the decisions in the first place forget that benefits are a very efficient way of distributing money to deal with poverty. All the cuts that are being made to benefits mean that we will only end up spending more money across the board patching up the problems that that causes. I think that there is evidence to suggest that that is the case.

As I say, I do not think that the people who make the decisions have thought this through at all. It is politically driven. Rob Gowans mentioned lessons maybe being learned, but I am even sceptical about that. Full service was implemented down in Croydon and Sutton long before it was implemented in Musselburgh, yet the same problems that they had are being exported up here. They had a long time to sort out the problems and nothing was done.

Pauline McNeill: Presumably, people who are in debt because they are waiting for their benefits arriving in the six-week period will have interest to pay back on top of the debt, so the maths are never really—

Archie Campbell: No, there is no interest. I was talking about benefit advances.

Pauline McNeill: Thank you for that clarification.

You have touched on claimants struggling to manage universal credit, but I want you to address that matter. We put the point to Damian Green, the minister who came to the committee last week, that when the Parliament gets its new powers there will be a desire to move to fortnightly payments. I made the point that it would be helpful to be able to do that, because I know that people would manage their money better in those circumstances. The figures that you have given us are helpful, but it is still not widely understood that nearly 50 per cent of people in work get paid more regularly than once a month. That was just a point of information. It would be helpful if you could outline to the committee how claimants might struggle with universal credit.

Archie Campbell: Maybe Kyna Reeves could tell you a bit about vulnerable clients. There is a

certain crossover between the work that we do and the work that CAPS does. We have a lot of clients from CAPS. We find that a lot of clients just have Post Office accounts. The DWP does not like people with such accounts. I do not mean that the DWP dislikes people with Post Office accounts; I mean that it does not like Post Office accounts, which is apparently because it cannot impose direct debits on them, for example.

People can certainly start a claim with a Post Office account, but they are quickly advised that they must set up a proper bank account. That is relatively easy for clients who are not vulnerable, but a lot of the clients that we see—I am sure that Kyna will tell you about them—are really struggling and their lives are fairly chaotic. They may have lost all their ID. In that case, we must first get them ID. That starts by going to Register house and getting a birth certificate and so on. For vulnerable clients, the system is just not working at all.

There will be winners in the universal credit lottery. For example, it will be fantastic for people who are IT literate and who are on zero-hours contracts. In the past, they basically had nothing apart from working tax credits, and that was a very risky situation. If you were on a zero-hours contract, you were meant to try and average out your earnings over any period, and you were prone to get massive benefit overpayments. People might still get overpayments with universal credit, but those will be manageable.

For that small group, universal credit will make a positive difference. However, for every other group, I see it as a way of getting into debt. There are many ways in which someone can get into debt through universal credit, including through overpayments. Changes of circumstances are taken into account for the whole assessment period, and if someone does not remember to inform the DWP within the assessment period, it will claw back the money. The problem with universal credit, which was not an issue with the legacy benefits, is that the money that is owed to the DWP because of overpayments is clawed back at a much higher rate—

The Convener: I am sorry to interrupt, but we have another panel coming in. I can extend this session by 10 minutes and add 10 minutes to the next session. We have read your written submission, Mr Campbell, which as members have said is very good. Is there anything else that Kyna Reeves or Rob Gowans wants to say about that, or can we move on? Two other members have questions to ask on that particular point.

Do you want to come in on that point, George?

George Adam (Paisley) (SNP): Well, no.

The Convener: Okay. I think that Gordon Lindhurst wants to come in on it.

Gordon Lindhurst (Lothian) (Con): Having listened to Archie Campbell's comments, I am interested in hearing about your proposed solutions to the situation, particularly in regard to the six-week period when a claim is lodged. How could the system be altered to address the problems that you have commented on? For example, if someone does not have a bank account and one has to be set up, there are questions of identification and administrative difficulties. How do you propose to address such specific difficulties?

Rob Gowans: The question touches on what Pauline McNeill talked about. As she outlined, it is difficult for people to manage the monthly payments. We have done a bit of work to understand how clients budget at the moment, and there is a reasonable split between people budgeting weekly, fortnightly and monthly. We have suggested that, as part of the flexibilities that have been devolved, in addition to being given a choice of fortnightly and monthly payments people could be given the choice of weekly payments. Fifty-five per cent of clients would prefer to receive their benefits weekly and only about 13 per cent would prefer to receive them monthly, with the remainder preferring to receive them fortnightly. We therefore think that the weekly option should be offered.

