



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 22 December 2016

Session 5



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SOCIAL SECURITY COMMITTEE

11th 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:

Jeane Freeman (Minister for Social Security)

Ann McVie (Scottish Government)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Thursday 22 December 2016

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Sandra White): Good morning, everyone, and welcome to the 11th meeting of the Social Security Committee. I remind everyone to turn off their mobile phones, as they interfere with the recording of the meeting.

Agenda item 1 is a decision on taking business in private. Are we happy to take item 4 in private?

Members *indicated agreement.*

Draft Budget Scrutiny 2017-18

09:30

The Convener: Agenda item 2, which is the main item on the agenda, is draft budget scrutiny. I welcome Jeane Freeman, the Minister for Social Security, and the officials who are with her, David Signorini and Ann McVie. We will give you 10 minutes to make an opening statement, minister, if that is all right. I hand over to you.

The Minister for Social Security (Jeane Freeman): Thank you, convener, and good morning to the committee.

The committee is aware that the draft budget document shows an £80 million allocation that is to be allocated in the course of 2017-18 from the Scottish Government's budget in the finance and constitution portfolio relating to Scotland Act 2016 implementation to support our developing social security programme. Allocating that money in year will enable our Cabinet to respond flexibly to the needs of a complicated policy area. Normal in-year budget management arrangements mean that we can make allocations and adjustments in year in response to pressures while ensuring that financial plans are scrutinised and controlled appropriately.

The £80 million figure and the arrangements that have been agreed to allocate that funding in 2017-18 reflect the stage that the Scottish Government has reached in our social security system programme as well as in our overall implementation of the Scotland Act 2016 powers.

As members know, the programme of work to transfer the newly devolved benefits safely and securely represents the biggest single challenge that any Scottish Government has faced since devolution. We are doing something that a Scottish Government has never done before: we are building a new public service—our Scottish social security system—entirely from scratch. That means that we need skills and expertise that we have not needed before. It might help to bring the information on the pages of the budget statement alive if we think about the particular groups of people with particular experience and skills that we need to bring together so that we can deliver this large and complex programme of work and, as we have consistently said, build our social security system from the ground up.

The committee is aware of our plans to recruit over 2,000 volunteers from across Scotland—people with real, lived experience of the current benefits system—who will work with us over the long term and help us to make the right improvements and changes to our new system.

The process of finding and recruiting those volunteers begins in January.

Alongside our experience panels, we need some recognised and respected expert knowledge, guidance and leadership from outwith the Scottish Government. We will, therefore, convene the disability and carers' benefits expert advisory group in the new year. The group will work with us and give us the benefit of its considerable expertise to advise and guide us as we go forward. We will also continue our engagement with benefits and welfare advisers who have practical knowledge of the current system and its interconnections.

Of course, we also need civil servants, but civil servants with new skills and expertise that the Scottish Government has not previously possessed—at least, not to the extent that we need now. As we build our new system, our policy teams, operational teams, user researchers, change management teams and developers will work closely together. They will test and build technology to ensure that it meets users' needs and our new policies, sharing early versions of technology with the people who will need to use it to allow for constant improvement and development.

We will need to have the right technology in place to ensure that information is shared appropriately and held securely, that the overall design and architecture of our system is safe and that the detailed exchange of information about individuals works as intended. That means that we need people with the technical expertise to design, build and assure that system. They will draw on lessons learned from other major information technology projects and on work by Audit Scotland on areas where IT projects have gone wrong in the past. To get that right, some of our internal work needs to be structured differently, and we will need the new staff, with their new skills, to manage that effectively.

It helps if we remember that the amount of money to be paid out by our new social security system—£2.7 billion per year—is equivalent to the cost of building two new Forth replacement crossings every year for ever and that, when everything is up and running, the IT and payment systems that we have to design, develop and build will process a number of payments each week that is roughly equivalent to the total number of payments that the Scottish Government currently makes each year.

Furthermore, we must not lose sight of the role that the Department for Work and Pensions will play in all of this. Delivery of our new social security system, our IT development and our data-sharing arrangements will not simply depend on

what we do; it will also depend on what the DWP does.

We must remember that the Scottish and United Kingdom Governments are coming at the central question of what the social security system is there to achieve from different perspectives. For the UK Government, social security, or “welfare” as it terms it, is a key driver to get people into work, with conditions attached, criteria to be met and budgets to be cut. For us, too, there is an important connection with how our social security system supports people to enter employment, but it is also—importantly—there to provide support to any one of us who needs it, when we need it. It is a service for people and an investment that we make collectively in ourselves and in each other, like our investment in the national health service. It is there against current and future need for each and every one of us.

Now that the DWP and the Scottish Government are operating in an increasingly shared space, those different perspectives have to rub along together. While there is undoubtedly good will and a lot of determination on both sides to make the system work, there will still be occasions when the two Governments are looking at the same thing—a problem, issue or policy—but seeing a different solution.

This is not only about tackling issues to do with complex IT systems and data-sharing arrangements, where we have governance arrangements in place to support our IT projects and formal processes to provide go or no-go decisions based on our confidence that the technology will work. It is also about tackling issues to do with conflicting policies, priorities or points of view and having the right governance in place for that.

The committee has sight of our discussions at the joint ministerial working group on welfare, which is the forum where complex issues of this kind can be discussed, differences aired and decisions taken. There is also the joint exchequer committee, which provides oversight on financial matters. There are arrangements in place to support discussion, negotiation and resolution in order that both sides can come to an agreement, and we will, no doubt, need to make use of them at some stage as we proceed.

