



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 25 May 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Thursday 25 May 2017

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SOCIAL SECURITY COMMITTEE

12th Meeting 2017, 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:

John Dickie (Child Poverty Action Group in Scotland)

Deven Ghelani (Policy in Practice)

Rob Gowans (Citizens Advice Scotland)

Richard Leonard (Central Scotland) (Lab) (Committee Substitute)

Jo Ozga (Scottish Women's Aid)

Emma Ritch (Engender)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Social Security Committee

Thursday 25 May 2017

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Sandra White): Good morning, and welcome to the 12th meeting in 2017 of the Social Security Committee. I remind everyone to turn off their mobile phones or switch them to silent mode so that they do not disrupt the meeting. Apologies have been received from Mark Griffin. I welcome Richard Leonard, who is a substitute member.

We will observe a minute's silence at 11 am, as will others in the building, to mark the tragic events in Manchester.

Agenda item 1 is a decision on taking business in private. Is it okay if we take agenda item 3 in private?

Members *indicated agreement.*

Two-child Limit (Tax Credits and Universal Credit)

09:30

The Convener: Agenda item 2 is on the two-child limit in tax credits. We have two panels of witnesses. I thank everyone for their written submissions, which were very thorough. We also have a copy of a letter from Rape Crisis Scotland, Engender and Scottish Women's Aid to the United Kingdom Government. I thank those organisations for that.

Our first panel are Rob Gowans, policy officer with Citizens Advice Scotland; Emma Ritch, executive director with Engender; and Jo Ozga, policy worker with Scottish Women's Aid. I note from the submissions that child tax credits are an area that fills your time—I am sure that other members will have questions about that. A lot of people who come to seek advice have questions about child tax credits. With the introduction of the two-child cap, has there been an increase in those inquiries? How will the cap affect your clients?

Rob Gowans (Citizens Advice Scotland): The issue of child tax credits is one of the most common things that people seek advice on or are given advice on—we had around 13,300 cases involving that in the past year. Because the two-child cap has been in place for only six weeks and it affects only children born after 6 April, there has not been a huge spike. We expect a gradual increase over time. As more third children are born, people will come in for advice about that.

Jo Ozga (Scottish Women's Aid): Obviously, our concern is for women who are experiencing domestic abuse, and social security is important as a safety net for women when they leave an abusive partner. The evidence that we have submitted highlights the impact of the cuts to social security on women and particularly on lone parents, the majority of whom are women. We think that the two-child limit will further impoverish women, which will then limit their capacity for action, their ability to make choices and their ability to leave an abusive partner.

We submitted a case study of a woman who is currently receiving support from one of our Women's Aid organisations. She works part time as a cleaner on a very insecure contract. She is currently pregnant and has ill health as a result of the domestic abuse that she has experienced. That is a typical example of the women who Women's Aid works with. The two-child limit will really affect the ability of women in that situation to make the move to leave an abusive partner. They will have to weigh up that move really carefully. It also reinforces the messages that women get from

an abusive partner that they are not of equal value, that they will not be able to manage on their own and that their children will suffer as a result if they leave.

Emma Ritch (Engender): We do not have service users, because Engender is a policy and advocacy organisation, but along with a range of women's organisations we have been doing work to test some of the ideas around the proposed social security changes and the use of the new powers in Scotland.

Women are deeply concerned by the introduction of the two-child limit. Not only are they extremely horrified by the notion of the rape clause and the other exemptions, but they have a strong sense that the changes are a signal from the UK Government that women who are living with poverty should not have more than two children, and that the choices about how to plan their lives and their families are not open in the way that they are to other women and are not supported by the UK Government. That is a profoundly stigmatising message to send through the social security system.

The Convener: The purpose of child tax credits is to top up income. If someone has three children, they have to fill in a form. Will people have to complete a form if they are applying for any other type of benefits? Will there be a knock-on effect? Most of the people who claim tax credits are working; they are not on benefits. Will the change have a knock-on effect for women with regard to any other aspect of the welfare system?

Emma Ritch: That is a good question on something that we are still unclear about. The letter that Rape Crisis Scotland, Engender and Scottish Women's Aid sent to Damian Hinds, the UK minister for employment, asked 10 broad questions about the way in which information will be gathered and stored, and how it will be signified in communications that may need to be shown to other agencies.

There is a concern among England-based organisations that when parents apply for free school meals, they will be required to show a letter that is coded in a way that makes it clear that a child has been conceived as a result of rape. Those organisations are desperately concerned about the potential breach of the privacy and dignity of the child and mother that that would entail.

The implementation of the rape clause has been extremely opaque, and we have written to Damian Hinds to seek urgent clarification on a range of questions that women are posing to us.

Jo Ozga: The letter spells out a lot of our concerns about how the information will be used—if women choose to complete the form, which is

questionable. Emma Ritch talked about the potential lack of privacy. Someone who applies for a school clothing grant has to provide proof of income, and there are only a couple of reasons why they would be receiving tax credits for three children. How will that information be protected? That is one of our key questions.

Rob Gowans: Obviously, losing entitlement to tax credits will result in a loss of income. The changes in 2012 and the issues around Concentrix and people's tax credits being stopped showed how much impact tax credits have on family incomes. The concern is that people will be driven further into hardship.

On the technical interplay between benefits, the changes might have an effect on people's entitlement to other benefits. We would need to go through particular cases to see whether there has been a change in entitlement. The changes might have a wider impact.

Alison Johnstone (Lothian) (Green): I thank the panel, particularly for some informative written submissions. I note from the submissions that the two-child limit will have a particular impact on religious communities, black and minority ethnic communities and lone parents, the majority of whom are women.

I am concerned about the evidence base for the policy. The policy seems to come from a view that those who claim child tax credits should be subject to the same financial decisions as those who cannot claim them. However, as has been noted, most people who claim tax credits—69 per cent of them—are working, and in 64 per cent of those households there are two parents in the home. Are there any weaknesses in the way in which the policy has been justified?

Emma Ritch: Yes. You have put your finger on a number of weaknesses in the development of the policy. Our analysis of the statements that the UK Government has made throughout the development of the two-child limit and then the exemptions is that there has been very little clarity about the thinking behind the policy and about the evidence base for the policy, as well as a failure to impact assess the policy.

Like all public bodies, the UK Government is required to undertake an equality impact assessment under the Equality Act 2010. However, the Equality and Human Rights Commission has written to Damian Hinds, saying that it does not feel that such an assessment has taken place and that, therefore, the impacts on those communities that you have enumerated—women, black and minority ethnic people and people from religious communities—have not been captured. More fundamentally, no evidence base has been shown to the public to explain why

the UK Government thinks that the policy will incentivise families to behave in a different way.

There is one very brief reference to some work that the Institute for Fiscal Studies has done in the impact assessments for the entirety of the Welfare Reform and Work Act 2016, which does not amount to a convincing case that reducing tax credits will encourage families to make different choices about the number of children they have. Someone can claim child tax credits up until their child is 20, but common sense tells us that people do not have a crystal ball with which to see into the future. People do not predict bereavement, illness, disability, family breakdown or the blending of their family with the family of another person, but we know that those things happen to millions of families throughout the UK.

To compound the weakness of the argument for the welfare reforms, there is the additional indignity that the needs of communities that are protected by law, including women, have not been considered adequately in the development of the policy.

Rob Gowans: There are a range of situations in which people who were not claiming tax credits when their child was born will subsequently need to claim tax credits—for example, if the family breaks up, if people fall ill or if someone is made redundant. When a child is planned, conceived and born, people do not necessarily realise or cannot predict that they will need tax credits at some point in the next few years.

