



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Social Security Committee

**Thursday 21 December 2017**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



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**Thursday 21 December 2017**

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**SOCIAL SECURITY COMMITTEE**

**26<sup>th</sup> Meeting 2017, Session 5**

**CONVENER**

\*Clare Adamson (Motherwell and Wishaw) (SNP)

**DEPUTY CONVENER**

\*Pauline McNeill (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*George Adam (Paisley) (SNP)  
\*Jeremy Balfour (Lothian) (Con)  
\*Mark Griffin (Central Scotland) (Lab)  
\*Alison Johnstone (Lothian) (Green)  
\*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)  
Graeme Lockhart (Scottish Government)  
James Wallace (Scottish Government)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



# Scottish Parliament

## Social Security Committee

Thursday 21 December 2017

*[The Convener opened the meeting at 09:00]*

### Draft Budget Scrutiny 2018-19

**The Convener (Clare Adamson):** A very good morning to everyone, and welcome to the 26th meeting in 2017 of the Social Security Committee. I remind everyone to turn off mobile phones and other devices or switch them to silent, as they may disrupt the meeting.

No apologies have been received for today's meeting.

Agenda item 1 is scrutiny of the draft budget for 2018-19. I welcome the Minister for Social Security, Jeane Freeman, along with her officials from the Scottish Government: James Wallace, who is head of finance; Graeme Lockhart, who is head of platforms and technologies; and Merlin Kemp, who is team leader for housing benefit reform and affordability.

Although the briefing materials on the budget that have been provided to the committee cover all the areas in which members have expressed an interest, specific topics such as council tax reduction and employability programmes fall outside the remit of the Cabinet Secretary for Communities, Social Security and Equalities, so the minister may not feel able to respond fully to questions on those areas if they come up today.

I invite the minister to give an opening statement.

**The Minister for Social Security (Jeane Freeman):** Thank you, convener, and good morning to everybody. First, I put on record my thanks to the previous convener of the committee, Sandra White, for all her work, especially on social security. I welcome Clare Adamson to her new role as convener—I look forward to working with you, Ms Adamson.

I move to the specifics of why we are here this morning. Following publication last week of the draft budget, members will be aware that the communities, social security and equalities portfolio focuses on our overarching aims to create a fairer Scotland; to support inclusive growth; to tackle inequalities; and to promote community empowerment and the participation of people in all aspects of Scottish life. Through the budget, we as a Government have continued to prioritise funding to support our major expansion of affordable

housing and to reach our target of 50,000 new affordable homes in the current session of Parliament; to tackle fuel poverty and support our targets on climate change; to regenerate, strengthen and empower our communities; to support the third sector and develop social enterprise; to promote equality; to continue our efforts to tackle poverty and inequality; to continue to mitigate the worst impacts of the UK Government's welfare cuts; and to continue our work on policy and operational plans for delivery of the 11 devolved benefits using our new social security powers. Key points in the draft budget for the portfolio include the introduction of a tackling child poverty fund that is worth £50 million; an investment of £20 million in the empowering communities fund to tackle poverty and inequality; and continued priority for community engagement to advance equality in Scotland.

Under the social security budget, we will make funding transfers to local authorities to support the continuation of the Scottish welfare fund, which has proven to be necessary to provide support for those who find themselves in emergency financial situations. In addition, we will continue to fully fund discretionary housing payments to mitigate the losses that are affecting more than 70,000 households as a result of the bedroom tax that has been implemented by the United Kingdom Government.

As the committee will be aware, the Scottish Fiscal Commission has prepared forecasts to accompany the budget. You will see that, for DHPs, we have utilised the SFC forecast in full and are allocating £62 million, which is an increase of £12 million—or 24 per cent—since 2016-17. Similarly, for the Scottish welfare fund, we have utilised the SFC's forecast of £33 million, thereby maintaining the value of the fund. The SFC has forecast that an additional £1 million may be required in 2018-19 to mitigate the UK Government's reduction in assistance for housing for 18 to 21-year-olds; we will monitor whether that requirement materialises and make additional funding available to the Scottish welfare fund if necessary.

As in 2017-18, the social security programme will continue in 2018-19 to draw on a level 4 budget of £75 million, which is held by the finance and constitution portfolio, for the implementation of provisions in the Scotland Act 2016. That approach will allow us to continue to adapt quickly throughout implementation to be effective in meeting evolving policy circumstances and expectations.

We have not made budget available for the payment of benefits in advance of the completion of parliamentary scrutiny of the Social Security (Scotland) Bill. As executive competence for the

benefits that are to be devolved is transferred to the Scottish Government, we will make budget available as required. Executive competence transfers will in future trigger block grant adjustments in order to provide the funding that will enable us to make budget available. Those transfers, and associated forecast expenditure, will subsequently need to be reflected in the Scottish budget.

The timing of the addition to the budget will depend on when the benefit in question is devolved. For example, if a benefit were devolved mid-year, we would expect that a block grant adjustment and the associated budget would be reflected in the Scottish Government's in-year budget revision process. The addition would then be scrutinised by the Finance and Constitution Committee and approved by Parliament. Although it is not possible to allocate funding for specific benefits until the Social Security (Scotland) Bill is passed, I can confirm that, as the Cabinet Secretary for Finance and the Constitution has said, additional funding will be allocated in-year to support the landmark step of increasing the carers allowance in the financial year 2018-19. The increase will be delivered by summer 2018, and will be backdated to April of that year.

This year, alongside the introduction of the Social Security (Scotland) Bill, there have been other positive developments in the social security programme. Those include our recruitment of 2,400 volunteers to our experience panels; the decision to locate the new agency headquarters in Dundee, with a major centre in Glasgow and locally based social security staff across Scotland; the awarding of a two-year contract to IBM UK to build the first phase of the new social security information technology system that will enable us to deliver the initial set of benefits that we have announced; and the stage 1 debate on the bill, which took place on Tuesday, for which I record my thanks to the committee. All that work has been informed by our continuous engagement with key stakeholders, our expert advisory group, our experience panels, and members and committees in Parliament.

As part of our transparent approach, we recently sent the committee a copy of the detailed information that we provided to the Public Audit and Post-legislative Scrutiny Committee, which breaks down the £190 million high-level estimate for the cost of IT implementation that is specified in the financial memorandum to the Social Security (Scotland) Bill. I hope that the breakdown has assisted members to see how our initial estimate for IT has been built up, and I have committed to provide regular updates on IT implementation, which will allow me to share with the committee how actual implementation costs compare over time with the initial estimates.