All of that is there to deliver one overriding objective: the safe and secure transfer of vital payments and support benefits. From the committee's work so far, and building on the work that the Parliament did in the previous session, I am sure that members understand why no one outside this committee room is banging on the door demanding that we move more quickly and why everyone is urging us to go carefully to ensure that no one slips through the cracks.

We need a safe and secure approach that recognises the complexities, the risks and the potential pitfalls. We are learning not only from previous IT programmes but from DWP programme failures, such as the roll-out of universal credit, which was begun in 2012 with a four-year plan for completion but was then extended to 2017 and is now delayed again to 2022—10 years from its start date—and the personal independence payment, which was due to be fully rolled out this year and is now delayed until 2019.

We will not be setting deadlines to suit political pressures. We will set our timetable to meet our objective of the safe and secure transfer of benefits and our consistently stated commitment to deliver the 11 devolved benefits by the end of the parliamentary session. Our budget arrangements for 2017-18 support that approach, and I trust that members will agree that it is the right approach to take.

I thank the convener for the opportunity to make an opening statement. I am, of course, very happy to take questions and to hear members' views.

The Convener: Thank you, minister. I hear what you say. You mentioned differing approaches. We have heard evidence from various groups—particularly local authorities—that the Scottish welfare fund is becoming bigger than was expected and that people are using it even more, especially larger families, due to the UK Government's two-child policy. It looks like families with more than two children might lose up to £2,780 a year.

Local authorities and groups are very concerned about the increasing pressure that is being put on that fund. Do you agree that the pressure on it is increasing? If so, will you look to increase the real-terms budget for it? Are there any plans to expand the circumstances in which people can claim crisis grants under it?

Jeane Freeman: You will know, convener, but newer members of the committee might not know that we set up the Scottish welfare fund in 2012 and allocated an additional £9.2 million to it, which increased it significantly. It is now at a total level of £38 million. We have protected the fund in the current budget.

I am aware from our discussions with colleagues who administer the fund for us in local authorities across Scotland under our guidance that there is potentially an emerging pressure on it in areas in which universal credit is subject to full roll-out. We are seeing a peak in that. Whether that will be a continuing pattern or whether it is a feature of initial difficulties that the DWP is encountering in the roll-out of universal credit is not entirely clear. We continue to discuss that

matter with it, and to look with it and colleagues in local authorities to resolve the initial difficulties.

I hope that you are aware that I have written to Lord Freud to express our significant disagreement with the two-child policy approach. We will not replicate that approach, of course, when we introduce our new best start grant benefit. We will not place a limit on the number of children in a family whom we are prepared to support.

Over the piece, we will continue to monitor the Scottish welfare fund and the demand on it, but I have to say—perhaps I will have to keep repeating this this morning—that it is not possible for the Scottish Government to mitigate all the detrimental impacts of the UK Government's approach to welfare and the cuts that it is making, and arguably it is not the Scottish Government's role to plaster over the cuts that the UK Government is making. We do our very best with over £100 million of mitigation to try to hold back the very worst effects of those cuts on families and individuals, but all that that does is to use Scottish Government funds and Scottish citizens' funds to stand still. It does not allow us to use those resources more effectively to move forward.

The Convener: I appreciate your honesty and being up front in that regard. You mentioned the increase in the Scottish welfare fund. It has been suggested that there should be advisers so that more people know about that fund. You mentioned that 2,000 volunteers are coming on stream. Perhaps there could be advisers at food banks. The Trussell Trust certainly suggested that approach to me. Would you be interested in looking at something like that so that people can advise those who perhaps do not know about the Scottish welfare fund on accessing it?

09:45

Jeane Freeman: I, too, have had that discussion with the Trussell Trust. We will begin our benefits take-up campaign early in 2017 and, because there is a great deal of work to do, we will run it for the full session of Parliament. We need to work with local authorities on their responsibility to undertake income maximisation discussions with individuals who they are working with, for example when they are contacted about the welfare fund, or by other means. There are a number of interesting initiatives throughout the country on the provision of effective welfare advice and support to individuals where they are. For example, there are a number of projects that locate welfare advisers and that kind of support in our healthcare service and in primary care. There is also the Trussell Trust's point about the use of food banks.

We are looking at all of that as we go forward, not only in relation to our strategy on food poverty and sustainable food but in our approach to the delivery of social security and the advice and support services that need to go alongside that.

The Convener: Ruth Maguire wants to come in on that issue.

Ruth Maguire (Cunninghame South) (SNP): I have a quick question on take-up. At present, there is low take-up of some of the entitlements that are coming to us, such as the sure start grant and the funeral payment. That issue came up in the debate in the chamber on funeral poverty. I would like to hear your reflections on what can be done about that. What impact will the Scottish Government's responsibility for those payments have on the budget?

Jeane Freeman: The primary point of running the benefits campaign—which will meet our manifesto commitment and is supported by all members—is to secure for individuals the maximum financial support to which they are entitled. You are right: the take-up rate for some of the benefits that will be devolved to us is very low. There is the funeral payment, and support for young carers—16 to 24-year-olds—is another area.

My officials have promised me a significant amount of recess reading, part of which will be the proposition on the benefits campaign and advice on our overall approach to that including, specifically, where we will start. I will be reading that over the Christmas break and, once we have made some decisions on that, we will ensure that the committee and the Parliament more widely are made aware of those.