You mentioned that there has been a particular impact on lone parents, and lone parents who have three or more children are affected by other changes to the social security system. The official published figures show that, since the reduction in the benefit cap, 57 per cent of affected households in Scotland have been lone parents with three or more children. There is concern that they will be hit with a double whammy between the benefit cap and the changes to the tax credits system and other social security changes that are coming in, such as the changes to employment and support allowance and the removal of the family element of tax credits. That will result in a significant squeeze on family incomes for people with three or more children.

Jo Ozga: There will also be an impact on the women whom we are working with and supporting. The two-child limit assumes that there is equal control in families over decisions about whether to have children. However, for many women who experience domestic abuse, sexual violence and rape as a component of their experience of domestic abuse is common. Therefore, those women do not have control over their reproductive rights.

09:45

Alison Johnstone: You have all spoken about rights quite a lot in your responses. I would like to understand your thoughts regarding the impact of the two-child limit and the rape clause on the rights of the child and the rights of the mother. It is fair to say that there has been some disagreement, even in the Parliament chamber, about what the claimant has to do to prove non-consensual conception. The Conservative leader said:

“A woman writes her name and a third-party professional who is helping the mother is asked to set out the rest.”—*[Official Report, 25 April 2017; c 16.]*

Others have said that that is not accurate and, as far as I am aware, no third-party referrers have been confirmed in Scotland—no one is willing to undertake that task or to be involved in such a dreadful situation.

I would like to hear the panel's views on the impact on the rights of the woman and the rights of the child, and on what actually has to happen.

Jo Ozga: The exemption raises serious doubts about the rights of the woman and of the child. I think that it contravenes women's and children's rights to privacy. The form itself requires a lot more than the woman simply filling in her name and signing it. She has to write her own name and she has to write the name of the child and sign to say that she believes that the child was conceived as the result of rape. Printed at the top of the form in a really large font are words that say that you are filling in a form to state that your child has been conceived as a result of coercion or rape; we believe that it would be extremely distressing for women to even consider doing that. We know from our work and the work of Rape Crisis Scotland how retraumatising it would be for women to have to contemplate filling in a form to say that their child was conceived as a result of rape, especially at a time that is not of their choosing, and with the knowledge that they had no control over what might happen to that information.

We agree with the Equality and Human Rights Commission, which wrote to the minister to say that the invasive reporting requirements, which involve intimate details, penalise women, and that women are concerned about the possibility of their child finding out that they were conceived as a result of rape. We know that women will go to huge lengths to ensure that a child does not know that—that is the last thing that they want.

Eighty clinical psychologists who work to support children who find out that they have been conceived as a result of rape, and have seen how traumatising that can be for children, have written to the minister to outline their concerns about the

impact that the policy will have on women and children.

Emma Ritch: We are not aware of any organisation in Scotland that has agreed to be a third-party referrer. The Department for Work and Pensions has a blanket list of organisations under the Survivors Trust, which is an umbrella membership body for organisations that work with women who have experienced violence against women. From our discussions with the individual members on that list, we can say that none that we have spoken to has affirmatively agreed to be a third-party referrer. One of the questions that we have asked the minister is how the policy can be implemented in Scotland, given that circumstance, and given the communication from the Cabinet Secretary for Health and Sport that national health service staff will not be participating, as they believe that it would be a breach of their professional ethics, given the human rights concerns.

When the House of Lords Secondary Legislation Scrutiny Committee considered the two statutory instruments that framed what has become known colloquially as the rape clause, it asked a question about how an appeals process would work, because the DWP has articulated that, because of the third-party referrers, DWP staff will not be involved in making any deliberations and will not have access to the sensitive information. The DWP's response to the House of Lords was that the usual appeals process would apply in that circumstance and therefore DWP staff would have access to the most sensitive information—the contents of the disclosure—if there was any question about the veracity of it.

Alison Johnstone: That is very concerning.

Pauline McNeill (Glasgow) (Lab): I want to follow up on Emma Ritch's answer to Alison Johnstone about the equality impact assessment. You mentioned minority ethnic communities specifically. Of course, we are talking about what is happening from April of this year, so I do not know what assumptions we are making.

Have you had any discussions with any organisations in the minority ethnic communities? To my knowledge, no one has raised the issue—it may be what you are alluding to—that in the Catholic community, to which I belong, people tend to have big families or they did in the past. It depends what doctrine people follow, but many women follow the doctrine of the church by not using contraception. Do you have any figures on the size of families in the communities that you are talking about? Have you had any discussions with the churches and the groups that you are talking about?

Emma Ritch: The churches and many faith-based community representative organisations made strong representations to the DWP during the formulation of the policy, based on the exact concerns that you have raised.

In November 2016, the DWP consulted on the implementation of the exceptions for a period of one month. As others did, we submitted evidence that outlined the issue for black and minority ethnic communities, faith-based communities and others who would not necessarily want to either access contraception or terminate pregnancies that arose when they already had two children.

There is a question about the evidence base on which the UK Government is acting. One of the questions that we have put to Damian Hinds is how many terminations are expected to arise as a result of the policy. Without a clear equality impact assessment and without clear publication of any evidence or thinking on the UK Government's part, it seems to us that it indeed expects that women will terminate pregnancies that arise when they already have two children. That is insupportable, given the attitude that you alluded to of some religious and other communities to that particular medical practice.

Interestingly to us, the UK Government did not adopt the exception that is widely used in the case of American family caps. The policy has very much been copied wholesale from the family caps that were introduced in America in the 1990s—Clinton's so-called welfare reform moves—but it does not include an exception for instances in which long-acting reversible contraception has failed. In America, it was very much the case that if someone had used an intrauterine device or an implant but it did not work to prevent pregnancy, they would receive an exception.

That very question was put by the House of Lords to the DWP, which replied, "We really need something that is easy to prove and so we are content with the exceptions as they stand." That is quite inconsistent as a position on inducing families to think about the number of children that they can afford.

You asked whether we have spoken to black and minority ethnic organisations—we have. Rape Crisis Scotland and Scottish Women's Aid have specifically BME service provision organisations that have contributed to the position of their umbrella organisations. You also asked about the churches. We have just drawn on the written material that they have produced in response to the policies.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I am interested in the comparisons that Engender drew using American case studies. Are there any other points that you want to draw

out, particularly with regard to the fact that the family cut did not change behaviour but pushed people further into poverty?

I associate myself with the premise that was behind Alison Johnstone's question. It is important to remember that the policy will affect a huge number of people who are in work. Given the research from Cardiff University that came out this week, saying that 60 per cent of families in poverty are in work, it is important to remember where the policy sits with regard to the socioeconomic make-up of the UK.

If you do not mind, convener, as the American question has been raised, as well as information on that question—

The Convener: I thought that that was what your supplementary question was on, but on you go.

Ben Macpherson: I would like to drill down a little further on the point that was raised earlier about changing circumstances. Women's Aid in particular has said before that the policy ignores real life—for example, when contraception fails, or when there is unemployment or ill health. It would be good for us all to understand what the feeling on the ground is about those issues and how the policy can affect them.

The statement was rightly made earlier that the policy will apply to new claimants. However, given my point about families being in work, is not it important to remember that because insecure work is part of that, people will fall in and out of labour and so people who receive tax credits at the moment might also need to reapply in the future? That will have an impact in terms of the family cap policy.

Emma Ritch: On your point about Engender and the US evidence, I want to make it clear that we are not experts on the US experience; we did a brief literature review when we were pulling together a response to the consultation and looking for international examples of family caps that have and have not functioned.