There are a couple of things that could be done to address the six-week gap at the start. First, you could remove the seven waiting days at the start of a claim; at the moment, when somebody applies for universal credit, they will not receive any payment for the first seven days. Secondly, people could get a single payment—potentially halfway through the waiting period—that was not repayable. As has been mentioned, the advance payments that are made at the moment need to be repaid out of future universal credit payments, which means someone receiving reduced payments for a while. If a payment was made during the waiting period, that would help to tide people over, giving them some money up front when it is needed rather than six weeks later, when they may have accumulated quite a lot of debt.

Gordon Lindhurst: How would that address the initial problems if they do not have a bank account or ID and there are administrative things to be gone through? I appreciate that it might address on-going problems, but what about that initial period?

Rob Gowans: It is also about things such as Post Office card accounts and making simple payments where needs be. People can get universal credit payments made into a Post Office card account, but that has been quite difficult—I am not sure whether it has changed recently. It

would be a good thing if everybody had a bank account, but that is not yet the reality. It is important to make it as easy as possible for people to be paid in ways that suit them when they require it.

10:15

Kyna Reeves: The experience of the people we work with has been that people cannot progress with the claim until they have provided all the information, and if they do not provide it, the claim collapses and they have to start again. It would help if there was more time or if people could carry on with the rest of the claim even if some information is incomplete and provide that later. It can take time to open a bank account if people do not have the ID that they need, and they have no access to benefits while they are doing that. If there was some way round that, it might take the pressure off people by reducing the need to do it all very quickly.

Ruth Maguire (Cunninghame South) (SNP): Good morning, panel. Thank you for being here. We heard in evidence from the DWP that the delay of six weeks is to replicate the world of work. You have laid out in your written evidence and the things that you have told us this morning some of the issues that that causes. How easy do your clients find it to access advance payments, which are meant to be there to cushion the wait a bit? Do you have any thoughts on what more could be done to support claimants while they are waiting for their first payment?

Archie Campbell: East Lothian Council's idea of giving out crisis loans was a good one. Unfortunately, the pot of money is finite, so that could be done only up to a point. The council has now fallen back on to the original eligibility criteria, which say that, if the person has access to any money, they have to use that.

The suggestion that Rob Gowans made is welcome. Within the six-week period that the DWP insists on, which is not a good idea in any case, people should have access to non-repayable grants rather than loans.

The DWP might well think that it is replicating the world of work, but it is not. What we are talking about is subsistence money, and anybody who falls below that subsistence level is in real trouble, so it does not resemble the world of work at all. There are people on very low wages, but I suggest that, in the past, there have been some safety nets. They are being taken away, and housing benefit is an example.

Rob Gowans: Across the country, we have seen people being unable to pay utility bills, getting into rent and council tax arrears, having to borrow from friends and family, having to go to

food banks and having to apply to the Scottish welfare fund or, in some cases, for section 12 or 22 social work payments. The Scottish welfare fund is helpful where it exists but, as has been mentioned, it is a limited pot of money, and I think that the six-week wait for a universal credit payment is going to place massive pressure on the Scottish welfare fund budget across the country.

Kyna Reeves: People's experience has been that the benefit advances that are available are not offered—you have to ring up and ask for them. That can be a barrier, too.

The Convener: Did you want to come back in on your other question, Ruth?

Ruth Maguire: I will move on a little, convener. What are your reflections on how the alternative payment arrangements are working at the moment? I am thinking about what we can learn from that for when those responsibilities come to us. We have taken evidence about the difficulty that the single household payment can cause, particularly to families that are vulnerable to violence, for example where there is domestic abuse in the home. Obviously, there are other issues, too.

Archie Campbell: You make a good point about domestic abuse. There are all sorts of issues around that. If people have partners, they now have to claim together. They cannot complete the claim without the partner. As you say, if the partner is abusive, that creates real problems. There are some safeguards in place, but they are not nearly good enough.

Sorry, what was the second part of the question?

Ruth Maguire: I have actually forgotten. That was quite a long question. I just wanted to hear how you feel that payment arrangements are working, because there is flexibility available now. What lessons can we learn as that responsibility comes to us? How can we do a bit better?

Archie Campbell: Referring back to what Rob Gowans said about the payment arrangements for legacy benefits, if they could do it then, they can surely do it now. There are things that could be done, such as simple payments and more regular payment periods. I am sure that it is not beyond them to do that, even if they have to do it outwith the digital system.

Ruth Maguire: Are your clients aware that those flexibilities exist in the system? How easy is it for them to make a request?

Archie Campbell: It is not very flexible at the moment. We have tried to get the housing costs element for vulnerable claimants paid directly to the landlord and we find that the DWP is not at all

keen to do that. At the moment, it is difficult. Hopefully, with the powers that you are getting to tweak the universal credit a bit, that will change. That is a major one.