The other key thing to say is that the campaign will not be one of those bells-and-whistles benefits take-up campaigns with adverts everywhere. My previous experience from before I took up my current role is that such campaigns do not land very effectively. We have to target people when they engage with a public service, whichever service that is, and try at that point to engage them in thinking about what additional financial support they may be entitled to. The key word is “entitlement”, because that helps people to overcome their reluctance to appear to be looking for something that they feel they are not due. We could have a wider discussion about the fact that people often feel that they will be considered to be trying to sponge in some way. That is particularly the case for young carers and in relation to funeral payments. We need to overcome that through the campaign.

We need to phase in the campaign and land it in order to get to the right folks at the right time. I will be looking at that over the Christmas recess and,

early in the new year, we will make some decisions and communicate to this committee and other members how we intend to take the campaign forward.

Mark Griffin (Central Scotland) (Lab): I understand the Government's thinking around the £80 million that is being reserved for in-year spending. Are you able to give the committee an early indication of whether any of that £80 million fund will be used to meet any of the commitments that the Government has made on any of the devolved powers? I am thinking of the increasing of carers allowance or the uprating of benefits.

Jeane Freeman: One of the areas where we will make some initial spend is on the benefits take-up campaign. However, at this point, in December, it is a little too early in the day for me to be able to say that we will or will not be using our top-up powers for carers allowance or introducing our new benefit, the best start grant, next year.

One of the many important things that we have to do next year is bring draft legislation to the Parliament that will give us the legislative platform on which to exercise those powers. In advance of that, there will be a commencement order at Westminster, which will allow us to bring the legislation to the Parliament. That legislation will bring with it a financial memorandum that will set out more detail on the financial requirements that we have. All that will come together in the next year, and certainly before we enter the summer recess.

Mark Griffin: You mentioned the forthcoming social security bill, and it is also mentioned in the budget, which describes it as setting out a framework for a fairer system and lists a number of issues. One of those is

“the reform of assessments for disability benefits”.

We have had exchanges about that issue in the chamber as well. Has the Government come to a conclusion on what involvement there will—or, I hope, will not—be by the private sector in assessments?

Jeane Freeman: Just so we are clear, what I say now relates to the disability benefits that will be devolved to us. On the overall questions of what the need might be to have assessment at all and for how many people, one other part of my Christmas reading is the independent analysis of the more than 500 consultation responses and the Government's draft response to that independent analysis. We will publish that and advise the Parliament of both at the beginning of the year. To a degree, our thinking on the overall assessment process—the need for it, the demand that we might have in terms of numbers and what it should look like—ought to be informed by that

consultation exercise. It will then be further tested through the experience panels that I mentioned in my opening statement.

On your specific question about the involvement of the private sector in any assessment exercise or process, the private sector currently has a DWP contract to deliver that work in Scotland. That contract is due to end in 2018 or 2019—my colleague will correct me on that.

Ann McVie (Scottish Government): It is 2019.

Jeane Freeman: It is built into the contract that it can be extended for a year without the DWP having to recontract. I have written to the DWP, asking it not to exercise the one-year extension, because those kinds of decisions should sit with the Scottish Government.

I think that I am on record elsewhere as saying that I remain to be convinced that a social security system that is founded on the principles of dignity, fairness and respect—and I have every intention that our system will make those values come alive in everything that it does—can be served by any organisation whose principal proposition is to make commercial profit. I am not criticising those private sector organisations for that, because that is the nature of what they are and their business. However, I am not convinced that those two approaches comfortably align with each other.

Mark Griffin: Thank you.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): My question is about the new powers. To give a point of reference, I helped celebrate here in Parliament a few months ago the 25th anniversary of the Rock Trust, which is a fantastic youth homelessness organisation that is based in Edinburgh. That organisation was set up 25 years ago to alleviate youth homelessness because of reductions in housing benefit support for young people. I am particularly interested in knowing whether the Scottish Government still intends to restore entitlement to housing benefit support for 18 to 21-year-olds. How many do you estimate will be impacted by the unhelpful UK Government policy of removing entitlement from that group of people? How will the restoration of housing benefit for that group impact on the budget for 2017-18 and what powers will be used to achieve that restoration?

Jeane Freeman: That is our manifesto commitment, and we have no intention of stepping back from it. We are currently discussing with ministerial colleagues at Westminster the approach that they are taking on the issue and how it will or will not impact on our ability to meet our manifesto commitment easily. As you will know, the UK Government has announced a number of exemptions to its intended policy, which is of course very welcome. However, the UK

Government intends to implement its policy using a particular set of regulations. We have a disagreement with it about that because we think that an alternative set of regulations could be used that would allow the UK Government to do what it wants to do, as it is perfectly entitled to do as the UK Government, and allow us to fulfil our manifesto commitment, as we are perfectly entitled to do as the Scottish Government.

That discussion continues, and I have written to Caroline Nokes, the minister concerned, on two occasions. We had a meeting on 12 December at which we had that discussion as well as discussions on other areas. We have exchanged a second set of letters. I know that our cabinet secretary, Angela Constance, has had an initial discussion with Mr Mundell on the matter. We will continue to have those discussions to see whether we can resolve the issues around how we implement our manifesto commitment—the question is not whether we will; it is how we go about it.

We need to do a bit more work now to calculate what the UK Government's exemption list means for the numbers in Scotland, and that work is currently going on.