In the American context, where many states have had family caps in operation since the 1990s, it has been found that family caps have not really affected the number of children being born into families, but have slightly increased the rate of pregnancy terminations where state funding is available for that medical procedure, and have substantially impoverished lone parents—principally, women—who are subject to the caps. The context is slightly different from that in Scotland because the caps in the US have applied mainly to the types of social security payments that are received by people who are not in paid work. Their effect has been that women have become unable to afford nappies, food for their

children and housing costs. They have profoundly impacted on women's security and dignity, and on the adequacy of their standard of living, and have acted against children's rights.

In Scotland, we are trying to realise the ambitions of the United Nations Convention on the Rights of the Child, and everything that goes into the UN's Committee on the Rights of the Child emphasises that social security payments to parents are a fundamental part of ensuring that children have an adequate standard of living.

Rob Gowans: The impact of the policy will grow. I have done some rough calculations on the number of births in Scotland. There have probably been just over 7,000 children born since the start of April so, as yet, there is not a huge number of people who are affected by the policy. Something like 150 children are born every day in Scotland so there will be growing numbers of people who have a third child and need to seek advice on how they can maximise their income, which might be through claiming tax credits.

Quite a lot of the advice that we give is about making claims for child tax credits or universal credit for people who are in precarious or insecure work and need support to pay basic living costs. The impact is slightly unpredictable: we do not know what will happen in people's lives, but people will need support from universal credit in the future and will not be able to get additional support for a third child.

10:00

Jo Ozga: Emma Ritch talked about the evidence from the United States. I did a quick literature review to find out how family caps worked for women who had experienced domestic abuse. A significant amount of research has been done about the impact on women in that situation and the resulting entrapment because they have been unable to access sufficient social security to begin to rebuild their lives and take care of their children.

The US had similar domestic violence waivers and exemptions for women in that situation; the research found that those were largely unused, because women did not trust the welfare agency and felt shame and humiliation about having to use such waivers and exemptions to get social security for their children. The privacy deprivations from that process meant that the women did not access other forms of assistance and support, which further impoverished them and their children and meant that they began to slip out of the system together. A real concern was what happened to women and children's health as a result.

I have done quite a lot of work recently to research women's experiences of homelessness and of the impact of social security reform on their ability to rebuild their lives when they become lone parents following a separation as a result of domestic abuse. Because of their circumstances—if they have been prevented from working or have been primary care givers for their children for a long time—it is difficult for them to access well-paid employment. They often end up in low-paid insecure jobs, and need tax credits to supplement their income in order to retain their independence.

Women's Aid support workers are beginning to observe that women who have come looking for support and for an initial assessment—perhaps having been brought there by police or social work—on their entitlement to social security support do not come back, because they are having to weigh up whether they can support themselves and their children with the social security support. That is of huge concern to us. We have recently contributed evidence on destitution among many of the women whom we are seeing now to the Equality and Human Rights Commission's destitution inquiry.

Ben Macpherson: Has that increased in recent weeks and months?

Jo Ozga: A lot of the evidence is anecdotal. We are gathering case studies and doing focus groups with women, but I work with groups of women who have direct experience of those issues and that is what they are saying; that is what they struggle to come to terms with when they are encouraged to seek support. They should not have to live with domestic abuse but, particularly for women with children, the reality of their lives afterwards leaves them with a real sense of injustice that that is how their lives have ended up. They often describe it as being a real struggle. They do not see a way out of the situation that they are in.

The Convener: Do you have a supplementary, Mr Tomkins?

Adam Tomkins (Glasgow) (Con): Thank you, convener. I have a couple of supplementaries arising from the questions that Alison Johnstone asked a little while ago.

I thank the witnesses for their very powerful evidence. To my ears, the case that is being made against the two-child cap makes it sound very much as if the policy is illegal. Your arguments about contravention of the Equality Act 2010 and about privacy and data protection concerns are not political points in which you are arguing that the policy is unwise or inappropriate, but legal points in which you are arguing that the policy is unlawful. The first question, then, that arises out of what has been said so far is this: what actions are your organisations taking, or proposing to take, to

challenge the policy in the courts in either Scotland or England?

Emma Ritch: We are considering our options in that regard.

Adam Tomkins: Why wait?

The Convener: Mr Tomkins, could you please let the witnesses respond? Do you want to come in on that question, Jo?

Jo Ozga: I agree with Emma Ritch. Our first response has been to write to the minister, asking for much more detailed information on how the issues that we are concerned about will be addressed. As Citizens Advice Scotland has pointed out, the policy is relatively new, and in thinking about taking further action, we need to look for evidence to develop our response.

The Convener: Do you want to ask your other supplementary, Mr Tomkins?

Adam Tomkins: Does Rob Gowans want to respond to my first question?

Rob Gowans: CAS does not tend to bring test cases. Other organisations are looking at the possibility of bringing a legal challenge, but that is not something that Citizens Advice Scotland would necessarily initiate.

Adam Tomkins: I see. I ask the question simply because, over the past decade or more, legal actions that have been taken in the courts have been very successful in putting the brakes on policies, including welfare reform policies that groups such as the ones that you work with have thought to be contrary to basic provisions in equality legislation, or in data protection and privacy law. I think that that is a useful avenue that you and your organisations ought to be thinking about.

As for my second question, it seems to me that the two-child cap on tax credits is a test of something that was very important to the Smith commission, of which I was a member. The commission agreed that a wide range of welfare benefits should be devolved in full to the Scottish Parliament and that, in addition, the Scottish Parliament should have the power to top up any reserved benefit. The idea was that the United Kingdom would set the floor but not the ceiling; the Scottish Parliament would not have the power to lower the floor, but if it thought that it had been set too low by the United Kingdom, it would have the power to top up any reserved benefit, whether or not it would otherwise have been within devolved competence. Of course, the Parliament voted 91 to 31 that the floor is too low, so—given that we have the power to do something about this—what pressure are you bringing to bear on the Scottish Government to exercise that power and ensure

that none of the issues that you are talking about apply in Scotland?

Emma Ritch: First, thank you for your advice on pursuing strategic litigation.

The question about mitigation is an interesting one for our organisations. On bringing pressure to bear, I echo Jo Ozga's points. There is lots of discussion still to run with the UK Government on the question whether, ultimately, the two-child limit and its exemptions will be seen to be a useful policy.

The Equality and Human Rights Commission and our organisations have raised a number of questions on which we are still at the discussion stage. The most charitable explanation is that, because of the lack of an equality impact assessment, the UK Government has perhaps simply not yet considered some of the issues. We are certainly not at the end of the process of determining what will happen to the two-child limit.

We have been involved and engaged with the Scottish Government in the development of the new social security powers. The question for our organisation is what, ultimately, is best for women's equality. We want to consider that question in the round, with an adequate equality impact assessment being undertaken, with gender mainstreaming approaches being used and the principles of dignity and fairness and human rights being pursued, which the Scottish Minister for Social Security has indicated will be part of the development plans.

The short answer is that we have not yet determined whether it is most in the interests of women and their equality to propose mitigation of the policy or to propose a different decision on use of Scottish social security powers and the budgets thereof. That would require modelling, as well as a clearer sense of what will be in the forthcoming social security bill. We will continue to have those discussions and to push for women's equality and rights to be realised through the implementation of social security powers in Scotland.

The Convener: Do you want to come in, Jo? I have three members who want to ask supplementary questions.

Jo Ozga: No, it is okay.

The Convener: Do you want to come in, Rob?

Rob Gowans: Yes. CAS would welcome changes being made, whether that is the UK Government changing the policy or the Scottish Government mitigating it.

Our priority is to ensure that the process is as straightforward as possible so that people can claim the benefits to which they are entitled. Mitigation of policies such as the bedroom tax and

the removal of housing support for 18 to 21-year-olds is complicated; it is not as straightforward as not applying the policy in the first place. That said, we would welcome the Scottish Government's being willing to make changes.