George Adam: Good morning. I would like to ask about individuals' journeys through the process, particularly people with ill health and disabilities. Musselburgh CAB's submission talks about clients who have a live Med 3 form stating that they are not fit for work. They go through the system and end up being automatically assigned as fit for work and made to look for employment. Why is that happening? Basically, it is a work coach who is making the decision, but is that person medically qualified to do so?

Archie Campbell: That is right—that is a very big problem. In the past, if somebody made a claim for employment and support allowance, they went through an assessment period, during which it was taken as given that they were sick. Until they were assessed, their benefit was paid at an assessment rate, which was basically the same as jobseekers allowance. That does not happen now. What happens is that the claimant makes a claim for universal credit and takes up a live Med 3 but will be put on the full conditionality group to begin with. Within that, the work coach has lots of discretion to say what their claimant commitments should be.

The problem is that, with a lot of medical conditions, people can come across as quite normal. For instance, somebody might be having a good day on the day on which they are "assessed" by the work coach. It is completely wrong. Unfortunately, we are talking about a reserved benefit and I realise that the Scottish Government is quite limited in what it can do. One of the things that we would like to see is the reintroduction of an assessment period for people who present a Med 3.

The system is not right for the work coaches themselves. It must be very stressful for them to try to make a decision, especially if, somewhere down the line, something goes wrong that they did not envisage. It is a big problem.

The assessment period that is being talked about now is a month and then the claimant should be assessed. I think that that is the intention. As with ESA, for which the period used to be 13 weeks, it will get pushed further and further back as it gets busier.

The Convener: I am sorry to interrupt you, Mr Campbell, but I have already extended the session by 10 minutes and I am only going to go on for another five. I want to bring Kyna Reeves and then maybe Rob Gowans, and then George Adam can come back in. Could the witnesses be as short and succinct as they can?

Kyna Reeves: I want to add a little bit about the claimant commitment. When we have supported people at the claimant commitment interview, which is to agree what their commitment will be on the job search, the starting point is often high, or the full job search, and the person who is doing the supporting has to negotiate down to what is manageable for the person they are supporting. It is often quite difficult to ask for that claimant commitment to be lower because they are applying for a benefit and they might feel pressured to agree to what is required. It is difficult for people.

Rob Gowans: That is going to be a massive challenge as universal credit rolls out. Previously, there were two different benefits—jobseekers allowance and employment and support allowance—and it places a burden on the work coach to decide what is appropriate and suitable. The concern is that if a claimant does not mention something and is given inappropriate conditions, as Kyna Reeves said, it can lead to people being sanctioned. We are concerned that some very vulnerable people can face sanctions.

The Convener: Sanctions are one of the huge issues. I want to bring in Mark Griffin, but we have another session with other witnesses. George, do you want to follow up on that one quickly?

George Adam: Archie Campbell brought up the ESA. As you mentioned earlier, if someone goes through the process and ends up on universal credit, there is no going back. That is quite a terrifying idea for someone who might have a long-term condition but who, on that day, had a good day. Is it not the case that anything that the Scottish Government does is just tinkering about with universal credit when the whole system is flawed?

The Convener: Could I have a quick yes or no?

Archie Campbell: The whole system is flawed, but claimants are assessed and it is similar to ESA in the long run, because once the claimant is assessed and found to be unfit for work, the outcome is similar, but minus the premiums.

The Convener: As the witnesses all seem to be in agreement, we will move to the next question.

Mark Griffin (Central Scotland) (Lab): I want to talk about universal credit and earnings. I know that we are pushed for time and we have already covered people who are paid weekly, fortnightly or every four weeks. Do you have any comments on those who have declared themselves to be self-employed and how they manage their monthly earnings and balance them with what they claim through universal credit?

There is also the issue of the DWP defining anyone who is self-employed as earning the

national minimum wage for their declared hours. As we know, people who are self-employed could earn far less than the national minimum wage for working long hours. Do you have any experience of the difficulties faced by people who have come to you who have declared themselves to be self-employed?

10:30

Archie Campbell: That has not been a huge issue up to now. I think that it will be more of an issue further down the line as self-employed people come off working tax credits. It will be a huge issue then because, if they have been self-employed and on working tax credits for more than a year, they will be automatically subject to the minimum income floor, which is what I think Mark Griffin was alluding to, and deemed to be making the national minimum wage. However, as I said, we have not seen a lot of that. There are exemptions for certain people, though, and we have seen a couple of people who would have been subject to the minimum income floor but were exempted because they had limited capability for work. We have probably not seen enough people up to now to comment on the matter in any meaningful way, though.