Gordon Lindhurst (Lothian) (Con): Good morning, minister. We have been talking about timelines for the new powers that are coming into force. The fairer Scotland action plan commits to a "Financial Health Check service with an older people strand",

which might be of particular relevance to older people in the Edinburgh and Lothian area that I represent. Can you give a date for when that service will be brought into force? As I understand it, there are no details about when it is planned to be implemented.

Jeane Freeman: The financial health check for older people is of course very relevant to older people in all our constituencies. There is a responsibility on local authorities to undertake financial health checks and provide support for those who come into contact with them, as I said earlier. We will be discussing with local authorities how they can increase the work that they do in that area. The overall financial health check links into our benefit take-up campaign. That will be part and parcel of what we will advise the committee and Parliament of in the new year.

10:00

Another area of my responsibilities is older people and I have had some initial discussions with the Scottish older people's assembly, the Scottish pensioners forum and others about a range of work that we might do more coherently to support older people across Scotland, and part of

that work is about the financial support that they receive. There is, of course, an issue emerging from those groups with respect to the pension changes that are affecting women of a particular age range, myself included.

There are a number of issues to look at with respect to the overall financial situation of older people across Scotland and the support that the Government can offer them and can work with others to provide.

Gordon Lindhurst: The financial health check is, of course, relevant to older people across Scotland as you rightly point out. You mention councils. In light of the fact that the budget line is intended to reduce from £8 million to £6.9 million in 2017-18, against the background of an increased budget for the Scottish Government, do you view that as an area that is more the responsibility of councils to deliver rather than the Scottish Government?

Jeane Freeman: Of course, Mr Lindhurst, you and I are going to disagree quite significantly on those figures, are we not?

In answer to your particular question, however, I do not think that it is an area of greater responsibility for local authorities than for the Scottish Government. It is an area of responsibility for the UK Government, the Scottish Government and local authorities. Part of our difficulty and the difficulty that our local authority colleagues face is the mitigation of UK Government decisions. The fairly large group of women who are affected by pension changes is a case in point. All tiers of government have the responsibility to work to ensure that individuals receive their maximum entitlement to financial support.

The Convener: George Adam wants to come in on that particular point.

George Adam (Paisley) (SNP): Yes, I have a point that comes on the back of what Mr Lindhurst has said. Minister, you said that the safe transfer of the powers is probably the biggest challenge since devolution itself. I want to talk in very practical terms about day 1, when people are expecting their money to be in their bank accounts. We must keep that in mind when we are discussing this; that is the end game. There is no big red button to press for everything to work out magically. Is it not the case that you have numerous data for claimants in numerous DWP computers? You talked about IT and how we need to get that right, and how we need to learn from mistakes that Governments have made in the past.

Some of that information is held manually. If I were you, minister, I would want to be in that room to make sure that I got all that information in case somebody's details fall off the top of a file

somewhere. It is a huge responsibility to get all this detail. It would probably have been easier to have got 100 per cent of the powers than just the 15 per cent. Picking at it like this is making it extremely difficult to get it right, because the most important thing is that, come that day, the money lands in the claimant's bank account.

Jeane Freeman: That is our overriding primary objective. By the end of the current parliamentary session, we will be delivering 11 devolved benefits at the right amount to the right people on the right day. Mr Adam is absolutely correct about the complexity of doing that before setting aside any improvements, changes or alterations that we might want to make to the system or to the individual benefits.

I have raised this with the committee before, but it bears repetition: cold weather payments, for example, rest on 11 different IT systems inside the DWP, all of which have to work together simply to give us the basic data for the individuals in Scotland who are currently entitled to that payment. Industrial injuries severe disablement benefit uses a paper-based system, so there are a significant number of brown folders somewhere inside the DWP, 20,000-plus of which will carry a Scottish postcode. Those files have to be extracted and the postcodes have to be found simply for us to know who in Scotland is currently entitled to that benefit, so that we can then input into our system their names, addresses, bank details and the level of support that they are entitled to receive. Those tasks on their own are labour intensive, and they require checking and constant rechecking.

At the point where we are delivering these benefits, we cannot have individuals who do not receive what they are entitled to because we do not have the data. DWP is keen to get that right, and we are keen that it gets it right, too, but it is a labour-intensive task.

The Convener: How does that affect the budget? Would that add extra cost to the budget, or would the funding for that come from the DWP?

Jeane Freeman: No—those elements of the cost are factored into our thinking, both at the DWP end and at our end, about exactly how much work needs to be done and by whom. As I have said before, however—again, it bears repetition—we need to go right back to the Smith commission. Its reference to all of this, which takes us to where we are now, was but a few paragraphs. After that came the fiscal framework, with a bit more detail around those few paragraphs, and there was a bit more in “Scotland in the United Kingdom: An enduring settlement”.

The work that the DWP and my colleagues in the Scottish Government have been doing since then and are continuing to do begins to reveal, as you might expect, additional complexities and areas of activity that are required but which could never have been foreseen at the time of the Smith commission. It is an area that we and DWP both keep under review.

As best as we understand at this point, however, we have been able to take account of those matters in our thinking. That does not mean that other issues might not arise that will produce additional pressures, which we will have to consider with Cabinet colleagues and with Mr Mackay in particular. I do not know whether that will happen, but it is perfectly sensible to say that we should be alert to the possibility that it might.

Adam Tomkins (Glasgow) (Con): They might have been a few short paragraphs of the Smith commission agreement, but they were a few short paragraphs that were very difficult to write.