Ben Macpherson: Given the potential cost of a judicial review to third sector organisations such as those that are represented here, and the potential mitigation cost to any Scottish Government, should the focus not remain on the policy at source? Given that a general election campaign is going on, should not we all put pressure on the UK Government in the coming weeks and beyond to abolish the policy at source—as Adam Tomkins said, the Scottish Parliament has voted against the policy—or at least to think about a geographical exclusion?

The Convener: Does anyone want to pick up on that question, before I bring in the next member?

Emma Ritch: If the two-child limit policy could be amended, changed or removed, that would ultimately be of most use to women not only in Scotland but across the whole UK and particularly in Northern Ireland, where there are devastating consequences of how the exemptions operate, where there is mandatory reporting of serious crime, such as rape, to the police, and where there is exceptionally limited access to abortion healthcare. Therefore, incredibly difficult decisions have to be made by the women of Northern Ireland who, of course, would not be assisted at all by any mitigation that was Scotland specific.

We would, of course, judiciously consider use of any of our members' money, which is what we would use to seek judicial review, and we would obviously wish to spend as little of it as possible in achieving our policy ambition.

The Convener: As no one else wants to come in on that, I will bring in Gordon Lindhurst.

10:15

Gordon Lindhurst (Lothian) (Con): I want to bring the questioning back to Scotland. If I understood Emma Ritch correctly, she said that the two-child limit and the issues that arise from it are being considered against the background of how the Scottish Government will proceed on other matters.

It is always easy to criticise a policy of any type, but it is much more difficult to give an answer that provides a better way forward. Will each of your organisations provide specific proposals to the Scottish Government on how to approach the matter in the context of the social security system in Scotland, which now differs from, and might increasingly differ from, that in England?

Emma Ritch: I hope that I can provide reassurance on that point. For a number of years, Engender has co-ordinated a coalition of women's organisations that has been working on social security. We have been vigorously critical of some of the implementation of social security in Scotland and what we see as weaknesses in gender mainstreaming within that. We hope that we will continue to challenge the Scottish Government as it develops its proposals for use of devolved social security powers, and we will comment in great detail on the bill and will engage in all the consultation processes that are available to us to achieve that.

Jo Ozga: I echo what Emma Ritch said. We have been partnering Engender and other women's organisations over the past few years on providing evidence to the committee, as well as on reporting on our concerns about how social security has been implemented in Scotland. In particular, we have campaigned vigorously on the need for split payments for universal credit as a means of ensuring women's financial independence, and we will continue to do that until that is what women in Scotland get.

Rob Gowans: CAS is doing a substantial amount of work on the new social security system, which is an opportunity to start from scratch. We have engaged substantially with citizens advice bureau clients and advisers. We have submitted extensive evidence to the Scottish Government's consultation and we regularly engage with it on details of the new system. It is one of our biggest policy priorities over the next year.

Gordon Lindhurst: I have a quick follow-up. Do you have draft proposals in relation to the two-child limit that you have provided to the Scottish Government, or is it the case—as I understood Emma Ritch to say—that the issue is one that you are looking at as part of the overall picture?

Emma Ritch: I refer back to my answer to Adam Tomkins. As far as the question of how best to respond to what ultimately happens with the policy is concerned, we do not yet know what the outcome will be; the minister has been engaged in a number of conversations. Once the outcome of that is known, we will be able more effectively to say how we think the Scottish Government should use its resource in implementing the new social security powers. To do that, we will work with academics in institutions in Scotland to do modelling and microsimulation. We have been involved in expert groups that are looking at some of the detailed entitlements in the new social security system.

We will contribute to discussions about the establishment of the new agency. We will produce detailed proposals—to the extent that we can with our capacity—when the time is right, but at the

moment we do not want to comment in a vacuum on mitigation of the policy.

George Adam (Paisley) (SNP): Good morning, panel. I have really enjoyed listening to some of the evidence that you have given. Sometimes in Parliament, you think that you have heard absolutely everything, but when you hear a Tory member sitting here saying that third sector organisations should run to the courts to try to sort out policy, you have to ask yourself what kind of environment we are working in. At the end of the day, would it not be better for third sector organisations such as yours to spend your members' money on things other than trying to mend Tory policies in Westminster? The Opposition always seems to come back to the suggestion that we should either litigate or mitigate. That is okay if you are a lawyer; many Tory members are, so that might be good for them in their profession.

However, let us get the policy right—let us do things properly and try to get the policy correct. We know that the current policy is immoral. Engender said in its written submission—my colleague Ben Macpherson raised this issue—that some states in America had a family cap, but many eventually moved away from it. They found that it got people into further poverty. Will we not find ourselves in a similar situation? We have a UK Government policy that will actually lead to failure and will not make the difference that it is trying to achieve in the first place.

Emma Ritch: I re-emphasise that an equality impact assessment is absolutely critical to the development of complex policy; it is critical to the development of all policy, but especially to complex policy such as social security policy. Some of the profound weaknesses in the thinking that underpin the two-child limit would have been brought to the surface if that process had been undertaken at all adequately. It is vital to get the policy right at the start, rather than to have to seek to mitigate it or to challenge it in ways that become quite difficult.

George Adam: So the policy should not be challenged through the courts.

Emma Ritch: There is virtue to legal certainty, so I would not rule out that approach for organisations such as mine on every single topic, but it is certain that collaboration, participatory approaches to developing policy and hearing about women's lived experiences would have produced a dramatically different policy. I urge the committee to consider all those approaches in the development of Scotland's new social security measures so that it can avoid some of the mistakes in analysis and thinking that colleagues down south have made.

Rob Gowans: As I said, CAS would welcome changes, regardless of which route they came from. We have asked the UK Government to reconsider the policy in the light of the evidence from us and other organisations. Obviously, that would be the most straightforward step to changing policy. It is not necessarily for me to say how it comes about and what tactics people might use. We present our evidence and hope that people will act on it.

The Convener: I am sorry, Mr Adam, but I want to come in on that point. Mr Gowans, are you saying on behalf of the people whom you see and CAS that you would prefer that the policy be scrapped altogether?

Rob Gowans: Yes.

The Convener: I just wanted to make that clear for the record. You have made submissions that the policy be scrapped altogether.

Rob Gowans: Yes. We have asked the UK Government to reconsider.

The Convener: That is great. Thank you so much.

Ruth Maguire (Cunninghame South) (SNP): Good morning, panel. Thank you for being here and for all your evidence and your work. We know that the two-child limit applies to child tax credit and universal credit, but many folk will not know that other forms of income that support children, including income support and jobseekers allowance, have also been amended to prevent an amount being paid for the third child from 6 April 2017, and that housing benefit regulations have been changed to prevent the effect of the policy being offset by additional entitlement to housing benefit. Is that something that the panel recognises? What impact do you think there will be from cutting off those vital income streams?

Rob Gowans: I mentioned earlier that it is still unknown what the exact impact will be because it is a complex picture and entitlement to other benefits might be changed—not just entitlement to child tax credit or universal credit. When changes like this happen, the impacts that we see in citizens advice bureaux are sometimes quite subtle. We find over the long term that an increasing number of people are struggling to pay for essentials and are needing support from whatever social security source they can get. We have seen an increased number of people getting food bank referrals over the past three or four years. We will see the impacts in this case only as they come in, but they might be in the form of people struggling to get social security entitlement that covers all their costs.