As we continue our work, we need to remember the important role that our relationship with the Department for Work and Pensions will play throughout the devolution process; our shared and effective work is critical to delivery. The relationship is reinforced by our forums for resolution, which provide an opportunity to discuss any issues that may arise: the joint ministerial working group on welfare, which deals with policy related issues, and the joint exchequer committee, which deals with financial issues. This committee will continue to have oversight of those forums, and my officials and I will ensure that members are kept abreast of developments as we make progress.

I thank you, convener, for the opportunity to make those opening remarks. I am more than happy to take questions, assisted by my officials.

**The Convener:** Thank you very much, minister. The new social security system is obviously a large undertaking, given that it involves setting up a new agency and developing new IT systems. As you said, working in partnership with the DWP and councils will be key. At this stage, how well is that partnership working progressing? Delays will obviously incur costs, so I want to get a general idea of whether things are currently on schedule and are going well.

**Jeane Freeman:** In the social security directorate, we undertake a regular risks update—which I review monthly—against the overall plan for implementation. As I know that members will appreciate, there are a number of parallel workstreams as part of our incremental approach to taking responsibility for individual benefits. We have announced the first three benefits for which we will assume responsibility following Parliament's agreement to the Social Security (Scotland) Bill. The incremental approach in that regard is paralleled by an incremental build-up of the new agency and the infrastructure that will support it. That includes not only IT, but the further recruitment of staff and the on-going work—which was completed initially with local authorities and health boards—to look at the different models that we might adopt around the country for local social security staff. We continue to be on track to meet our commitment to take responsibility for all the specified benefits during the current session of Parliament. There are various phases of that approach, but—as I said—I check in every month with the senior directorate team that covers all those areas. In addition, there is an internal civil service programme board, and we hold regular meetings of the joint ministerial group.

**The Convener:** Thank you for that answer, minister. I open the session to questions from committee members, starting with Ruth Maguire.

**Ruth Maguire (Cunninghame South) (SNP):**

Good morning, minister. It would be helpful if you could explain the interaction between the fiscal framework and the social security system and say whether you believe it is working well. More specifically, how will in-year budget adjustments take place if they are governed by the fiscal framework? Is the framework flexible enough to ensure that we can deliver the benefits that we want to deliver and meet our policy objectives?

**Jeane Freeman:** If you do not mind, I will ask James Wallace to assist me by explaining the detailed workings of the fiscal framework and in-year budget adjustments.

It is important to stress that we as a Government continue to believe that the fiscal framework is a fair agreement that will work for us and for the UK Government in enabling the devolution of benefits. Of course, the UK Government's contribution to implementation and delivery costs is only a share of the overall costs; it is not expected to be anything else—that is part of the agreement. We understand very well what the numbers are and how they sit with our estimate of the overall costs of implementation and continued delivery. We remain content with the fiscal framework and we believe that it is adequate to allow us to meet our current responsibilities and those that we will assume.

James Wallace can talk you through how the in-year adjustments will work.

**James Wallace (Scottish Government):** I am happy to tell you about that. It is appropriate to point out that the fiscal framework covers not just social security but a range of powers. In some areas, the mechanisms that the framework describes are new—we have not used them before, so we are breaking new ground.

At present, the framework seems to be a fairly flexible arrangement. We speak regularly with our colleagues in Her Majesty's Treasury to discuss exactly how funding transfers between the UK Government and the Scottish Government will work. As the committee will probably be aware, the block grant adjustment is initially based on the year prior to devolution—year zero, as it were—from which the Office for Budget Responsibility will draw up a forecast for benefit expenditure. The initial block grant adjustment for the Scottish Government will be calculated on the basis of that year-zero figure, which will be reconciled with DWP outturn in year 1 and in year zero, and a reconciling adjustment will then be made to our block grant.

The block grant adjustment will be indexed every year, as is currently the case. We currently look to comparable areas of UK Government expenditure to decide what consequentials,

positive or negative, are required, and there is then an opportunity to make in-year adjustments to the block grant.

09:15

The block grant adjustments that we are discussing might work slightly differently in that regard. For example, taxes generally always begin on 1 April in any year, so in that respect we would be able to make a block grant adjustment in good time for the draft budget statement. However, for social security devolution, that may not always be the case. Unless a benefit is devolved on 1 April, we will probably not be able to agree a block grant adjustment in time for the draft budget statement, and we will therefore require an in-year adjustment to the block grant. I think it is fair to say that that is not what was envisaged when the fiscal framework was agreed, so we are breaking new ground. No one quite understood the slightly different mechanics that would be required to allow for an in-year adjustment to the block grant.

As I said, we are discussing with the Treasury how we will make that work in practice. We are dealing with the devolution of the first wave of benefits, so we have never undertaken this process before, but the groundwork that we lay with the Treasury this year will enable the process to be much smoother in future. That is not to say that it is not smooth at present—we are working well with the Treasury to apply the mechanics of the fiscal framework. The issue is really one of timing, given that the Scottish Government deals with the actual mechanics of the block grant and reconciliations every single year.

The key point is that there is some flexibility through the in-year adjustments, which is helpful from a financial management perspective, especially given that we are dealing with an adjustment that is based on expenditure rather than income. If the year-zero forecast proves to be too low, the Scottish Government's financial management arrangements will be supported by in-year adjustments to ensure that there are top-ups to the block grant to enable us to meet our in-year expenditure, which minimises some of the risks for the Scottish Government around cash management.

**Jeane Freeman:** I know that committee members are familiar from previous discussions with the fact that there is regular contact—sometimes twice daily, if not more frequent—between the social security officials who are working on our programme and DWP officials. It is worth saying that there is comparably regular contact between our finance officials and those in the Treasury and elsewhere on making the fiscal framework operational. That is the case across

Government—as James Wallace said, the fiscal framework covers more than just social security.

In case members are in any way a little anxious, I make the point that the driver for delivery—in other words, the driver that prompts us to take responsibility for individual benefits—is based entirely on our readiness, through the agency and the IT system, to assume that responsibility. The driver is not how close we are to the start of a financial year simply to help with the issues that James Wallace described, although we would not want to cause unnecessary difficulties for our finance colleagues. The driver must always be that we are ready, according to the plan and with everything in place, to assume the delivery of benefit X or Y and to ensure that people who are in receipt of that benefit will continue to receive the money to which they are entitled.

**Ruth Maguire:** Thank you—that is helpful. We hear that the two agencies are working well together, but is there potential for conflict? The situation is new, as you mentioned, and it is very complex. What are the risks around it?