Rob Gowans: What Mark Griffin refers to is a particular difficulty, but it has not happened to any extent yet. However, if someone was self-employed and had incurred expenses but was not to receive payment until the next month, they would not be fully compensated within universal credit. For people in contractual situations like the Uber drivers, who might be self-employed or not, universal credit works well in theory for their fluctuating hours. Zero-hours contract workers, for example, cannot claim either jobseekers allowance or working tax credits. The HM Revenue and Customs real-time information system will be relied on to ensure that there is full information about those being paid. There is an awful lot of obligation on people making all the changes in the system and declaring all the changes in their earnings.

The Convener: I have to draw the discussion to a close now. I extended this evidence session for 15 minutes, so I hope that I can similarly extend the session for the next witness panel. I thank all the witnesses. The discussion was excellent and we could have gone on all day.

I suspend the meeting briefly for the changeover to the next panel of witnesses.

10:32

Meeting suspended.

10:33

On resuming—

The Convener: I thank the new panel of witnesses for their patience. I hope to add 15 minutes to this evidence session, as we are starting it late because I added 15 minutes to the previous evidence session. We are discussing a very interesting subject, and everyone is obviously desperate to ask questions and give answers on it.

I thank the second panel of witnesses very much for coming along. The panel consists of Sheila McKandie, the benefits and welfare manager at Highland Council; Andrina Hunter, the service manager for the health and social care partnership at Inverclyde Council; and John Cunningham, the service manager for benefits and financial assessments at East Lothian Council.

Gordon Lindhurst will start the questions from the committee.

Gordon Lindhurst: I am interested in the question of conditionality and sanctions. Some have suggested that there should be no sanctions in relation to universal credit or other benefits. Can you envisage a system that had no sanctions as a final resort? If you can, what would such a system look like? Could you give some pointers on how it might operate and what the framework would be?

John Cunningham (East Lothian Council): We relate sanctions to issues around the employability aspect of what is being achieved. If you introduce a system such as universal credit, you must have some way of ensuring that people adhere to the rules. I come from a housing benefit background, and we are all about making sure that people claim only what they are due and stick to the principles that are involved. I am not entirely against the sanctions regime per se; my issues are about the way in which such a system is deployed and whether it is being administered in a mature way.

Andrina Hunter (Inverclyde Council): The point about sanctions and conditionality is that a number of clients and claimants do not understand the system—they do not understand that conditions are attached to their various benefits. We need to strengthen that aspect of the system. People need to have a better understanding of what they are signing up to as part of the claimant commitment. They need to understand that, if they are unable to meet the claimant commitment, there will be repercussions. We need to focus on that point.

Gordon Lindhurst: Can I—

The Convener: I was about to let the other witness speak.

Gordon Lindhurst: Yes, but I want to respond to what has just been said. Ms Hunter, do you have any idea how that message can be better put across to claimants?

Andrina Hunter: Locally, within Inverclyde, we have had some discussions about the suggestion that the claimant agreement should be a three-way agreement, particularly in cases concerning a client who has mental health issues. That is to say, the agreement should be discussed by and agreed with the client, the work coach and, for example, the client's caseworker. That would mean that the client would be signing up to a commitment that they were able to fulfil, and their caseworker would be able to help them to understand that. The caseworker could also agree that the commitment was a useful one for the client, which would avoid a situation in which the client agreed to a commitment that, given their condition, they had absolutely no way of fulfilling.

Sheila McKandie (Highland Council): The committee might be aware that the DWP does not publish information about sanctions for universal credit. In Highland, we have not had a very bad experience with sanctions, with only 136 sanctions for jobseekers allowance having been levied between April 2015 and March 2016.

In Highland, we have ensured that housing support providers are encouraged to attend the jobcentre with their clients when they sign up to the claimant commitment, which means that the claimant commitments that are being signed up to are more viable. We also ensure that our welfare support officers are present at least one day a week, which has helped to achieve more viable and achievable commitments. We hope that that means that there will be fewer sanctions.

I agree, however, that there needs to be some sort of mechanism to ensure that, when people receive money from the state, they understand what their commitment is and how that will help them to move into employment.

Ben Macpherson: The housing benefit perspective was mentioned. Has there been a change in the level of rent arrears as a result of universal credit?

Sheila McKandie: There has been a substantial change.

Ben Macpherson: Perhaps you could comment further on that, detailing numbers, specific reasoning or repercussions.

John Cunningham: Although rent arrears in East Lothian started at a high point even prior to the live service, major inroads were made last year even through the period during which the live service operated. However, the live service involved only a small volume and the step change

did not really happen until the full service came in. That is apparent from the evidence of the first panel of witnesses as well.

Now that the full service is operating, 82 per cent of council tenants in East Lothian who receive universal credit have some level of arrears. I do not have the figures in front of me, but the average arrear is higher by about £300 than the typical arrear in East Lothian, which is something like £857.