I will ask what I hope will be two reasonably quick questions about different aspects of the numbers, and then a question about prioritisation.

I will start with the first question about numbers. You mentioned in your opening remarks the £80 million that sits in the finance and the constitution budget for Scotland Act 2016 non-tax implementation. How much of that do you anticipate being spent in connection with social security? Will 100 per cent of that £80 million be spent on social security, or will it be a lower amount?

For my second question about the numbers, I want to ensure that I have understood things correctly. There is massive difference between the 2016-17 draft budget number for social security and the actual budget number—the former being £74.3 million and the latter being £1.4 million. That does not mean that the money was not spent: it means that, by the time of the actual budget, the money had already been transferred to local authorities to spend. Have I understood that correctly?

I will come back on my prioritisation question in a minute, if I may.

Jeane Freeman: The answer to your first question is that the £80 million is for all the powers—it is not exclusively for social security. That is why I made reference to the Cabinet's ability to respond to pressures and requirements as we identify them throughout the year and allocate funds from within that £80 million.

Adam Tomkins: Yes—but the question was about how much of that money you anticipate being spent on social security and how much will

be spent on other areas of implementation of the Scotland Act 2016.

Jeane Freeman: It is not possible for me to give you a specific figure at this point. I believe that I will be back before the committee at some point in February or early March. At that stage we might have more information. I cannot say exactly how much of that £80 million we might require for social security because we are still working through the consultation responses and the specific elements of the timetable that we have to meet to allow us to understand the additional resources that we might need—for the groups of people about whom I talked, as well as the other matters to which the convener referred—through joint work with the DWP.

Adam Tomkins: How did you arrive at the £80 million figure?

Jeane Freeman: Colleagues looked at not just social security but at the other portfolios that relate to the additional powers overall, to make the most reasonable estimate of what we require over the course of a year.

Adam Tomkins: Thank you. What about the move from £74.3 million to £1.4 million?

Jeane Freeman: Your understanding of that is correct.

Adam Tomkins: Thank you. On prioritisation, page 86 of the budget document has what is to my mind the very welcome news that the Scottish Government plans to invest more than £75 million in regeneration activity that stimulates inclusive economic growth and tackles inequality, disadvantaged communities and so on. The minister will know that I am very interested in the relationship between social security spending and other aspects of spending that are essential for an effective antipoverty strategy. Can you tell the committee anything about the Scottish Government's thinking, and your thinking, about the relationship between the sort of spending that is talked about on page 86, which you might call preventive spending—the Christie commission and the idea of preventive spending are introduced on the following page—and the kind of spending that you need in the social security system itself? How do you assess what the appropriate balance is between the £75 million of investment in regeneration and the social security expenditure and entitlement that you have been talking about so far this morning?

Jeane Freeman: I have not been talking about the social security entitlement and expenditure, but perhaps you think that that is what I mean when I talk about the £80 million.

Adam Tomkins: No.

Jeane Freeman: So, you are talking about the overall delivery of the 11 devolved benefits and the connection between that and—

Adam Tomkins: I just wonder whether you can help us to understand your thinking about the relationship between spending on what I would call the underlying causes of poverty—which include the absence of regeneration, deprived communities and all that—and spending on social security itself.

Jeane Freeman: Okay. I think that there is a really strong connection between the two, because when we provide people with adequate financial support through the social security system, of course they use that support to spend in their local communities. Further, for many individuals who are entitled to disability benefits to support the additional costs that they incur because of their ill health or disability, that support can be the difference between their taking up opportunities for employment and their not doing so. Again, that has a key connection with community regeneration as well as having a positive impact on those individuals' lives. We will not be able to make the impact in that area that we wish to make because employment support allowance is not in our hands. However, I think that we will be able to provide significant support to those individuals in terms of the disability benefits that we will be responsible for, and that we can alleviate at least some of the financial pressures that they might otherwise face.

10:15

As you and I know, Mr Tomkins, the relatively privileged position that we have because of the financial resources that we individually have at our disposal allows us to look at opportunities, to plan ahead and, indeed, to spend money. Financial support through the social security system gives individuals the minimum opportunity to do something similar, but it also helps them to consider employment opportunities, if they exist. They can do that in the light of their physical and other capacities and their other responsibilities.

Currently, we want to increase the carers allowance to the same level as the jobseekers allowance. We will do that, but I also want to look at the current restrictions in the carers allowance that reduce the amount of time that individuals can use in their daily lives to pursue further or higher education and take part-time employment, because it seems to me to be only right that individuals should be able to pursue a life of their own as well as meeting the caring responsibilities that they have taken on, and for which we are all greatly in their debt.

There is work that we can do in the social security system to assist individuals to have some measure of financial stability—it will never be more than the minimum—and security that allows them to examine other opportunities that might be available to them. The work of my colleague Jamie Hepburn on the devolved employment programmes and the overall work in the social security budget that has been referred to are, of course, part of trying to maximise economic growth and equality of opportunity across the country.

Pauline McNeill (Glasgow) (Lab): I have questions about your priorities in child poverty. Obviously, the committee can see the many pressures on the budget. As we will deal with a child poverty bill in the not-too-distant future, I think it is important that we get your current thinking on child poverty on the record. What estimates has the Government made of the draft budget's impact, if any, on child poverty levels?