**Jeane Freeman:** As you will understand, it is a wee while since the negotiations took place and agreement was reached on the fiscal framework. Inevitably, across the civil service in Scotland and at Whitehall, individuals move on to other posts because they are promoted or whatever. As a result, we have on a couple of occasions had to go back and help people to understand what the thinking—and the actual agreement—was in relation to particular aspects of the fiscal framework.

Members will recall a previous discussion in committee on a policy issue regarding the application of the benefit cap. Such issues are not maliciously intended to create difficulty; the simple fact is that not everyone who is currently sitting round the table and having discussions was there at the time when the agreement was reached. They read the words on the page, but they do not necessarily interpret those words in the way that was intended when the agreement was drawn up. James Wallace will be able to add some detail to that. It applies not only to the overall fiscal framework but to how we work out the financial arrangements and categorise different areas of cost with regard to how those costs are then seen by the Treasury or whoever.

**James Wallace:** I agree with what the minister said. There can be quirks, and new issues will arise. From my perspective, working in the programme and dealing with the Treasury and the DWP, I can say that relations are good. It is in everyone's interests to make devolution work, and that is a major factor in our discussions. There may be points of disagreement and different views, but we work through those professionally.

The fact that everyone wants the devolution of benefits to work is a real driver in ensuring that we come to agreements and sensible, pragmatic solutions where the fiscal framework throws up quirks that we might not have expected.

**Pauline McNeill (Glasgow) (Lab):** That information was helpfully set out.

My question relates to the committee's brief. Social Security Committee costs are no longer included in this portfolio—instead, they are included in the “Scotland Act 2016 non-tax implementation” line in the spending plans for the finance and constitution portfolio. Does the reason for that relate to the situation that you have just described with regard to the fiscal framework? I would like some clarity on that, because it is important for the committee to be assured—I certainly seek some assurances from you, minister—that, in future years, it will be able to question and seek to understand the finances around the fiscal framework as they will affect the social security budget.

**Jeane Freeman:** The position is not dissimilar to last year's position. As James Wallace said, the fiscal framework covers not only social security but the powers that were devolved as a consequence of the Smith commission's recommendations. Those powers currently sit in the other portfolio and, as I said, we draw down from that as we implement each new aspect of devolution.

However, from next year, once the Social Security (Scotland) Bill in whatever form has been approved by Parliament, we will begin to deliver the first three benefits that we announced not so long ago. For the financial year 2018-19, we will deliver the carers allowance supplement, and we therefore need the legislative basis on which to make that payment. We need the DWP to transfer the competence for carers allowance to us so that we can pay the supplement, and you will then begin to see those amounts of money in the social security lines of the draft budget. As Derek Mackay has said, he will make that money available as an in-year budget adjustment to the Scottish Government's budget, which will be scrutinised by the Finance and Constitution Committee and approved by Parliament. That will continue to happen as we take responsibility for each of the benefits.

**Mark Griffin (Central Scotland) (Lab):** Good morning, minister. I have a few questions on the Scottish welfare fund. First, I want to ask about the value of the fund. The Scottish Parliament information centre figures indicate that the proposed budget represents a real-terms cut of £2.5 million in comparison with the 2013-14 budget, and a real-terms cut of £600,000 in comparison with last year's budget. Has there been any consideration of the need to maintain the



level of the fund in real terms against a backdrop of the implementation of universal credit and all the associated difficulties that the committee has heard about, which have led to an increase of 11 per cent in crisis grant applications?

**Jeane Freeman:** Thank you very much for that question. We have looked overall at the demands that have been made on that fund and anticipated how we can best maintain it to enable us to continue to provide crisis grants and community support. At present, the overall agreement that we have reached is what is in the budget. We have always said that we will continue to review with local government the demands on the Scottish welfare fund, and we maintain a position of being able, if we can and if the need is there, to return as the year progresses to see whether we can apply any additional funds.

**Mark Griffin:** In trying to predict the demand on that budget, was any attention paid in particular to demands on the welfare fund in those areas where universal credit has already been rolled out, in order to project what will happen when it is rolled out across the country?

**Jeane Freeman:** As I understand it, the Scottish welfare fund is allocated according to the Convention of Scottish Local Authorities formula.

**James Wallace:** Yes.

**Jeane Freeman:** Although Mark Griffin has a point, he will know as well as I do that, although Citizens Advice Scotland and local authorities have produced important evidence on the impact of the roll-out of universal credit on peaks in demand on the welfare fund, funding is nonetheless allocated on the basis of the formula that has been agreed between the Scottish Government and COSLA, which applies across the board. We continue to discuss with COSLA whether the formula remains an adequate basis on which to allocate the fund or whether we should consider a different approach that responds to peaks in demand as a consequence of factors such as the roll-out of universal credit.

The formula applies across the Scottish Government's overall allocation to local government, so if we were to change one aspect of it, there would be implications. COSLA would need to have a good think about that before it considered a move in that direction. However, we continue to have conversations with COSLA about whether the formula is adequate for meeting the varying demands that are placed on local authorities as a consequence of differing local circumstances.

**Mark Griffin:** You mentioned a potential increase in demand on the fund because of the Government's intervention on housing benefit for 18 to 21-year-olds. The new commitment to

provide a family reunion crisis grant will place another demand on the fund. What consideration has been given to those costs in setting the budget for the Scottish welfare fund?

You also mentioned a projected £1 million cost to provide housing benefit support for 18 to 21-year-olds. However, SPICe figures show that a 100 per cent uptake in that regard could cost up to £3 million. Have you made allowances for the potential costs of that provision?

**Jeane Freeman:** You are talking about housing benefit provision for 18 to 21-year-olds.

**Mark Griffin:** Yes.

**Jeane Freeman:** The Scottish Fiscal Commission has forecast that an additional £1 million could be required. As I said in my opening remarks, we will keep that under review but, to date, only three individuals have required support through the interim solution that we put in place. That is partly because, as individuals aged between 18 and 21 have come to local authorities seeking support under our housing benefit provisions, it has been discovered that they have fitted into one of the UK Government's exemption categories, so they have continued to receive support through that route. Therefore, we have supported only three individuals directly so far. We have noted the SFC's forecast and we remain ready to increase the amount of money should it be required, but we do not agree—given that only three people have required support so far—that £1 million should be allocated under that heading at this point. We have also taken into account the SFC's forecast in allocating money to the Scottish welfare fund.

Would you remind me of the other part of your question?

09:30

**Mark Griffin:** The family reunion crisis grant, which is supposed to come online towards the end of this year, is another new commitment. What additional demands is that expected to place on the fund? Is there any figure for the financial resource that has been set aside to cover that demand?