Andrina Hunter: In Inverclyde, we do not have any of our own housing stock, so we work closely with our local registered social landlords. I will give some information from one of our RSLs. I remind the committee that we have not gone to full service yet—that will happen in two weeks. Of 70 claimants of universal credit, 69 per cent are in arrears, with an approximate arrear of £700 per claimant.

Sheila McKandie: In Highland, we have full service in Inverness and live service elsewhere. Under live service, the average rent arrear in mainstream tenancies is £627, which is the equivalent of about eight weeks' rent. That is for 367 tenants. There are 12 tenants on universal credit in temporary accommodation, and 100 per cent of them are in arrears. Under full service, the picture worsens. The average rent arrear in mainstream tenancies is £962, which is the equivalent of 12 weeks' rent. Again, 100 per cent of tenants in temporary accommodation who are in receipt of universal credit are in arrears, and the average arrear is £1,108. There are significant differences between live and full service.

Ben Macpherson: That is a significant set of figures from across the geographical areas. I appreciate that there are different levels of service in different areas. Perhaps you could comment from your anecdotal experience on any aspects of universal credit that have been the main reason for the changes that you have seen.

Sheila McKandie: Under universal credit, the housing element is the greatest challenge for the DWP. It is a huge challenge for the DWP to understand how housing works, how important the payment to the landlord is and how important it is that the payment is made on time. It is important that it overcomes that challenge.

Alternative payment arrangements—APAs—have been helpful. We are a trusted partner under universal credit, which means that, when we apply for an APA, it is acted on in good faith and paid automatically to us. The problem with APAs is that, when a landlord applies for one, they do not know whether it will be successful. There could be many reasons why an APA is not successful, so the landlord ends up waiting for their rent and not knowing whether it will come.

Tenants in council housing have also not been used to paying rent. They may have been in the tenancy for 20 years and have never had to pay rent because it has always been paid automatically for them. They find it really difficult to ring fence the rent element from their universal credit payment to ensure that it is available to pay their landlord. There will be a huge learning curve for claimants who are in receipt of the housing element under universal credit.

Ben Macpherson: Would a resumption of direct payment to landlords make a meaningful and significant difference?

Sheila McKandie: We have the evidence for that. Under housing benefit, that happens and we do not have the same issues. Local housing allowance, which was introduced in the private sector in 2008, operates on the same principle—the payment goes directly to the claimant—but we do not have the issues that present under universal credit because all local authorities have in place a robust safeguard process whereby, if there is a history of rent arrears or if the tenant is vulnerable, the landlord can apply early on for a direct payment. Direct payment would be very helpful.

10:45

John Cunningham: There is a wee difference between Highland Council and East Lothian Council. Sheila McKandie mentioned trusted partnership, which is a status that was offered—through the live service—to a few authorities, and we are looking into that right now. Latterly, we potentially have the opportunity to become a trusted partner.

Now that we have experienced the full service, the council's general view is that APAs are not necessarily a panacea because, at this time, the APA process is not very efficient. If you are going to accelerate the number of APAs that a council can apply for by making the route for doing that easier, would it not make sense to improve the process to ensure that they deliver the goods at the other end? That is our response on the matter.

The chief executive and I were able to talk about the issue with Neil Couling, the director general for the universal credit programme, when he visited us in Musselburgh. He was quite surprised and taken aback when it was mentioned that direct payments may not be a panacea.

Under the current arrangements, the recovery rate is about 20 per cent and the money is taken back from people. That is no substitute for an earlier intervention by the council and a more lenient arrangement that would leave more money going into the household. We need that kind of culture, because councils want to do the right thing

and to do it holistically. We want to put in place a proper arrangement rather than something that will potentially cause more hardship and debt further down the road.

Andrina Hunter: We are trying to introduce a mandatory meeting to discuss budgeting when an APA has been put in place, and we offer personal budgeting support as part of both live and full service. As you will be aware, the uptake of the support through live service has been very poor.

George Adam: I will continue on the theme of repercussions, which has been discussed from a housing benefit perspective. Archie Campbell raised the idea that the universal credit system creates problems elsewhere. There is a six-week wait for the payment of a new claim, and people have to go to another agency to find a way to get themselves through that period. Are people presenting to organisations such as the council and saying that—right away—they have problems with their rent and other financial problems? Is Archie Campbell basically right when he says that we are shifting problems from one area to another?

John Cunningham: That is probably self-evident. Archie Campbell mentioned that East Lothian Council is making full use of the Scottish welfare budget. At the present rate, the money will not last until 31 March next year, although we are trying to stretch the resources to cover as many people as possible. The problems are an inevitable consequence of the waiting period.