Jeane Freeman: As you know, an equality statement goes alongside the draft budget. That statement highlights a number of positive measures in the budget that will impact on child poverty, including the commitment to increase childcare, the commitment to introduce the new best start grant—which relates directly to my social security responsibility—and the work on education maintenance allowances. That equality impact statement points to areas in which the budget should have a positive effect on child poverty.

The overall approach is to recognise that what the Government—or previous Governments—has done to try to tackle child poverty has not been sufficiently effective, although those things have been effective to a degree. That is why the consultation on child poverty that my colleague Angela Constance has just completed and the bill that she will introduce shortly—which will come separately from her to the committee—look to specific actions and resources that will target the most difficult child poverty areas to try to secure a major shift and reduction in the numbers.

Pauline McNeill: You mentioned a couple of things that are, I presume, among your spending priorities, but I want to be clear about what you said in relation to the budget. What do you regard as the most important spending priorities to reduce child poverty?

Jeane Freeman: That question is more for Angela Constance than for me, because she is leading on that area. The two main areas to which resources are allocated in the budget are the increase in childcare provision and the commitment on the attainment gap.

Pauline McNeill: Lastly, given the number of portfolios that feed into the work to reduce child poverty, which ministers are you currently working with across portfolios on child poverty?

Jeane Freeman: That is an important question. The forthcoming bill will place a statutory duty on Scottish ministers to reduce child poverty through the work that they are doing and to report on that. The other main portfolios that are involved are education and health, along with Keith Brown's remit of economy and fair work.

Alison Johnstone (Lothian) (Green): Following on from Pauline McNeill's questions, in putting the budget together, what thought was given to topping up child benefit? When you appeared before the committee at the end of September, you said that you were considering the Child Poverty Action Group's proposal that child benefit be increased by £5 a week. It would be useful to know what consideration was given to that proposal and what the outcome was.

Jeane Freeman: The matter is still under consideration, and it sits within the overall consultation on child poverty. The results of that consultation will form part of the committee's scrutiny of the forthcoming child poverty bill, which will introduce specific targets as well as the duty that I mentioned.

We have before us a number of perfectly legitimate and entirely understandable demands for additional resources across a range of benefits, and child benefit is one such area. The additional cost of topping up child benefit would be approximately £250 million. Another demand relates to the need to mitigate the impact of the UK Government's changes to ESA, for which another £65 million or so would be needed. There is also concern about the benefit cap, which will be introduced in early November, and the significant increase in the numbers of people in Scotland who will be affected by it. It is difficult to estimate what would be required for mitigation in that area, but conservative estimates range between £6 million and £11 million.

You can begin to see, before we even come to the impact of changes in universal credit or the application of local housing allowance to the social sector, that there is a totting up of significant proportions, given what people—perfectly understandably and legitimately—want us to consider doing. We need to consider all those demands in a reflective and sensible way, against a situation in which, over the piece, the Scottish budget has been reduced by approximately 9.2 per cent. It is clear that there are competing demands and pressures on the budget, but we have managed to protect many of the critical spending lines in our portfolio. We will look at the proposition on child benefit in the round when we

consider the strategy and the bill, when it is introduced.

There is an argument that applying a child benefit top-up for all those who currently receive it is not necessarily the best use of that level of resource, if we want to target child poverty within the framework of the overall approach that Angela Constance is taking. We need to look at where we target activity and resource to secure a significant shift in the levels of child poverty. All those discussions and reflections continue, and I am sure that the committee will return to child benefit with Angela Constance.

Alison Johnstone: Thank you for that comprehensive response. I want to touch on another area. We have had a fair amount of discussion this morning about the need to mitigate some of the worst impacts of decisions that have been made in another Parliament. The discretionary housing payment budget is £57.9 million, and £47 million of it has been earmarked for bedroom tax mitigation. You might be aware that the Scottish Federation of Housing Associations raised concerns in evidence to the committee that the proposed discretionary housing payment budget will not be sufficient to counteract UK welfare reforms in the next year. Do you have any comments on that?

Jeane Freeman: The SFHA is entirely correct. To counter in full the effects of all UK welfare reforms on people in Scotland would not only take us through the figures that I highlighted a moment ago—the £65 million that is needed, the estimates of between £6 million and £11 million and the £256 million, plus, plus—but would cost significantly more.

There are two arguments in that regard. First, the Scottish Government's capacity, given that our overall budget has decreased significantly by 9.2 per cent over the years, means that we must balance the decisions that we make in seeking to mitigate the worst effects of decisions that are made by another Government. Given the—perfectly correct—demands for investment to secure economic growth, protect our health service and support our schools, our justice system and our local authorities and their services, that is a very difficult balance to strike. In the current circumstances, it is not possible for this Government to mitigate all the impacts of decisions that are made by the UK Government.

There is an additional argument, on which I touched, about whether it would be the best use of Scottish Government funds—funds from citizens of Scotland—for us to constantly apply sticking plasters on the cuts that have been imposed by another Government. That is a separate but connected argument, but the bottom line is that it is not possible to do all those things.

Alison Johnstone: I have a final question. If the £47 million is not sufficient, will local authorities be expected to draw on the remaining £10.7 million of that discretionary housing payment budget?

Jeane Freeman: We arrived at those figures from our understanding of previous use and our discussions with local authorities. If it looks as though there is a greater demand to mitigate fully the effects of the bedroom tax, which is a clear commitment on which we have been delivering for some time, two things will happen: we will continue our discussions with local authorities on that, and we will look at the data and consider what we might do. Where the money has not been sufficient in the past, we have provided additional resources to ensure that local authorities are not required to draw on that other element of the fund. That is difficult, but should such a requirement arise in the coming financial year, or the financial year to which any budget relates, we would go through the same exercise. At this point, it is not possible for me to say that we definitely will or will not do that; I simply point to the fact that we have done so in the past.