**Jeane Freeman:** Forgive me, but I am not currently in a position to answer that question. However, I will undertake to do so and come back to you by the end of the day.

**Mark Griffin:** Okay.

I move to my last question. In previous years, eight local authorities used their own funds to top up the Scottish welfare fund. Given the position of local authorities as a result of the proposed financial settlement, it might prove much more

difficult for those eight councils to continue to do that. Aside from the commitment to step in with in-year adjustments to cover housing benefit provision for 18 to 21-year-olds, will the Government step in with in-year provisions to increase the budget if there is an increase in applications and demand as a result of universal credit?

**Jeane Freeman:** The Parliament has not, of course, reached a final position on the budget, and I am sure that discussions will continue in relation to local government and other areas. However, in my portfolio, the Scottish welfare fund is a really important part of how we mitigate the worst effects of the UK Government's welfare cuts. We are open to continuing discussions with local authorities through COSLA where there is additional demand and where they raise issues with us that may require the provision of additional support, and we will continue to look at that area.

**The Convener:** Mr Balfour has a supplementary on that subject.

**Jeremy Balfour (Lothian) (Con):** It is actually a supplementary to the first question, if that is okay.

**The Convener:** That is fine.

**Jeremy Balfour:** Good morning, minister. To go back to the question of what happens when a benefit is devolved halfway through the financial year, will people in Scotland get the same payments as people in the rest of the United Kingdom? If there is to be a differential, or if more people are entitled to receive payments, how will that be accounted for—if a benefit is devolved in June, for example—over the rest of the financial year? Will everyone stay on the same amount of money that they were on before the powers were transferred? I hope that that makes sense.

**Jeane Freeman:** Yes, I think that it does. You can tell me whether my answer makes sense and whether I have answered your question properly.

With the exception of those benefits on which the Scottish Government made a manifesto commitment to increase the level of financial support—by moving from the sure start maternity grant to the best start grant, for example—an individual will continue to receive the same level of benefit once responsibility has been transferred to the Scottish Government. Where we are increasing financial spend on a UK Government benefit for which responsibility is not being transferred to us, the Scottish Government has made those additional financial commitments and they will be accounted for in future budgets by Derek Mackay when he allocates spend across portfolios and produces a balanced budget, as he needs to do.

We know at this point that we will take responsibility for carers allowance during the 2018-19 financial year. The competence to enable us to deliver that benefit will be transferred to us after the Social Security (Scotland) Bill is passed. The DWP will continue to deliver carers allowance until we take delivery responsibility for it later in the current session of Parliament. Initially, the Scottish Government, in order that it can pay carers an increase as it wants to do, will pay a "supplement"—as we currently refer to it—through the new agency. That additional amount of money will not be transferred to us from the UK Government; instead, Derek Mackay will allocate money for it—as he has said that he would do—from the overall Scottish budget for that year.

**Jeremy Balfour:** Thank you, minister. Your answer was a lot better than my question.

Looking forward, we do not know what the regulations for the other benefits will be; they will be published in due course. Will your officials or civil servants model the uptake for those benefits to see whether more people will be taking them up and whether there will therefore be an extra cost? If more people take up an award, will the cost be met by the UK Government or will it fall on the Scottish Government?

**Jeane Freeman:** There are two parts to that question. It is quite hard to model benefit take-up because the baseline data is not there for all the benefits. Data is held by the UK Government, but it does not cover all the benefits. When we have previously discussed benefit uptake, we have indicated that approximately half a million people in Scotland are not receiving some of the benefits to which they are entitled, but that estimate covers only a small number of benefits, because data on uptake for the other benefits is not available. It is difficult to model an increase in uptake when we do not have a starting point.

However, we will, through our new social security agency, attempt to create baseline data for Scotland so that we know what the uptake is for the benefits for which we are responsible. We can then anticipate what the uptake ought to be and attempt to increase it so that we can close particular gaps. Nonetheless, we will not be starting from a baseline figure for the current uptake of those benefits.

What will be transferred to us—James Wallace will correct me if I am wrong here—to cover the benefits for which we are taking responsibility will be the amount of UK spend in Scotland on those benefits in the year before they were transferred.

**James Wallace:** Yes.

**Jeane Freeman:** If we then successfully increase uptake, it will clearly be for the Scottish Government to find the resources to support that.

We understand that. We are promoting a benefit uptake campaign because we take the view that people who are entitled to a benefit should know that they are entitled to it, that they should be able to apply through a fairly easy and streamlined process, and that they should receive the money to which they are entitled.

We are conscious, of course, that we are dealing with demand-led spend over the piece. The risks in that regard must be managed by folks like James Wallace and others, who will look ahead and make forecasts.

In addition, the Scottish Fiscal Commission plays a helpful independent role in advance forecasting. It covers some of that in its report on the current draft budget, which is entitled "Scotland's Economic and Fiscal Forecasts December 2017".

**Adam Tomkins (Glasgow) (Con):** Good morning, minister. I want to ask you about the fairer Scotland budget. It has increased by 303 per cent—why?

**Jeane Freeman:** That is partly because it includes the new funds that have been set aside to support the Child Poverty (Scotland) Bill—

**Adam Tomkins:** Act.

**Jeane Freeman:** Indeed—thank you. It is the Child Poverty (Scotland) Act 2017. Angela Constance will never forgive me for that—perhaps we can just correct the record, if we may. *[Laughter.]*

The fairer Scotland budget includes funds to support the Child Poverty (Scotland) Act 2017, additional moneys for the empowering communities fund and so on. We have also increased the equalities budget and maintained budgets for some of the other areas. We have done all that because the Government's commitment to the fairer Scotland action plan is solid, and our discussions on the overall budget and on the social security portfolio within it have held true to that commitment.

**Adam Tomkins:** Indeed—I am glad that you mentioned the equalities budget, which has increased by £2.5 million in addition to the increase in the fairer Scotland budget. Would I be right in presuming that some of the budget under the fairer Scotland line will go towards the preparation and delivery of the first delivery plan under the Child Poverty (Scotland) Act 2017?

**Jeane Freeman:** Yes—the first delivery plan is due to be published by April 2018. Clearly, there must be resourcing behind that, so the £50 million fund is there. In addition, we have asked the new Poverty and Inequality Commission to advise us on the delivery plan, and we expect that it will recommend that we undertake specific actions.

**Adam Tomkins:** You mentioned a figure of £50 million—it is not £50 million but £27.8 million for this year. How is that number calculated? How do we know, and how do you know, that you need 303 per cent rather than a different percentage—200 per cent or 500 per cent; I do not know—added to that budget when you do not yet know what the delivery plan is going to include?