Jo Ozga: Obviously, the situation is still evolving in terms of our being able to collect from

our members evidence on the impact. However, we know that Women's Aid groups are having to try and cobble together destitution funds to supplement the income of women coming in who cannot afford to buy nappies or formula milk for their child. All those things are happening because of the cumulative impact of cuts that women are experiencing and their inability to manage day-to-day living. We will continue to work with our members as the situation develops, and to gather evidence from them directly, including case studies of their experiences.

Emma Ritch: The women's budget group has determined that 86 per cent of cuts in the decade of austerity between 2010 and 2020 will come from women's purses, which is a staggering figure. That is repeated in work that has been done in the House of Commons library and other places. The successive UN committees that have looked at the performance of the UK against its international obligations have required the UK to undertake what is called a cumulative impact assessment, which means looking at the combined impact of all the policy changes on disabled people, on black and minority ethnic people and on women and children. So far, those calls have resulted in no action, so we join the Equality and Human Rights Commission, which has done so repeatedly, in urging the UK Government to do that assessment.

We simply do not know what the impacts are. We can pull together all our evidence and say that these things collectively will be having a detrimental impact, and we can see from indicators such as increasing food bank use that real people are being very seriously affected by withdrawal of services and income. However, the UK Government is not looking holistically at the picture that is being painted by its social security reforms but is, instead, sustaining and increasing their severity.

Ruth Maguire: It strikes me that the change to the policy is cruel if we are at a point at which women are having to be given nappies for their children and milk to feed them. In Scottish Women's Aid's written evidence, there is a case study that sets out quite starkly the impact of the policy but, more than that, it reflects how lacking in a grounded understanding of what people's lives are like the policy is. Is that point reflected across the client base with whom the witnesses work?

10:30

Jo Ozga: The case study is typical of the case studies that we gather in terms of women being able to access only largely low-paid and temporary employment, which they juggle with childcare, school holidays and other caring responsibilities, such as caring for elderly parents.

Because women who experience domestic abuse have often been prevented from working outside the home or from taking up education opportunities, they are likely to be more at risk of increased poverty than even lone parents.

Richard Leonard (Central Scotland) (Lab): I suppose that there will be a test in the court of public opinion in two weeks' time, and people may well pass judgment on this policy, among others. The area to which I would like a geographical exclusion to apply would be the whole United Kingdom—I want everyone to reject this policy.

We have seen different figures on the cost of the policy. I think that the Minister for Social Security spoke about a £12 billion saving at UK level, and we have seen figures such as that £1.5 billion will be saved each year across the UK, with £85 million being saved in Scotland.

Looking at things in the round, do you get a sense of where those savings will be reapplied? Will they be reapplied to help the poorest people in society, or will they be reapplied to give tax cuts to those who are better off?

Adam Tomkins: Is there an election on, Richard?

Rob Gowans: Where the UK Government chooses to spend its savings is a matter for the UK Government rather than for Citizens Advice Scotland.

It is worth pointing out that savings in welfare do not necessarily mean that the taxpayer is saved money in the long term. This issue impacts on the health service, on housing and on crisis support that is provided by local authorities to people who are struggling to get by and are facing constant stress and worry. The money would not necessarily be entirely saved; it might be needed somewhere else. The Sheffield Hallam University reports for the committee have highlighted the fact that money can be lost to the economy and to local areas. The issue is more complex than simply making a saving for the public purse.

The Convener: Emma or Jo, do you want to add to that? No? Richard, do you want to come back in?

Richard Leonard: No, that is fine, although I would have thought that, as advocacy bodies, Engender and Scottish Women's Aid might have a view on the distribution of resources in society.

The Convener: I have already asked Rob Gowans this question, so I will ask it of Emma and Jo, too. Would your organisations prefer that the legislation be scrapped completely?

Emma Ritch: Yes.

Jo Ozga: Yes.

The Convener: Thank you for your evidence. I will suspend the meeting for a few minutes to allow the panels of witnesses to switch over.

10:33

Meeting suspended.

10:35

On resuming—

The Convener: I welcome John Dickie, the director of the Child Poverty Action Group in Scotland, and Deven Ghelani—I hope that I have pronounced that properly.

Deven Ghelani (Policy in Practice): That was perfect.

The Convener: Deven is the director of Policy in Practice.

Thank you for your written evidence, which has been helpful to the committee.

I will start with a basic question that I picked up from the previous witnesses. In reply to one of my questions, they noted that the legislation will have a knock-on effect on other benefits, including school meals and school clothing grants. How will it affect the role that the Child Poverty Action Group plays? How will it affect children who are living in poverty? How can the policy be implemented in that respect?

Deven Ghelani: I will start. At a high level, our analysis tried to evaluate the policy on its own terms. We have talked a lot about using numbers to measure whether the policy is meeting its two original objectives: to change behaviour and to save money. What impact will it have? Specifically, it will affect about 250,000 children who are already in poverty today, pushing them deeper into poverty, and just over 250,000 children who are currently above the poverty line, who will move below it. That is the UK perspective; I was trying to work out the numbers for Scotland on the plane, but it is tough to do that. The 600,000 children who are above the poverty line will remain there but will be worse off—those are not just the children who are not yet born and will not receive the support but their siblings, too, because the policy, by default, affects larger families.

There will be knock-on impacts on other benefits. Relative to the impacts of other reforms that are taking place at the same time, those will be slight, but looking at the complexity of the combined impact of all the welfare reforms is what Policy in Practice does. We look at what affects people and families. The policy will have an impact on specific families, but people are really interested in its combined impact with the benefit

cap, universal credit and other new policies that will, ultimately, affect their ability to meet their spending commitments.

John Dickie (Child Poverty Action Group in Scotland): Like Deven, we have focused on the overall impact of the policy on levels of child poverty. I can go into the subject in a bit more depth to look at the knock-on effects that you are talking about. We have done less work on where there are particular risks for devolved benefits such as school clothing grants and free school meals. We have had a commitment from the Scottish Government that the policy will not impact on council tax reduction, and we need to ensure that similar arrangements are in place so that, if a family loses entitlement to UK child tax credit or universal credit just because they have a third child, that does not impact on their passported benefits.

The Convener: I want to explore that a bit before I open the discussion to questions from other members. I remember the stigma that was attached to children who got free school meals, whose tickets were different from everyone else's. We were given evidence that people would have to fill in a form. We are talking about Scotland, but it is a UK-wide policy. Could children have stigma attached to them because they take up school clothing grants or free school meals?

John Dickie: I would need to look at that in more depth to see how we can ensure that, in Scotland, loss of entitlement for third and subsequent children does not lead to any administrative barriers to claiming devolved benefits such as free school meals and school clothing grants. There is some good work going on to remove the need for people to apply for such benefits. For example, Glasgow City Council is looking at automatic entitlement to school clothing grants and free school meals using data that it already has about people's financial support, but making sure that that happens in a way that does not just feed through the loss of universal credit and child tax credit. We need to look at the impact on entitlement to free school meals.

The Convener: Deven, do you have any thoughts on that issue? It is UK-wide legislation. Might it have that effect on people?

Deven Ghelani: Instead of focusing on the stigma, let us think about the specific interactions that the policy will have—the knock-on implications for other benefits—which is what your first question was about. A couple of those come to mind. First, there is the commitment to ensuring that council tax support is not affected by the reform. That is relatively straightforward in the context of the current method of assessing council tax support, but there is a strong chance that the situation will get more complex under universal

credit. We have modelled council tax support schemes for 40 local authorities across the UK, many of which have now been implemented, and there are some interesting drivers in a universal credit context. In particular, the high cost of administering council tax support will make it more difficult to meet the same commitment under universal credit.