Ruth Maguire: Minister, you mentioned in your opening statement the significant delays to full roll-out of universal credit. There are also delays with the personal independence payment. For the sake of balance, we should probably say that the Scottish Government has some experience of delayed payments, too.

The roll-out is a hugely complex undertaking. How can you learn from the mistakes of the Scottish Government in its administration of common agricultural policy payments and the mistakes of the UK Government that have led to the delays that it has experienced with universal credit and the personal independence payment?

10:30

Jeane Freeman: Thank you for that. On the point about payment delays that arise from IT system failures, a very active exercise is being carried out inside the Scottish Government to look at the detailed lessons that have been learned from the findings of Audit Scotland and internal reviews, and at how those can be applied to the system design and delivery for social security. That work has begun. Only this week, I was taken through some of the initial questions on what kind of payment system we need, what it needs to do, how it has been tested so far and what the next stage is. A number of steps have been taken across the Scottish Government on the process for the design, build and test of IT systems that draw on the lessons to be learned from previous programmes by the Scottish Government and other agencies, and from elsewhere.

I am fortunate in that I have a group of people who are clever but take a very practical approach. They are beginning that work early, and are running the testing and designing. In due course, the experience panels will have a role to play in looking at what we have produced and seeing how easy it is for a potential user to access the system and to obtain the data that is being sought. We should be able to offer the user interaction with the agency and the system on more than one platform. Those lessons are very well embedded in the thinking, design and planning for the IT payment system, and there will be constant testing and retesting for a significant period.

On the point about delays in programme delivery, which have not related exclusively to IT systems, the Institute for Government has produced a very interesting document on universal credit, and I recommend that any politician should read it. It takes us through an analysis of some of the core difficulties that have been experienced in the roll-out of universal credit. One lesson that jumped out for me concerned the issue of politicians setting unrealistic timescales in order to get through difficult circumstances in a parliamentary chamber. Because those timescales cannot be delivered practically, from the point of view of assurance and testing, individuals are forced to rush things in order to meet a timeframe that has been set by politicians, and matters do not proceed very well. There are other important lessons in that document for how we marry policy with delivery. In a practical sense, delivery will, in our case, affect 1.4 million people. I recommend the Institute for Government's document to anyone—I would not call it a page-turner and it does not have a happy ending, but it is very instructive and useful.

That is what I meant when I said that we should learn from those who have gone before to ensure that we get our system right. The involvement of 2,000 volunteers in the experience panel will also have a significant and positive impact on the work that we are doing.

Ruth Maguire: Thank you. I do not have a follow-up question. Those 1.4 million folk are in my mind, so it is good to hear that we have learned lessons and—as you say—that we are cognisant of the complexity of the matter and will not be setting unrealistic targets.

The Convener: I would like to ask what is perhaps a simple question, but it might not have a simple answer. You mentioned unrealistic timescales and, because of the budget constraints resulting from the autumn statement, we have not had a great deal of time to look over the budget figures. That goes for all committees, not just this one. We have been discussing the budget with a focus on the remit of the Social Security

Committee, even though we will be working with other committees such as the Education and Skills Committee. Do you think that there will be changes to that budget, or will it be sufficient to deliver what we are looking for, which is a social security system that, when it is introduced in 2017, 2018 or even 2019, will be based on dignity and respect?

Jeane Freeman: Are you referring to the £80 million and our call on that £80 million?

The Convener: Yes.

Jeane Freeman: I am confident that we have got that overall expectation right. It is worth reminding ourselves that we are going through a staged process and that, in future years, we may place greater demand on the implementation element as we go through all the various steps.

At this point, however, let us bear it in mind that our role next year will be to draft and deliver to Parliament a bill and a financial memorandum and, over the course of about 12 months, to go through all the key stages of that bill, to make decisions from the stage 2 option appraisal on the shape and nature of the social security agency, to begin to set up the experience panels and the expert advisory group, and to continue that work on the basis of the analysis of the consultation responses on how to deliver a social security system in Scotland, what improvements it is possible for us to make in the timeframe of the current parliamentary session and which ones we want to signal should be made thereafter. If we hold that timetable in our heads and think clearly about the steps that we have to go through, it is fair to say that, at this stage, I am comfortable with the budget.

Pauline McNeill: I have an observation about the process, on which I would like to hear your comments.

Budget processes are always difficult, especially when they are done at this speed, but we are where we are. Following this session, we will have a discussion, because we have to comment on the budget. As you have said, there are a number of areas that the Government needs to look at that are to do with mitigating things that have been done in another Parliament. As I am sure that you are aware, it is a very long list—it includes discretionary housing payments, 18 to 21-year-olds, the bedroom tax, possibilities on pensions, council tax reductions and the creation of new benefits.

What concerns me as an individual member who is trying to scrutinise the budget is that I cannot really see what the budget will look like or where there is space for us to say, as we are entitled to do, that a certain priority is wrong or that another priority is the right one. At the moment,

the committee is not in a position to say that, because everything is under consideration. I totally understand why that is the case, but could you give us some indication of when that level of detail will begin to materialise, or is it so tied up with the creation of the new system that we are not going to see it? It is also important that members of the general public should have a general and clear understanding of where we are going with the budget.