**Jeane Freeman:** We draw on the work of organisations such as the Joseph Rowntree Foundation, on our current work on tackling poverty and on discussions with our stakeholders to see where we can make additional interventions that will make a difference to the numbers of people in Scotland who are living in poverty. From that, we make a forward estimate of what we anticipate we will require. We then work with the Poverty and Inequality Commission and others to set specific actions that will take us towards meeting the targets that the 2017 act contains.

**Adam Tomkins:** I have a final question. How are we in future years to assess the efficiency and effectiveness of this budget? Would it be fair, for example, for us to use the "Scotland Performs Update", which is one of the documents that was published alongside the budget last week? The "Social Security Committee" chapter contains a list of 15 performance indicators or measurements. From the Scottish Government's own analysis, performance is improving in only three out of 15 indicators. Performance is not improving in the following areas:

"Reduce underemployment; Increase the proportion of young people in learning, training or work; Increase the proportion of graduates in positive destinations; Improve support for people with care needs; Improve people's perceptions of the quality of public services; Improve the responsiveness of public services; Reduce children's deprivation"

—which is directly relevant to child poverty—

"Increase the number of new homes",

and so on and on. In none of those areas is the Scottish Government's performance improving.

Next year, when we look at the equivalent "Scotland Performs Update", will we be able to see whether there is a direct relationship between the £27.8 million of public money that is being devoted to a fairer Scotland this year and improved performance in some of those areas in which performance is currently not improving? Would that be a fair way for the committee to proceed?

**Jeane Freeman:** Mr Tomkins, you are being a little unfair in your interpretation of those performance figures. I do not have them with me but, from memory, I believe that, in many of the areas that you have just listed, performance is being maintained. If I recall correctly, there are

only two areas in the list of indicators in which performance has declined.

**Adam Tomkins:** There are three.

**Jeane Freeman:** Right—there are three. If I recall those areas correctly, it would be reasonable to say that, in some of them, performance has declined as a consequence of factors that are outwith the control or the powers of this Government. I am not complacent about our performance, but your description of it is a little unfair. For the record, we should note that there are a number of areas in which performance is maintained.

I will get back to the substance of your point. Yes, when the committee comes to look at the effective use of expenditure in the future, it will of course look at those performance statistics, which we as a Government produce for the very reason that they allow our performance to be judged on that basis. However, the committee will also look over the piece at how the Government is performing on meeting the very specific targets that the Child Poverty (Scotland) Act 2017 sets and our actual expenditure against the estimates that we have produced—for example, in the financial memorandum to the Social Security (Scotland) Bill. The committee can look in more than one place to determine whether we are securing best value for money; whether our forecasts and estimates have been accurate; and whether our performance is being maintained or is improving or whether we need to do better in some areas.

**Ben Macpherson (Edinburgh Northern and Leith) (SNP):** Good morning, minister. In your opening statement, you referred to the committee's stage 1 debate on the Social Security (Scotland) Bill on Tuesday. In that debate, I raised the issue of discretionary housing payments, and I have some questions on that in relation to the draft budget. I note from analysing the figures that the DHP budget seems to have increased significantly over the past three years, going from £35 million in 2016-17 to a total of £62 million in 2018-19, with an additional £1.2 million for admin. Can you explain the reason for that increase?

09:45

**Jeane Freeman:** The increase is partly based on the forecasts. As you will know, a large part of the DHP budget goes towards mitigating the effects of the bedroom tax, given the demands on us to do that. In addition, we have included other areas in which DHPs can help individuals with the support that they require. The admin costs come from local authorities, which tell us how much it costs them to administer the benefit on our behalf.

**Ben Macpherson:** Thank you for that—it is particularly interesting to get some clarity on the £1.2 million for admin. You mentioned the bedroom tax, which has affected 70,000 households. Has a solution been agreed with the DWP with regard to paying the bedroom tax? If so, what difference will it make to the line for DHPs in future budgets?

**Jeane Freeman:** Like other members, I am sure, you will recall that our starting point was to mitigate the bedroom tax at source. Our initial area of difference with the DWP concerned its position that, if that mitigation was undertaken and, as a result, the amount that an individual received in benefit took them over the level of the UK Government's benefit cap, it would impose that cap. That interpretation was not our understanding of the overall agreement that came about as a consequence of the Smith commission and the fiscal framework.

We have now resolved that issue, and those individuals will not be penalised in that way. We are now working through the technical mechanism to apply that policy solution so that, as universal credit is rolled out, we can mitigate the bedroom tax at source, rather than an individual having to apply to the local authority for DHP support to mitigate the effect of the tax by that route.

However, that means that we must then pay the DWP. The moneys that you see in the DHP budget line that are set aside for mitigating the bedroom tax will go to the DWP to compensate it for the income that it will not receive. You will start to see that happening across both lines, because we are also mitigating bedroom tax at source through universal credit. As universal credit is rolled out, the moneys will come out of the DHP line and go into a line that will be used to pay the DWP, but in the interim you will see them in both places. Does that make sense?

**Ben Macpherson:** It does—it is helpful for our analysis in future years to know that that action is being taken.

I have one last question, on the "Discretionary Housing Payments—other" budget line. Has there been any consideration of whether local authorities will receive the same funding in that respect in the years ahead or whether the amounts will differ between them, given the variations in the private rental market across Scotland? I ask that question as an Edinburgh MSP, because the private rented sector in Edinburgh and its relationship with the bedroom tax, for example, has caused difficulty for constituents of mine.

**Jeane Freeman:** I understand that. As you will know, there is a proposed budget of something like £10.9 million under the "Discretionary Housing

Payments—other” heading to help those who are affected by welfare reform, including the benefit cap and the changes to local housing allowance.

My answer to you is very similar to my answer to Mark Griffin. The agreement between the Scottish Government and COSLA on how funds are disbursed to local authorities rests on the funding formula. From my perspective, it would be fair to say that we can see that needs differ across local authorities, but both the Scottish Government and COSLA are committed to that formula. Although the formula takes account in some respects of differing circumstances across local authorities, there is room for further discussion about how adequately it does so, as we begin to see the emergence of some of the discrepancies to which you and Mark Griffin have referred. However, that is really a matter for discussion between my colleagues Kevin Stewart and Derek Mackay and COSLA to determine whether there can be any discretion or changes in the formula in the different areas of spend to which it applies.