Whether the reason for the additional processing time is to match the world of work or whether it is due to a lack of capacity in the service centres to match what had been a better performance by local authorities in the delivery of housing benefit—in Scotland, the processing time averaged 23 days or thereabouts—it strikes me that addressing that wait is the key thing that will make a difference. You are right in your assessment that, in the absence of receiving a payment, people will go anywhere they can to get help. I guess that local authorities, food banks and what have you are the alternatives.

Andrina Hunter: We are already able to see the difference in how the Scottish welfare fund is being used for crisis grants. We see a difference between the amounts that have been awarded to clients who are on UC and the amounts that have been awarded to clients who are not on UC. At the moment, only a certain percentage of people can apply for the benefit. In Inverclyde, universal credit is for single people and so on; however, once families start to receive it, we expect the number of crisis grants that are awarded to increase rapidly.

Sheila McKandie: In Highland, 3,000 claims have been made for universal credit. The information that we can access shows that half of those people are still on universal credit and a third are in some form of employment. Last year, we helped 830 people through online support and personal budgeting support. That is the level of support—the hand holding—that we are providing in order to get people through the universal credit claim process, never mind all the other support services that are being accessed through the local authority.

Alison Johnstone: I want to focus more on the move from live to full service. My question is probably to Mr Cunningham in the first instance. The East Lothian Council submission states:

“Previously agreed data sharing protocols no longer apply under UC ‘Full Service’ (curtailing Council Officer’s ability to make telephone enquiries about UC claimant’s entitlement)”.

It has also been pointed out to me that implicit consent, whereby welfare support officers can act on behalf of claimants who have asked them to do so, no longer applies if the claimant is not there. That will severely curtail the number of people who can be helped and will make the process quite unwieldy. Why have some of the lessons that were learned with the live service not been transferred across?

John Cunningham: That is a recent development, so it is hot off the press in our submission, as it were. We have long had a relationship with the DWP from our days of administering housing benefit. We have access to benefit processing centres so that we can support the claimant in that way. The ability to seek information has been enshrined in a memorandum of understanding, which covers at least five disciplines that we look after.

The DWP has made that decision, which I can only assume has been made from a security perspective. There have been keen sensitivities around security in relation to universal credit. The original false start, or restart, of universal credit was probably associated with the security of the scheme. Therefore, the DWP is very wary about that. We have asked for certain things, such as hypertext links to local authority application forms in the universal credit application, but we have been given a firm no, based on a security argument. I can only assume that that is to do with the specific consent aspect.

I know that specific consent will be dealt with under data commissioner changes that are coming down the road, so we will need to see how that develops. Perhaps the DWP is attempting to future proof—it is hard to say. However, whatever the reason, we are going to hotfoot it from this meeting to another one, where we will speak to

members of the universal credit project team and explain why it feels a wee bit more difficult to operate as partners in delivering universal credit when we are curtailed in that fashion.

Andrina Hunter: I can go through some of the implications of the change, which Alison Johnstone started to allude to. It makes it very difficult for welfare rights advice workers to act on behalf of their clients. We have a triage advice line in Inverclyde, which took nearly 12,000 calls over the past 12 months in relation to a variety of benefits. Only 3,000 of those resulted in face-to-face appointments, because we managed to triage calls, give advice and act on the clients' behalf over the phone. That will have involved resolving issues directly with the DWP. If that facility is no longer available, we will need to have face-to-face appointments, and advice workers will have to contact the DWP when they have the client in the room. Given that we are starting to experience three-hour callback times from the DWP, that makes it very difficult to administer an advice service.

Sheila McKandie: For us, there are three strands. The direct number for landlords has been removed so, under full service, landlords can no longer phone the service centre. Our staff in revenues who are administering the council tax reduction can no longer phone the service centre to get information, so we have to go back to the claimant, which will delay payment of the council tax reduction. The third group is the claimants, who are the most important individuals in this. Particularly given the geography of Highland, at the moment, it is very convenient for clients to phone our welfare support team and for us to act on their behalf with the service centre, but we will not be able to do that in future. That means that either we will have to do a home visit or they will have to travel to us. In Highland, as you are all aware, the travel distances are extreme. That builds delay into the claimant's universal credit claim, which could impinge on them quite detrimentally. There are quite large ramifications from that particular change. As John Cunningham said, he and I are going to a meeting with universal credit officials later today and we will raise that issue in very strong terms.

The Convener: I am glad to hear that you are having that meeting. Alison Johnstone, do you want to come back in?

Alison Johnstone: Once implicit consent is removed, I am not entirely sure for whom we are making the service work, because it certainly does not seem that the change will assist in any way the person who is at the heart of the case. I am very surprised that such a change has been suggested at all.

John Cunningham: I imagine that it would be a key aspect for the Scottish Government to look at with regard to the newly devolved powers.