There are a couple of other potential short-term knock-on consequences, but the longer-term impacts on the take-up of other benefits are relevant, too. The policy could increase the demand and requirement for some types of later-down-the-line anti-poverty measures such as free school meals and school clothing grants—we looked at others, such as the pupil premium policy. Depending on the future eligibility criteria for those thank youpes of policy, if children are worse off at the outset, some of those other, later-down-the-line costs for Government are likely to increase.

Ruth Maguire: Good morning, panel. The Child Poverty Action Group's written submission mentions that

"the coalition government estimated in 2010 that 'as many as 350,000 children and 500,000 working adults could be moved out of poverty by virtue of the changes to entitlement and increased take-up of benefit'".

That clearly has not happened. Can you elaborate on the difference between now and the 2010 estimate? What is actually happening, and by how much was the UK Government wrong in its estimation?

John Dickie: According to the original modelling, universal credit in itself would reduce child poverty by 350,000 across the UK by 2020. That was to happen against a backdrop of a series of other cuts in financial support to families, such as the freezing of uprating, cuts to child benefit and cuts to other forms of financial support. Nevertheless, on paper, the model showed that the policy would reduce child poverty.

We have looked at what the actual impact of universal credit on child poverty will be, and it is now looking as though there will be a million more children in poverty by 2020. There is a massive difference between the estimated impact of universal credit and its actual impact. That is not just about the two-child limit; it is about the wider cuts that have been made to universal credit, such as changes to work allowances within universal credit and changes to the taper rate at which universal credit is withdrawn as people enter work and increase their earnings. A whole series of cuts to the value of universal credit are reducing its poverty-fighting potential.

At the moment, our key focus is on trying to get the UK Government to fix that. Universal credit is being rolled out but it can be fixed—the

Government can invest in it to ensure that it has more of the poverty-fighting potential that it had when it was designed. Deven Ghelani will have more to say about how the original design worked and how it was intended to impact on levels of child poverty. According to the modelling that the Institute for Public Policy Research has done and the analysis that we have done, what, in principle, was to have had a poverty-reducing impact has now increased levels of poverty. Indeed, the Office for Budget Responsibility has acknowledged that the universal credit regime will be less generous overall than the system that it is replacing.

10:45

Deven Ghelani: For members who are unaware of this, I was part of the team at the Centre for Social Justice that developed universal credit as a policy concept. Initially, the concept behind simplifying the benefits system and ensuring that people are better off in work had broad cross-party support, which I hope it still has. It is sensible to think about universal credit in two ways. We should think of it not only in terms of the aim to change the structure of the system and how it works but in terms of how much money we spend on the system for out-of-work support and the levels of in-work support, and how those are tapered off.

From my perspective, reducing the levels of in-work support so that they are less generous than under the current benefit system is probably a step backwards for a Government that implemented universal credit on the basis of making work pay. Fiscal constraints aside, that decision is probably a trade-off with regard to spending decisions elsewhere. However, the policy concept behind universal credit—of simplifying the benefits system and ensuring that people can clearly and conceptually see that they would always be better off in work and working more—still stands. Policy in Practice does an awful lot of work on looking at the practical elements of implementing universal credit and we see part of our role as taking the practical voice of the organisations that we work with, such as housing associations, local authorities and others on the front line, and feeding that back into the policy process. Where there is a policy issue around the starting point, we try to iron that out; and where there is an implementation issue, we work with officials to try to find a constructive route through it.

Ruth Maguire: Thank you.

Alison Johnstone: Thank you both for your written submissions. I am very concerned by the evidence that we are hearing that once universal credit is rolled out, the two-child limit will result in another 200,000 children being pushed into poverty in the UK. That is obviously of grave

concern. The Child Poverty Action Group states in its written submission that

“51,000 families across Scotland ... with more than two children claimed tax credits in 2014-15.”

You also make the point that

“39% of children and families with three or more children ... live in poverty ... compared with 26% ... with two children.”

I feel that we are seeing a corruption of our needs-based system. Policy in Practice’s written submission touches on that, and makes the point that we are

“moving away from the needs-based principles on which the ... British welfare system was developed.”

It seems that we are assessing needs, recognising them and then saying, “That’s just tough, because you don’t meet the criteria.” Do you agree with that characterisation? Is there anything that we can do to stop what I see as the rot that is beginning to set in?

John Dickie: It is not just corrupting; the two-child limit clearly breaks the link between the needs of a family and a child for additional financial support and the level of support that will be made available through the social security system. The breaking of that link is one of the more invidious aspects of the two-child policy.

What concerns us is the mismatch or disconnect between the apparent policy objective of the two-child limit and how it plays out in practice. The explanation given for the policy is that it is meant to introduce some fairness between working families and those who are not working and to make parents think carefully about whether they can afford to bring up a child. However, that is at odds with the reality of the bulk of people who are going to be impacted by the policy, because two thirds of those families are working and have only three children. We are therefore not talking about huge families; we are talking about families with three children, and about two thirds of those who will be affected by the policy being in work. It is therefore hard to see how that creates fairness between working and non-working families—if any such unfairness exists at the moment, and we would question whether that is the case at all.

The other assumption is that families can plan on absolute financial security for the 18 years that it takes to bring up a child. Very few—if any—families are in that position. I am not aware of any family that can guarantee that it will not be impacted by unemployment, redundancy, ill health, widowhood or separation; those may all happen over the course of a child growing up and have a significant impact on family income. How are families meant to plan for those? It is not possible. A social security system that fails to provide support on the basis of need when one of

those sources of financial insecurity hits a family undermines what we mean by social security and its provision for families in Scotland and the UK.

Deven Ghelani: I am sure that the session will move on to ways forward, and I want to answer the question in a way that will get us to think about that.

Yes, there is a shift away from some needs-based principles, but it is worth thinking about how we assess needs. The measurement of poverty that is based on the relative income definition means that, if money is taken out of the system, more people will be in poverty; in the same way, if money is put into the system, fewer people will be in poverty. However, there is a more sophisticated way to think about poverty.

We have done some modelling work for local authorities on the expected expenditure of households of different sizes, and certain authorities have used that work to identify households that are coping versus those that are struggling, those that are at risk and those that are in crisis. When people intervene to work with households, their contact is often with those that are in crisis, because they are more likely to present. It would be interesting to see what level of intervention could be done with households that have gone from struggling to being at risk—the point at which there is potentially a concern and an opportunity to intervene. I wanted to mention that approach, because, given some of the powers that Scotland will have, you can think about new ways of developing a social security system that gets the right support to the right people at the right time. That is probably a step away from simple mitigation, and it would be worth putting a lot of energy into it.

Alison Johnstone: Will the cost of the policy ultimately fall on the children who are affected?

Deven Ghelani: We have done some analysis on that. The argument that the Government has made for protecting and ring fencing some aspects of social security, particularly those for older people and for people of working age, has been that older people are not necessarily able to do anything to change their circumstances—that is one justification for that protection. I would apply the same argument to children who are affected by the policy—the babies who are born into these families and their siblings. How much are they able to influence their circumstances? That argument does not mean that nothing should be done about the situation. If the objective is to save money, there are other policy alternatives, depending on the policy objectives. Our concerns stem from that.

John Dickie: The impact has been modelled—both with and without the two-child limit—and

there will be 200,000 more children in poverty across the UK. The evidence that we have previously given the committee about the impact of growing up in poverty—in a household whose income is far behind our society's norm for a decent start in life for children—is that that comes at a cost to children's education, health and wellbeing. We cannot drive children into poverty and increase levels of child poverty without there being significant impacts on children's wellbeing and significant costs for all of us in society through costs to other public services, which Deven Ghelani and previous witnesses have flagged up.

The Convener: Gordon Lindhurst has a quick supplementary.