**Alison Johnstone (Lothian) (Green):** Good morning. Staying on the subject of the DHP, Ben Macpherson pointed out that the draft budget proposes an increase in the DHP budget. However, that is ring fenced for bedroom tax mitigation and the rest of the DHP budget line is flat in cash terms, so it is in effect a real-terms cut. The Child Poverty Action Group in Scotland has reported cases in which people who are eligible for DHPs are being turned away because funding has run out. In addition, we know that the new benefit cap will hit markedly more families—3,700, potentially, in comparison with only 500 under the previous version—so demand for DHPs will rise. Can you explain your decision? I realise that it is a draft proposal in a draft budget, but is there any hope that your decision will be reversed?

**Jeane Freeman:** I must answer that question—I am grateful to Alison Johnstone for asking it—by providing a bit of context. I remind members that, in the 10 years to 2019-20, the fiscal block grant to the Scottish Government will be cut by £2.6 billion. That is quite a sobering context that we should all bear in mind—

**Alison Johnstone:** Can I—

**Jeane Freeman:** Any requests to increase any aspect of the portfolio budget, reasonable and understandable though they might be, must be set in that context.

As a Government, we are of course always open to those arguments. There are many such requests that relate to areas of my remit of social security, and there are others that relate to different areas, but at the end of the day we have to produce a balanced budget.

**Alison Johnstone:** I whole-heartedly share your frustration and appreciate that, ultimately, this situation is the fault of the UK Government. However, the Scottish Government has set a precedent in providing a safety net, and I am concerned, looking at the figures in front of us, that that cannot be maintained. Are negotiations on-going in the Cabinet on that area?

**Jeane Freeman:** You are absolutely right that the Scottish Government has set a precedent in providing a safety net as best we can. In the draft budget, we retain our continued commitment to doing that, and the numbers bear that out. However, given the overall reduction that we face, there is a difficult balance to strike if we want to continue to do that while also trying to secure a balanced budget and do the other things that Derek Mackay outlined, not least by contributing to additional support in education, economic growth and so on. Securing additional funds in one area inevitably means that we reduce funds in another. There will absolutely be continuing discussions with other parties as we work through the draft budget, and we will look at other demands and suggestions that come forward before the budget is finally agreed. Discussions will of course take place in Cabinet, but at this point I cannot make any commitments in addition to what is currently in the draft budget, in which we have secured an increase in spending on my portfolio overall.

**Alison Johnstone:** Can I move on to the subject of employability, convener?

**The Convener:** Yes, if no one else wants to come in on DHPs.

**Alison Johnstone:** Thank you. I want to move on to employability, if the minister is able to answer questions on that. Will the new social security agency have any links to the fair start Scotland scheme?

**Jeane Freeman:** Yes, we anticipate that it will. There are a number of early discussions going on between me and my colleague Jamie Hepburn, and with David Wallace, who is leading on the establishment of the new agency, and his colleagues in Mr Hepburn’s portfolio, in a number of areas. We want to ensure that local social security staff and others are fully aware of the new devolved employability programmes, and that, as we incrementally recruit to our new agency, our recruitment policy and practice is based as far as possible on diversity and equal opportunity principles. I know that a number of discussions have already taken place in Dundee and in Glasgow with various organisations that work with individuals who are preparing themselves for the labour market, and those issues will be picked up as we go round the different local authorities.

**Alison Johnstone:** Is the minister aware of whether claimants of industrial injuries benefits will be eligible for the scheme? If so, how might they be made aware of it?

**Jeane Freeman:** Are you talking about the employability scheme?

**Alison Johnstone:** Yes.

**Jeane Freeman:** I am not aware of whether that is the case. As with Mark Griffin's question, I will undertake to find the answer to that and to make sure that you get it before close today.

I want to mention a new pilot programme, which is funded jointly by the Scottish Government and the UK Government. It is looking at creating an integrated hub for individuals who become ill with a long-term health condition or disability while they are still in employment in order to help them to retain employment as they recover. We have for some time been concerned that, when something like that happens to an individual—as they get a bit older, they might suffer a stroke or whatever—they end up focusing on their health and recovery in a way that means that they fall out of employment. We want to ensure that, as they recover, employment remains an option and an opportunity for them. The pilot programme is trying to streamline the route not only for those individuals, but for health agencies and other organisations that are there to support them and for employers, so that individuals can move back into work more easily if they are fit to do so and if that is what they want to do.

**The Convener:** I will bring in Adam Tomkins, who has a question on another area.

**Adam Tomkins:** The Scottish Fiscal Commission, at paragraph 51 of the report "Scotland's Economic and Fiscal Forecasts December 2017", which it published on the same day as the budget, states:

"To support the Scottish Parliament and the public in understanding and scrutinising the Scottish Government's policy proposals"

in social security,

"the Commission will aim to produce forecasts of expenditure to accompany subordinate legislation relating to any areas in our remit."

The SFC is currently able to forecast future social security expenditure only on carers allowance and one or two other areas, because the Government has not yet published any proposals at all that set out who will be entitled to what in relation to attendance allowance, disability living allowance, the personal independence payment and so on. To reiterate, the SFC says:

"the Commission will aim to produce forecasts of expenditure to accompany subordinate legislation".

What are we, as a Parliament, to do if the SFC is unable to realise that ambition? Is there anything that we could or should be doing, in your view, to convert that aim into a duty, so that the SFC is required to help the Parliament to understand the financial implications of the regulations as and when they are produced?

10:00

**Jeane Freeman:** I will say two things. For the record, and to ensure that there is no misunderstanding, I highlight the fact that the particular proposals to which you refer are not yet available not because we are sitting on our hands, but because we have 2,400 volunteers on our experience panel and a number of stakeholder groups—in addition to our disability and carers benefits expert advisory group, which is chaired very well by Dr McCormick—and our commitment is to engage in consultation with those groups at every step of the process. That is what we are doing—indeed, we will be actively engaging with those groups in the early part of the programme, beginning in January, to discuss the IT infrastructure for those benefits.

As we do that work, we will undoubtedly reach particular policy decisions that will inform the draft regulations. I have already committed, in the chamber and at this committee, to the use of the super-affirmative procedure, and we will lodge amendments to that effect as I have described. In addition, we came to this committee and suggested that you consider our proposition for independent scrutiny. I have committed to that on a statutory basis, and I have made the additional commitment that Scottish Government ministers, unlike UK ministers, should be required to consult the committee.

The Parliament has already agreed, through the proper process, on the remit of the SFC and how it operates. If the Parliament wishes to put any further duties on the SFC, that is for the Parliament, and not for me as the Minister for Social Security, to consider.