Sheila McKandie: It is worth adding that there was no discussion with local authorities regarding the change—it came out of the blue. We found out about it a week and a half ago.

Alison Johnstone: It is an area in which the Scottish Parliament could decide that it wanted to do something entirely different.

John Cunningham: It would still need the DWP's agreement. That is what you would be up against.

The Convener: A number of members want to come in. We had some DWP officials at committee the other week, and we asked them how they were working with Scottish Government officials. We did not get a proper answer, and we are following that up because we need to ensure that the officials work together so that nobody falls through the net.

Ruth Maguire, do you want to come in on the back of some of those answers?

Ruth Maguire: Yes. I am a wee bit astounded by what I have just heard. The committee might want to probe the implicit consent issue further.

We have heard about all the effort in the form of finance and other resources, such as the Scottish welfare fund and the resources that local authorities are contributing, that is going into keeping people afloat. We are grateful that those resources are going in, but I am conscious that all that action and money is needed just so we can keep people afloat. I am thinking about what we could do with that resource if we did not have to do all that work just to stand still.

My question is on the back of what John Cunningham said about the alternative payment arrangements. I want to tease that issue out, and I am interested in hearing more of your views on it. You said that it is not a panacea. We have been looking at it with hope as something that could impact positively on our constituents when we have control and are looking at different ways that we can do things.

John Cunningham: Our view is that the APAs are a key tool. The processes around them must—and no doubt will—be improved. We should remember that the whole universal credit project is happening very much on a test-and-learn basis, as is the agile design approach that has been taken. I am quite sure that authorities such as ours, as the early starters, may benefit other authorities down the road when the processes are a wee bit more refined.

We need to be pragmatic. Our watchword with rent arrears has always been early intervention, and there is no substitute for that. That has caused us to commit a lot more resource to rent arrears management, which has worked, but we now face a pressure that is pushing against that. While APAs remain one of the key tools in the bag, we need more tools to ensure that we can support folk as early as possible with arrangements that are manageable and that do not cause other problems.

The Convener: Do any other witnesses want to answer Ruth Maguire's question before we move on? I know that it was touched on in some of the previous answers.

Sheila McKandie: I emphasise the point about automating the APA process. At present, it is very administratively cumbersome for local authorities, as John Cunningham highlighted. If the process for APAs was automated in some way, that would be very helpful. However, an APA is currently in place for 25 per cent of our UC cases.

The Convener: Gordon Lindhurst, do you want to come in on a particular point?

Gordon Lindhurst: I want to come in briefly on the point about rent arrears. Some of those in receipt of benefits are used to rent being paid directly rather than having to hand over money. As I understand it, the purpose of changing the system is to give people the opportunity to understand their own finances and how everything fits together and to encourage them to take responsibility for things. However, from a practical point of view, I can see that that has obviously presented problems at the outset. If one were introducing such a system, would it make more sense to introduce it for those who were new to the benefits system and who therefore would not be used to it being done in a different way? Perhaps it is more difficult to try to change the thinking of people who are used to things being done one way than it is to bring in people who are completely new to the system. Could there be a more gradual changeover in that respect? What are your thoughts on that?

11:00

Sheila McKandie: It might be helpful if I give you an example. We should bear in mind the fact that the universal credit payment is not aligned with the weekly rent liability. For social tenants in council housing, the rent is due every week, but they are actually getting paid four-weekly or monthly. It would therefore be helpful to align the payment with the rent period or rent frequency.

John Cunningham: I think that the live service featured more new claimants, so it probably gave us a run-in to some extent. However, it probably

did not tease out the problems that were later faced in the full service, which covers all types of households. Many of those households have culturally relied on direct payments through housing benefits for a number of years, and an issue that we will no doubt have to contend with now is how we undo perhaps a 30-year or longer culture of direct housing benefit payments—which are, essentially, rent rebates.

Andrina Hunter: What you are alluding to is how we ensure that we put in place more preventative and early intervention methods. We really want to improve our communities' financial capability. That is a key area that we need to work through in schools, education and so on, because we need to help people understand the need to be able to budget and to take a more rounded approach to managing their finances.

John Cunningham: Before we even understood that the full service was coming into the county, we launched the East Lothian poverty commission, which is due to report about now. Some of the key issues that it is looking at are those that Andrina Hunter has shared with you about understanding the causes of poverty in the county and what that looks like. We see a lot of those issues, such as education in schools and particularly community resilience, as key. CABs, local council offices and so on are finding that there are a number of areas that people naturally turn to. I guess that the issue is to strengthen communities and expand the areas where people can get good-quality advice, because that is what is going to be needed.