Gordon Lindhurst: This is a question for Deven Ghelani. You referred to the two-child limit being a “step backwards” against the background of the Government policy that it should pay people more to be in work than to be out of work. I am not suggesting that other considerations are not important, too—you mentioned that in your submission. Have you done calculations purely on the financial aspect to demonstrate the value or lack of value of this particular alteration in the tax credits system? Is there a tipping point at which you could show whether it is worth it even from a purely financial point of view? I am not sure how to frame the question, but I would be interested in your thoughts on that.

The Convener: You will know that there is to be a minute's silence at 11 o'clock, as was announced earlier, but you may start your answer.

Deven Ghelani: I will kick off my response; I hope that it will not take five minutes.

You make a good point, which it is worth raising. The modelling that we do is cumulative impact assessment, which others have mentioned and I think the Parliament has commissioned. The driver behind the Policy in Practice approach to the issue is—as well as modelling the combined effect of all the reforms, including mitigating measures such as the increases in the national minimum wage and the personal tax allowance, in the context of the two-child limit, universal credit and everything else that could be coming in—having the ability to look at things at individual household level. Typically, when such analyses are done, they are looked at using sample data—the family resources survey or other large-scale data sets that exist. In our work, we have been working primarily with local authorities' administrative data, which has been anonymised, to track the impact that the Government's policies are having on individual households. Because we track those individual households over time, we can start to see causation between one policy and the next.

I think that that approach is very relevant to Scotland, which is why I bring it up. We have done that in London. We have managed to pull together data across 14 London boroughs over a two-year period. We are talking about more than 450,000 low-income households with individual data points at each month. Sometimes, more analysis leads to more questions. We were asked to look at, for example, the costs of temporary accommodation and the impact of a particular benefit reform, the benefit cap. We found that 80 per cent of households had been in temporary accommodation for more than the previous 12 months. We put those aside and looked at the 20 per cent of households who had moved into temporary accommodation. We wanted to know whether they were affected by the benefit cap because they were in temporary accommodation and the costs of temporary accommodation were higher, or whether they were affected by the benefit cap and that drove them to leave their tenancy and move into temporary accommodation. Those are questions that we are now able to answer.

This work can also target discretionary support. It is evident from other submissions that discretionary mitigation is one route forward for families who are affected. There are some serious administrative challenges in terms of not just the cost of administration but, more importantly, getting support to the families who are affected. That is a challenge without being able to pinpoint individual households. For Policy in Practice, having the ability to model policy all the way through to 2020 is a powerful and important way forward in thinking about how we address the broader questions of social security.

The crux of your question was whether we have done the modelling. Yes, we have—we have taken into account the effect of all the reforms together, and we have modelled multiple scenarios through to 2020. There is a pre-Brexit scenario and a post-Brexit scenario, in which we look at differences in wages and increases in rent levels. I will pause there, as we are close to 11 o'clock, although I would be happy to take a supplementary.

The Convener: Thank you.

Deven Ghelani: I will just make a final point in the remaining 20 seconds. The other reason that it is relevant to mention here is that data and information have been very powerful in influencing Westminster. Where local authorities have had successes, it has typically been those that know the power of information and how to wield it.

11:00

Members observed a minute's silence.

The Convener: Thank you. I think that we all benefited from that minute's silence, which gave us time for our private thoughts. We will continue the discussion.

Gordon Lindhurst: In relation to the specific issue of the child tax credit cap, it might be that there has not yet been the time or opportunity to do the sorts of calculations or broad considerations that Deven Ghelani referred to. Will you be undertaking those?

Deven Ghelani: We have done that for a number of individual local authorities, such as Croydon. It now has the ability to pinpoint households with two children that could be affected. The next step is to tie that into information on live births and other administrative considerations. That is the way in which that kind of information could be applied. Similarly, in relation to mitigation, when a child is born and the relevant authorities are notified, mitigation could immediately be targeted at that household.

Pauline McNeill: I find what Deven Ghelani has said very interesting, so I will switch my questions to get a wee bit deeper into what he has said. Of course, there was a time when we did not have child tax credit, which was introduced by a Labour Government. I would continue to defend it—I believe in it and believe that it has reduced poverty across Britain.

In the current context, as you mentioned, we have had a financial crash during which people lost their jobs and more people fell into poverty. Obviously, Brexit has to be a factor, and it will mean that more families will be in poverty. It is hard to make assumptions on the issue. The objective of the policy is to get people to think about planning their families if the state is paying, but they may ignore that and continue to have more children anyway, even though they will not be supported by the state.

Your evidence to the committee about the need to identify the families who are struggling as compared to those who are coping is important. I recognise your point about the role of local authorities and the crucial work that they do in tackling poverty, which we have heard about previously. However, local authorities can do that only if there is an increase in resources. Is it your view that the issue should be addressed through Government policy? If the UK Government of the day, whoever it happens to be, is not going to reverse the policy of supporting only two children—with some exceptions, obviously—are you suggesting that an argument should be made to the Government that there should be some other way of recognising that the policy might have a dramatic effect years down the line and should be adjusted?

Deven Ghelani: We need to think about that point in two ways. First, how do we use information and analysis to influence at a strategic policy level? Secondly, how might we use it, once a strategic policy direction has been determined, to make better operational choices? There are two ways of looking at it, and I will work with local authorities on local policy and local strategy as well as on local operational decisions.

At a broader level, you could ask some quite important questions about this particular policy. For example, is the impact on fertility rates evident? We could easily compare changes in fertility rates between two different groups of families—those who are affected by the policy and those who are not. Such questions can now be answered. Whose role is it to ask and answer those questions? Some relevant points were made in your previous evidence session about how detailed impact assessments should be. Fundamentally, however, it is a relevant responsibility for everyone who is concerned about those choices.

Equally, I agree that, at an operational level—although that is not the place for this committee—local authorities do an awful lot of important work in getting the right support to the most vulnerable families. The ways in which they are using information to see whether their interventions are effective are relevant and useful not only to themselves and their future direction but to other local authorities and the development of best practice.

John Dickie: There is a role for local authorities, in respect of both this change in the social security system—this cut—and others, in identifying the households that are affected and doing all that they can within their powers.

I am a bit concerned that we are moving away from the fundamental problem, which is the two-child limit. We have a range of evidence. For example, Policy in Practice says that there will be 250,000 more children in poverty by the end of the decade. The IPPR/CPAG analysis uses a different methodology to estimate that there will be 200,000 more children in poverty by the end of the decade. The Institute for Fiscal Studies says that 200,000 more children will be in poverty as a direct result of the two-child limit. The focus needs to be on repealing the two-child limit and doing all that we can to ensure that the next UK Government does that. That is the key point that I want to make.

On the other dynamic effects, you have heard suggestions as to why the policy exists: to encourage parents to plan more, have fewer children and whatever. However, in the first panel, we heard evidence from the US that such a policy had very little effect, if any, on the fertility rate and the number of children that low-income families

were having. The UK Government's own impact assessment does not attempt to incorporate any such effect but says that the matter is uncertain.

Given that that is where the policy is coming from but no evidence has been presented that it will have the impact that it is meant to have, we should not have to find evidence that it will not have the impact that it is meant to have. Moreover, there is a lot of evidence that it is going to have an adverse impact on the level of child poverty. As Deven Ghelani said, the IFS suggests that there is evidence that people's decisions can be affected by benefit changes, but it is unable to establish

"timing effects and an impact on the total number of children".

There is clearly limited evidence that the policy will have such an impact.

In any case, is encouraging those working families or families who are out of work—whoever they are—to have fewer children the policy intention that we want, given that we have an ageing population? Are we really saying that working families should be having fewer children? We need to look at the fundamentals of the policy and why we need to focus on repealing it.