**Adam Tomkins:** Would you welcome, seek to resist or hold your position on the idea that the Scottish Fiscal Commission be legally obliged to assist the Parliament in that way rather than merely aiming to do so?

**Jeane Freeman:** The first part of that question sounded like the beginning of a Christmas game. [Laughter.]

The SFC, like our own analysts in the Scottish Government, faces a degree of difficulty in producing forecasts when the baseline figure is not known. As I said earlier in answer to Jeremy Balfour's question on benefit uptake, it is difficult to produce a forecast if we do not know how many

people currently receive benefit X or Y. Unfortunately, with regard to some of the baseline figures that we might want to start from, the DWP either does not collect those data or does not hold them on anything other than a UK basis, so I completely understand why the SFC would say that it

“will aim to produce forecasts”.

Until we can establish a baseline more clearly, the SFC’s current position is entirely reasonable and fair. Whether the Parliament wants the SFC to move beyond that is, as I said, for the Parliament itself to determine.

**Pauline McNeill:** Minister, you covered this point earlier in response to Mark Griffin’s questions about benefits uptake, but I want to be sure that I have understood it. You said that, at this point, discussions are on-going, and that, at a future date, the Scottish Government and its new agency will take responsibility for delivery of the benefits that are currently reserved.

Did you say that, if the new uptake campaign leads people to apply for benefits that they previously did not claim, the Scottish Government would have to pick up that cost? Surely, if more people are claiming benefits to which they are entitled, the Scottish Government and the UK Government should, under the fiscal framework, discuss that as the true baseline for those benefits. I want to be sure about that.

**Jeane Freeman:** It is an absolutely fair question. It depends on who has responsibility for a particular benefit at the point at which there is an increase in the uptake of that benefit. You will know that we are due to have a discussion with you and Mark Griffin on how we improve the benefit uptake campaign and ensure that it is a shared campaign between local government and the Scottish Government; that follows the round-table discussions that we have had, and we are committed to bringing that about during the current session of Parliament.

What a future Government might do is, of course, for that Government to decide. Our intention is exactly as it sounds: it is to alert people to look at which benefits they might be entitled to. We are focusing in particular on people who are in work, who may presume that, because they are in employment, they are not entitled to some benefits, whereas—depending on the nature of their employment, income level and other responsibilities—they may well be entitled to additional financial support. We can then point them towards where to get advice on how to secure that support.

We will also focus on particular benefits for which we know that uptake is low. One example is attendance allowance, for which the figures that

exist show that there is a low uptake in comparison with the number of people who are entitled to claim.

Your question was about who pays for it if we are successful in increasing the numbers of people who receive what they are entitled to. If it is a reserved benefit, there is a cost to the UK Government, and the benefit would continue to be reserved. If it is one of the 11 devolved benefits, the answer to the question whether that additional cost falls on the Scottish Government or the UK Government depends on where we are in the transfer of responsibility over the next three years. If the Scottish Government is responsible for that benefit at the point at which uptake among those who are entitled to claim it increases, that is an additional cost to the Scottish Government. Does that make sense?

**Pauline McNeill:** Yes—that makes sense.

**Jeane Freeman:** I just thought that I would check.

**James Wallace:** I may need to clarify one point.

**Jeane Freeman:** Clarify away—on you go.

**James Wallace:** A comparison needs to be made with what happens with the element of a devolved benefit that remains reserved in the rest of the UK. If uptake rises in Scotland and does not rise in the rest of the UK, the Scottish Government would have to meet that cost. If uptake rises in Scotland and rises in the rest of the UK, there will be an adjustment to the block grant—there will be consequential as a result of the increased UK Government spending, and Scotland would get the money.

**Pauline McNeill:** That is quite an important clarification. If you run a campaign in Scotland and the uptake rises, and there is no similar campaign in England and Wales, naturally there is likely to be a higher uptake in Scotland, is there not?

**Jeane Freeman:** That would seem reasonable. I am more than happy to run the campaign south of the border as well. [*Laughter.*]

**Pauline McNeill:** Okay—I am clear about what you are saying, and I am sure that you will speak up for yourself in the negotiations. It just seems a little bit unfair. If people are entitled to those benefits when they are still technically reserved, it seems obvious to me that, until such time as the Scottish Government takes full responsibility for those benefits under the new agency, the cost of any increase in uptake should be paid for by the UK Government.

**Jeane Freeman:** Yes—I will not disagree with you on the unfairness of it. One would hope that both the UK Government and the Scottish Government would encourage individuals who are

entitled to financial support to claim it. I am not—more's the pity—responsible for, nor able to direct, the UK Government. I am responsible only for what we do here, and we will do the right thing by encouraging people to secure the financial support to which they are entitled.

**The Convener:** In your opening statement, you mentioned the letter that was sent to the Public Audit and Post-legislative Scrutiny Committee to clarify some IT issues. Obviously, IT issues can be of concern, and we should learn the lessons from the failures of the past. My understanding is that part of the issue with the DWP is that the IT systems are very disparate and, in layman's terms, do not talk to one another. Could you or your officials elaborate on what the agile development model that has been adopted will do to ensure that some of those problems are not repeated; on the scalability for the social security system going forward; and on how the decision to follow that approach fits in with best-value principles?

**Jeane Freeman:** I will make a couple of points to start with.

It is important to repeat that the approach that we have taken on IT is entirely consistent with the advice from Audit Scotland, which has itself been consistent in its advice on learning lessons. It advises that we should not take a big-bang approach, and that we should instead grow a new service such as the social security agency in manageable chunks, although I am sure that Audit Scotland put it better than that.

That takes us back to what I have said consistently: we design, build, test and deliver, and then we repeat. As we take responsibility and deliver each benefit incrementally, we are learning—the learning from the first benefit is applied to the second and so on. Our approach to the IT build replicates those various stages. It is in the design and test stages that our experience panels are particularly helpful to us.

Another example of learning, in a smaller but nonetheless important way, has been the introduction of flexibilities for Scottish residents in the universal credit system. Consideration of the stage at which those flexibilities would apply to claims during assessment period 2, and of what claimants would see on their screens and what they would be asked to do, followed the design-and-test approach in order to ensure that everything was as clear as possible and people understood what they were being offered, what they were being asked to do and what the consequences were. As members will be aware, we have now laid the regulations to enable us to extend the same choices to individuals who are already on full-service universal credit.

I ask James Wallace to take us through the specifics of your question.