Alison Johnstone: On direct payments, we want to empower those who can do so to take control of their own budgets and to decide what should happen and when, but are adequate safeguards in place for those who are more vulnerable and who need help with budgeting? After all, if housing associations and so on do not get paid, that will have an impact on housing availability for all.

Andrina Hunter: Personal budgeting support is built in as part of the delivery agreement for universal credit, but the uptake of that support in Inverclyde has been incredibly poor—I think that that situation is replicated in other areas. To date, we have had 835 UC claims in Inverclyde, but no client has taken up any personal budgeting support. Obviously, that client group is different from the group that we will be dealing with when we move to full service but, in my view, there will always be a need for enhanced support for the really vulnerable members of our community.

The Convener: Do you want to come in on that point, Ms McKandie?

Sheila McKandie: It will be really important, even for new claimants, that there are safeguards in the system, recognising that some people are vulnerable and not everybody has robust money skills. In Highland, we have supported 225 individuals through the personal budgeting support process, but there is a disconnect between the APA process and the personal budgeting support process. Andrina Hunter referred to the idea of making the support mandatory. If we could not make it mandatory but insist that individuals who were going through an APA process were offered PBS automatically, rather than if somebody remembered, that would help us to support people better than we are supporting them at the moment.

The Convener: I asked a question at the beginning of the first panel and I will ask it again now. Most people agree with the principles of universal credit, but do you feel that, in practice, universal credit is a positive change for claimants? We have heard lots of different evidence and I would like to hear your thoughts on that.

John Cunningham: You heard from the first panel that a number of people who can deal with the technology or who are transiting through universal credit as an interim part of their life will benefit from it, depending on their employment situation and whether they are on zero-hours contracts. However, a lot of the people whom we are concerned about and deal with are struggling with it. The key is that universal credit has to support all. I understand the basic principles of universal credit, which are to be applauded, but the execution is the key. The system must have safeguards within it to support vulnerable people.

Sheila McKandie: On the ground, we are finding that people who, as John Cunningham says, are able to conduct their business electronically, can manage universal credit and it works well for them—particularly if they have variable-hours contracts. However, it is not working when a housing element is added to the mix. For vulnerable individuals, the housing element is the challenge in universal credit. Under live service it was very managed—it involved those people who were newly unemployed, who had been in employment and maybe had more IT skills. Now that we are open under full service, real vulnerabilities are becoming evident in terms of numeracy and literacy skills, confidence and connectivity challenges. People cannot get online everywhere in Highland, and that needs to be recognised by the system.

Andrina Hunter: I echo my colleagues' comments. In principle, we agree that universal credit was set up for the right reasons. As John Cunningham said, the problem is in the execution or delivery of it. From our really vulnerable clients, we know that a lot of people do not turn to anyone

for help until they hit crisis point. That is one of the main issues.

The Convener: This will be the last question, as we have gone on for an extra 10 or 15 minutes. People have asked for the roll-out of universal credit to be stalled or halted until all the issues are resolved. Will those issues ever be resolved if the housing benefit part of it remains? Would you say that the roll-out should be halted or stalled, given the difficulties that are coming out? What is your professional opinion?

Andrina Hunter: We are two weeks away from the full-service roll-out of universal credit, and if any of us in Inverclyde could hit the pause button, we probably would. We are learning as we go. We have listened to our colleagues about the issues that they are having and we are trying to plan. We have a very good delivery plan in place for Inverclyde, but we also have all the problems that have been alluded to. At this point, a pause button would be quite nice.

John Cunningham: After 29 years of being a DWP agent within a local authority delivering housing benefit, I understand how these things happen. We have rolled out many changes when the DWP has introduced things, so we are pre-wired to make it happen. However, the rate of the roll-out could be looked at, particularly if there are things that are causing other forms of hardship. The client groups that are involved in it could also be looked at.

Sheila McKandie: I echo the comments about having a pause. Lessons need to be learned. The DWP is listening, but it is not able to keep pace with the roll-out plans that it has published while learning and improving its software. One of the other challenges is that, although local authorities have been feeding in continuous improvement suggestions, we have got no feedback about those suggestions and do not know what suggestions the next authority has put forward. Therefore, as a local authority, we do not have an overview of what the national picture looks like. The DWP assures us that it has an overview of that, but it would be really helpful if it could share that information with local authorities and other partners so that we could help to make universal credit a success. Eventually, it could be successful, but there are a lot of lessons to be learned and a lot of areas that could be improved significantly.

The Convener: That point was also made by the trade unions and the workers who are having to extrapolate various pieces of the system and deliver it as well, so we will certainly take that up with the DWP in a letter or speak to the DWP about it.

Thank you for your evidence, which has been excellent. We have all learned a lot from you, as well as from the previous witnesses.

11:11

Meeting continued in private until 11:25.

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