Pauline McNeill: Sorry, John. I hope that you do not doubt where I am coming from on this. It is our job to interrogate all the evidence before us and, at the moment, I do not see that the current Government is convinced by the policy. The debate that we had in the Parliament was embarrassing for the current Government, but it does not seem to have resulted in a policy change. I am just interrogating the idea that, if we fail—who knows what will happen on 8 June?—we will need to come up with something. We will have to continue.

I believe that we are heading for something much bigger and that Brexit will have an impact on the policy. It would be useful to get your evidence on that added dimension. The implications of Brexit are only months down the line, and I presume that more families will be in poverty as a result of it. Is that your view?

John Dickie: The modelling that was done for us by the IPPR factors in employment rates and the cost of living, and there is substantial evidence out there that the cost of living is likely to increase. We are already seeing that happen. Wider family benefits are also being frozen and reduced in lots of different ways, which will have an impact on levels of family poverty. I take the point that it is important that we look pragmatically at what we can do as well as at how we could go about repealing the policy.

Deven Ghelani: I have one last point. I guess that I was taking us down a slightly geeky path of

data-driven analysis. The main point is that how we change policy at Westminster and deliver mitigation in practice operationally can both be heavily influenced by how we wield the information.

A lot of the information sits with the local authorities across Scotland. We have done some work with North Ayrshire Council, and the example that I gave of what we did in London shows that it is possible—although it is no mean feat—to pool that information, particularly given the powers that Scotland will have through the forthcoming social security bill.

In the broader scheme of what is happening to the social security system, it is worth thinking about how you want to use that information and what objective you want to achieve. It is not clear to me whether the objective is to influence Westminster and have the national bill repealed or whether the objective is to think about how Scotland can mitigate the impacts. The data would be used slightly differently in each case, but it is still relevant.

Ben Macpherson: I thank both of you for your evidence. The paper by Policy and Practice states:

“Over 1 million children will be hit by this policy by the end of this parliament.”

I take that to mean “in the coming years”.

Deven Ghelani: It meant the previous Parliament.

Ben Macpherson: It goes on to say that

“2.1m families are at risk of being affected ... should they have another child.”

As well as the impact that that will have on the wellbeing of the individuals involved and the wellbeing of our society, do you foresee any long-term costs of the two-child limit specifically on the economy? It is estimated that hundreds of thousands more children will be pushed into poverty as a result of the policy, and we know that the costs of poverty are significant because children who grow up in poverty have a lower level of productivity as adults and are at higher risk of falling into unemployment.

Deven Ghelani: Some work that I have done previously on outcome-based government looks at the benefits and costs of policies in three main ways: fiscal, economic and social. The analysis that we did in our paper looked specifically at the fiscal aspects. We asked whether, within its own terms, the policy would save money, and we identified a number of fiscal costs that would offset that. You ask a very good question because we did not model the economic and social implications alongside those costs.

The answer is relatively clear to me—it is common sense. We are talking about children moving into poverty, children who are already in poverty and families that are already struggling to meet their obligations for rent and other things, and the policy will have knock-on consequences both for public services and for the wellbeing of children in those families. It is difficult to say exactly what those consequences will be but, net, they are unlikely to be very positive. For example, they are likely to have a negative impact on the children’s ability to pay attention in school—the evidence points to that—and, from an economic perspective, if the children are not doing as well in school, that is a source of concern. We say that

“this policy is likely to have financial and social consequences well into the future.”

That is a nod to some of the not fully costed but quite concerning scenarios for what happens to the children who grow up in those families.

At the same time, I saw in one of the submissions that net spending on social security is still higher than it was prior to the introduction of tax credits. The IFS did the modelling, but I am not sure whether it looked at social security overall or working age social security. The driver here, for the current and previous Governments, is the idea that the benefits system is too generous, and they have made a call about who should and should not get support from that system. That is a valid question for politicians; whether it is being acted on in the right way can only really be answered against the policy’s objectives, which is why we have looked at that policy in the way that we have. If you were trying to influence Westminster, you would say, “This is what you wanted to achieve. Did you achieve it?”

11:15

In the context of behaviour change, it is important to look at how much effort has gone into making people aware of a policy in order to influence their behaviour. We have done a lot of work on how we make people who are affected by one benefit policy aware of all the others that affect them. Such work is entirely possible. However, if we were to think about how many families were aware of the policy nine months before it was introduced, the answer would be next to none. A valid question about a policy concerns how much effort was put into achieving the policy objective. That is the kind of question that can be powerful.

The Convener: John Dickie, do you want to reply to that? We are running out of time but I have given us an extra five minutes—it is now four minutes.

John Dickie: We do not have anything specific on the cost of the two-child policy, although we know that the overall loss to Scottish households as a result of cuts to the value of social security post-2015 is more than £1 billion. That is money out of families' pockets in communities across Scotland and it is money that is not being spent in local shops and businesses. There is a knock-on impact, not just on those families but on the economy.

Work that has been done to model the overall cost of child poverty in the UK estimates it to be £29 billion a year. That includes not only the cost of picking up the pieces, such as the additional pressure on education, social services, health and all the rest of it, but the lost income as a result of having a generation of children who are less likely to be in work or to earn a decent wage. There are big costs to tolerating a situation in which even more children are being pushed into poverty.

Adam Tomkins: John Dickie, you talked about the modelling that is being done to estimate the number of children who will be pushed into poverty as a result of the two-child policy. I understand the force of the argument about trying to tackle the policy at source, and that it is UK policy and not Scottish policy. As you know, the Child Poverty (Scotland) Bill is before this Parliament at the moment. This committee has reported on the bill and Parliament will deliberate on it next week. With that policy in mind, should we consider changing the bill or adding anything to it to strengthen it?

The Convener: You got that in at the very end but it has absolutely nothing to do with what we are talking about. I think that what you are asking Mr Dickie is whether there is anything about the two-child policy that could affect the Child Poverty (Scotland) Bill. Is that correct?

Adam Tomkins: I think that the way in which I expressed the question was clearer than the way in which you expressed it, but I would like to hear the witnesses' answers.

The Convener: We may argue that point, but I think that Mr Dickie knows exactly what I am saying. John, do you want to come back on that? We have about a minute to go.

John Dickie: It is an extension of the mitigation question: what can be done here? The policy affects children across the UK, and the purpose of CPAG is to end child poverty across the UK. Whether a family lives in Liverpool, Carlisle or Edinburgh, the policy is unacceptable, and we will continue to focus on it in our campaigning work. In addition to that, picking up on Mr Tomkins's earlier point, we believe that the policy is unlawful and we will focus on challenging it legally, too. Our legal officer in London is actively exploring how we can

bring a judicial review and work with families to challenge the policy in the courts. We will continue to do that. I suppose that that is where our focus is at the moment.

The Convener: I will allow us an extra couple of minutes. You have said that you are challenging the policy, so I take it that you would wish to scrap it throughout the UK.

John Dickie: Absolutely. It needs to be repealed.

The Convener: Mr Ghelani, you are an academic. Do you have any thoughts on that? From where I am sitting, it looks like any low-paid woman with more than two children will be affected by the policy, whereas someone who is well off can have as many children as they like and they will not be affected by it. There are some anomalies here. I do not want to put you on the spot.

Deven Ghelani: An interesting point that we have not really touched on is the idea that the policy is likely to be relatively popular with the electorate, which suggests that there is something about it that people like. That is worth investigating. The academic response would be to look at whether the policy is meeting its objectives. It is probably not meeting its objectives, so there is a case for asking the Government to reassess it.

The Convener: That was very diplomatically put. We now move into private session. Thank you very much for attending.

11:21

Meeting continued in private until 11:34.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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