**James Wallace:** I am happy to do so. I will just remind myself of your question—you asked primarily about the agile approach and best-value principles. As the minister said, we are learning the lessons of past IT projects and taking due account of Audit Scotland reports. For example, its “Principles for a Digital Future: Lessons learned from public sector ICT projects” report says that we should break up complex IT programmes into manageable stages. Just as there is an iterative approach to the devolution of social security powers, so the same approach is being taken to the design and build of our IT system. We are essentially building in stages.

The letter that we copied to the Public Audit and Post-legislative Scrutiny Committee contained a breakdown of the £190 million for IT. As committee members will recall, in the financial memorandum to the Social Security (Scotland) Bill we describe the implementation costs as totalling £308 million, the largest component of which was £190 million for IT. That was our initial high-level estimate of what it could possibly cost to design and build an IT system for the entire social security system.

The agile approach is a well-established and well-developed methodology. It follows a number of phases—discovery, alpha, beta and live—and there is on-going user testing throughout the process. Members may be aware that we have recently let to IBM UK the contract for design-and-build of the capabilities that we require to deliver the wave 1 benefits. In the process that we go through to get to the stage of awarding a contract, a business case will be created before we make any investment. We follow the Treasury's five-case model, which describes the strategic, socioeconomic, financial and management cases for change, and we link the potential costs with the benefits and outcomes that we expect to achieve.

10:15

For the contract for delivering the low-income benefit, the system will be developed through the agile approach, using statements of work. There is a fixed price for the total contract and we will not go over that price, but statements of work will be produced and agreed between us, as the client, and the supplier. We will ask, “What stage are you at? What are you going to build for us, and what capabilities are you going to deliver, and exactly how much is that going to cost?” After each stage, we will look back at the statement of work and see exactly what was delivered and what it cost. We will weigh up the two calculations and ask whether we achieved what we expected to, or whether we need to take some kind of action to intervene with



the supplier to ensure that we are delivering what we expected to deliver, that the capabilities are right and that we are securing value for the public purse. We are going to end up with a major complex system, so it is wholly appropriate that we take that approach to ensure that we protect the public purse. We will continue to take that approach throughout the programme.

**Jeane Freeman:** I will make a couple of other points on how the process works and Graeme Lockhart may want to add something, too. I have spoken before at this committee about how the teams in the social security directorate are integrated and work together. We do not have policy teams in one corner, delivery teams in another and so on—they are integrated around particular benefits. There is a low-income benefits team that incorporates all the different skills and areas of expertise that one would expect, so that, as we go forward, we can be sure that what seems like a good policy proposition is deliverable, or that a delivery issue can be accommodated within policy thinking and development. That is probably the best way to describe it.

Similarly, under our contract with IBM UK, the company's staff are not away in a different place working to our specification—they are working with our teams and are integrated as part of the process. That allows us to be agile ourselves, I guess: to understand as we go through each piece of work in the contract what the issues are, to resolve them as we go and to provide the information that James Wallace described. Graeme, do you want to add to that?

**Graeme Lockhart (Scottish Government):** You answered that perfectly, minister. IBM is on site—to coin a phrase, it is in bed with us, as its staff are part of the delivery teams. The core teams include user research, policy, security, technical development and various other business areas; the IBM staff are embedded in those teams, and they work through the agile sprints stage by stage. As James Wallace said, the sprints are broken up into clear statements of work that are agreed by the Scottish Government and IBM accordingly.

**The Convener:** That is very helpful. The committee is concerned that, on the day when we switch over, no one should be left not in receipt of the benefits to which they are entitled, and there should be no delays, so I thank you for that explanation. Are there any further questions or supplementaries?

**Jeremy Balfour:** Looking forward, minister, will the staff for the new agency be transferred from the DWP under the Transfer of Undertakings (Protection of Employment) Regulations, will new people be brought in afresh or will there be a

mixture? What discussions are going on with the DWP in that regard?

I know that appeals in respect of various benefits go to tribunals—I used to be a member of those tribunals. At present, the tribunals that deal with benefits appeals sit within the Ministry of Justice. Again, will staff who sit on those tribunals be TUPE'd across to your department or to a different department of the Scottish Government? Again, what discussions are going on with the UK Government in that regard?

**Jeane Freeman:** I will answer the last question first. As you know, tribunal responsibilities will be devolved—responsibility for that, including devolution of the social security tribunal, sits within Annabelle Ewing's portfolio. I am sure that if the committee wants any clarification on how that work is progressing, Ms Ewing would be more than happy to provide it. She and I have discussed that work, and have also discussed the possible need for an interim position as the devolution of tribunals moves forward. We may be a little bit ahead of that process, so we may need an interim solution; I am sure that Annabelle Ewing would be more than happy to give you details on that.

With regard to TUPE, I believe that the relevant guidance for the public sector is COSOP—the Cabinet Office statement of practice. Our officials are having detailed discussions with the DWP on that. Where the jobs that we require fit into an existing category, in so far as the DWP currently has similar roles in relation to the benefits for which we will take responsibility, we will follow that process—as a Government, we have an absolute commitment to do so.

I anticipate that the number of jobs in Scotland for which staff will be required that will fall into that category will be relatively small, but our officials are working through the detail of the posts that will be based in Glasgow and Dundee and across local authorities. As that work progresses, we will keep the committee informed about how we are refining the total number of 1,500 staff between Glasgow and Dundee and the 400 locally based social security staff. As I said, we expect that the number of posts that would fall under COSOP will be relatively small. My understanding is that for the carers allowance supplement, which is the first benefit to be devolved, it does not apply.

**The Convener:** On that note, minister, I thank you very much for your time. We have strayed a little from the budget into implementation, but I thank you for your comprehensive answers. I am sure that my colleagues will look forward to you getting back to them with clarification in certain areas. I thank your officials too, and I wish you all a very happy festive season.

**Jeane Freeman:** Thank you—we will get back to the committee on those two specific issues by close today. I offer my very best wishes to all of you, too.

10:22

*Meeting suspended.*

10:25

*On resuming—*

## **Subordinate Legislation**

### **Universal Credit (Claims and Payments) (Scotland) Amendment Regulations 2017 (SSI 2017/436)**

**The Convener:** We move to item 2, which is consideration of whether to take evidence on the Universal Credit (Claims and Payments) (Scotland) Amendment Regulations 2017 (SSI 2017/436). As the minister mentioned earlier, the regulations give to new universal credit claimants the options that are available to existing claimants. Given the evidence that has already been taken this year, are members content that we take no further evidence on this specific instrument?

**Members** *indicated agreement.*

**The Convener:** We will consider the instrument at our meeting on 18 January. On that note, we move into private session.

10:25

*Meeting continued in private until 10:39.*

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

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