Jeane Freeman: I completely understand why you are asking that question. In your shoes I would probably ask the same question. Some of what you have mentioned is in the budget. The mitigation of the bedroom tax is not a new commitment—it is a continuing commitment—and the amount that we believe is required to do that is in the budget. Ms Johnstone and I have already had an exchange about the rest of the budget in which that sits and what may be required of it.

The Government has a number of manifesto commitments on which we will deliver, including the reinstatement of housing support for 18 to 21-year-olds; the introduction of the new benefit, the best start grant; the use of our top-up powers for the carers allowance; the extension of fuel payments to families with severely disabled children; and so on.

Let us put the bedroom tax to one side, because it already sits in the budget—it is a continuing commitment and the amount is there. Some of the other areas that you have touched on I have just gone through as manifesto commitments that we will deliver on. Others involve perfectly legitimate pressures from other organisations and other parties, which are asking us to consider using resources to mitigate the impact of decisions made by the UK Government with respect to child poverty or other benefit changes. We have to consider those areas as we go forward.

I have said before to this committee that I am crystal clear that I will not rush the set-up and delivery of the new social security agency and those benefits. We have had discussions in the chamber and elsewhere about the split between legislative and executive competence and the very sound rationale for that. However, I have also said that we are currently considering which of our manifesto commitments—for example, on carers allowance or on housing benefit for 18 to 21-year-olds—we can introduce in advance of the Scottish Government taking full control of the delivery of all 11 benefits that are being devolved.

As we become sure about what we may be able to do—or, indeed, about what we are not able to do—this committee and the wider Parliament will be advised of that. I say that not because we have made up our minds and I just do not want to tell you, but because the situation is complex. There

are obvious resource issues, but there are additional issues. For example, if we wanted to bring forward the delivery of a manifesto commitment, who would deliver it? Would it have to be the DWP in advance of our own delivery mechanism being fully tested and up and running? Does the DWP believe that it has the capacity in its systems to do that? What additional cost to the DWP would that incur, which it would charge to us?

A number of factors need to be talked through and bottomed out before I can reach those decisions. That is why I say that the situation is complex. I cannot easily say, "Yes, we'll do it at this time," or, "No, we won't do it until that time". All of that work is continuing because I am very keen—as, I am sure, you are, Ms McNeill—to introduce improvements and to meet our manifesto commitments as quickly as I can. However, I have to balance that desire to make those improvements, which I believe will make a difference to individuals in Scotland, with careful consideration of the best use of resources and of whether there is confidence in and assurance of the delivery capacity of another organisation.

Mark Griffin: In the level 4 figures that we have received for the £80 million budget for Scotland Act 2016 implementation, that budget is described as

"Scotland Act Implementation (Social Security)".

I understood that that £80 million in its entirety was for implementation of the new powers that fall under the remit of this committee, but you said that the fund covers the entirety of the non-tax Scotland Act 2016 powers. For the benefit of the committee, can you clarify how much of that £80 million will come under our remit and which other departments will have a call on it if they need it?

10:45

Jeane Freeman: My understanding is that the Crown Estate and employment support have a call on that £80 million. Clearly, my understanding and the information that you have before you differ, so the best that I can do, if Mr Griffin is content, is undertake to clarify the position and get back to you today with my specific answer. My understanding is as said, but that is different from the information that you have.

Mark Griffin: That would be helpful. Thank you.

George Adam: Is it not the case, minister, that one of the complexities that you are dealing with, which you talked about in your opening statement, is to do with tackling issues while the UK Government and the Scottish Government have conflicting policies? Researchers from Sheffield Hallam University told us that the cuts made by

the UK Government would amount to £2 billion by 2020. Is part of the complexity and the difficulty the fact that you are trying to deliver for the people of Scotland when UK Government policies are diametrically opposed to the ones that you are trying to implement here?

Jeane Freeman: Yes. It is part of the complexity that we have two duly elected Governments that, legitimately, have different political perspectives on what they are trying to do. I think that I referred to that in my first appearance before the committee. The way to deal with that is to be really straightforward in recognising those political differences. Damian Green and I are never going to join hands and completely agree on these matters, which is fair enough, but we must try to see political disagreements for what they are and not allow them to interfere in the detailed work that our respective sets of officials have to do.

There might be occasions—we are not there yet and they may not arise—when the UK Government takes a decision that we believe fundamentally impacts on our ability to meet our democratic mandate as the Scottish Government. At that point, we will have to have the kind of political discussion that is required in those circumstances. We have a process for all of that, which is the joint ministerial working group on welfare, although there might be an occasion when a disagreement cannot be resolved even there. However, we are not there yet and we may not be there at any point.

Ms Constance and I, along with our ministerial colleagues in the Scottish Government and Mr Green and his colleagues in the UK Government, want to do the very best that we can not to get to that point. Along the way, although we might look at the same problem and see a different solution, as I said, we nonetheless have to find ways to both be able to deliver what we want to deliver. That work has begun and is going well, and there is a lot of good will behind it, but it would be unrealistic, if not naive, to think that we will never get to a point at which there will be major political disagreements. What counts is how we resolve those disagreements.

The Convener: Thank you very much for your answers, minister. I hope that you have a very merry Christmas and that you enjoy your Christmas reading. I am sure that we will enjoy ours, too.

Jeane Freeman: Thank you, and my best wishes to all of you.

10:50

Meeting continued in private until 11:23.

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