



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Monday 16 April 2018

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Monday 16 April 2018

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SOCIAL SECURITY COMMITTEE

9th Meeting 2018, 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:

Denise Horsfall (Department for Work and Pensions)

Rt Hon Esther McVey MP (Secretary of State for Work and Pensions)

Mary Pattison (Department for Work and Pensions)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Monday 16 April 2018

[The Convener opened the meeting at 09:00]

Secretary of State for Work and Pensions

The Convener (Clare Adamson): Good morning, and welcome to the ninth meeting in 2018 of the Social Security Committee. I remind everyone to turn off mobile phones and other such devices, as they could disrupt the meeting.

Apologies have been received from committee member Ruth Maguire, for whom no substitute will attend committee today.

Our sole agenda item is an evidence session with the United Kingdom Government minister who is responsible for social security policy. I welcome to the committee the Secretary of State for Work and Pensions, the Rt Hon Esther McVey MP, and her officials. Mary Pattison is the director of ageing society, state pensions and devolution in the Department for Work and Pensions, and Denise Horsfall is the universal credit operations area director for Scotland, also from the Department for Work and Pensions. I thank you very much for accepting our invitation.

I understand that the secretary of state has opening remarks to make.

Rt Hon Esther McVey MP (Secretary of State for Work and Pensions): I will keep my remarks very brief.

I am very pleased to be here at this important time for Scottish devolution. Since taking on the role of Secretary of State for Work and Pensions, I have been impressed by the collaborative work that I have seen between the DWP and Scottish Government officials, and I am committed to ensuring that that close working relationship continues. We have a joint ministerial working group, which I was at in January; its meetings are held every quarter. I was also impressed by the constructive discussions there.

I want to start our discussion on that basis.

The Convener: Thank you very much. We are slightly constrained by time this morning, and we want to get through as many questions as possible.

Esther McVey: I do not want anybody to think that they are constrained by time; the meeting is very important and, obviously, we are up here

today especially for it. I want people to feel free to ask the questions to which they want to hear answers.

The Convener: Thank you.

You mentioned the very close working relationship between both Governments and both sets of officials, who will work to deliver. Obviously, we were a bit disappointed about the bedroom tax delay, which means that we will not be able to stop the bedroom tax until 2020. That is a delay of about a year, which has caused some concern. Can you assure us that you do not foresee any problems in the timescales that have been set for devolution of the powers to Scotland, or in the system's ability to operate?

Esther McVey: As I understand it, there has not been a delay. People hoped for—and the Scottish Government might have wanted—a result slightly earlier. Although there were ambitions and hopes, a time was never set for our delivering the technical change in universal credit. People continue to work as fast as possible to ensure that the Scottish Government will be pleased with delivery.

The Convener: Obviously, there are data-sharing complexities and issues. Are you content that there will be no more delays and that we will be able to work to the timescales that have been set?

Esther McVey: It seems that delays in data sharing have not been down to the DWP. There were requests for specific data under personal independence payments, but they were not held by the Department for Work and Pensions but by the people who delivered PIPs. Therefore, people had to go through a separate set of transactions that were known and understood in order to have payments signed off.

As I said, people are working as well as they can. All I can say is that we need to know in advance—people are working on that—what people want, and the correct sequence in which they need things, which might include a code for PIP. People need to know what they want to do with that benefit first. If things came in that sequence, everybody would know exactly what people were searching for and what was required.

Pauline McNeill (Glasgow) (Lab): Good morning, minister. Welcome to the Social Security Committee. I would like to ask about two broad areas.

First, I know that you have been discussing with the Scottish Government its intention to introduce a job grant for people in the 16 to 24 age group, but there has been some disagreement about whether the competence is devolved. It would be helpful to know the United Kingdom Government's

position on whether either a section 30 order would be required or it is within devolved competence.

Secondly, in your role as minister overseeing the transition to universal credit, you will be aware that it has been a controversial change—certainly, in Scotland. Knowing that we would be questioning you this morning, lots of housing organisations, the Church of Scotland and many third sector groups that I am sure you are aware of have expressed concern about the transition to universal credit and its impact. For example, you will be aware that there is hard evidence of people getting into housing arrears as a result of implementation of universal credit. There is also direct evidence that more food banks are needed in areas where universal credit has been implemented. Do you accept that there are structural issues across the country that need to be addressed if universal credit is to do the job that it is supposed to do, and give people the same income and benefits as the previous welfare system gave them?

Esther McVey: I will start with the job grant. With the powers that have been devolved to Scotland, it is for Scotland to decide whether it wishes to have an additional benefit that would come under the Scottish Government's remit. It would have to develop and pursue such a benefit, and raise the taxes for it.

Mary Pattison (Department for Work and Pensions): Ministers have agreed that there is some competence under which the job grant can operate. A draft order has been prepared; it is going between the Scotland Office and the Scottish Government to be finalised and to make sure that it is completely in line with the powers. That is moving forward.

Pauline McNeill: Thank you.

Esther McVey: Universal credit is a new benefit system and all parties across the House of Commons agreed on its aims and intentions and what it seeks to do, knowing that the previous benefit had issues, in that it could fundamentally lock people out of work, particularly because of the 16-hour rule. The notion that every hour of work pays means that there will be underlying support. Universal credit is not just about getting people into work; it is also about supporting people in their journey up through work and allowing them to have career progression. That is the basis on which things have moved forward.

There is also an understanding that lives are now more complicated, with caring arrangements for children and adults including parents. We also have to take into account the gig economy and how the world of work is changing in the global economy. Universal credit is very much a benefit

for the future, and people around the world are now coming to see how we are centring the benefit on the individual and making it very much a personalised benefit. Behind that is the personalised support that work coaches up and down the country tell me is liberating them to provide the support that people need, and which is liberating claimants, who understand the support that they can have.

As we proceed with roll-out of universal credit, it is, as we have said, very much about understanding how it works in the real world, so we will change and adapt as we go forward. We will make sure that it works for claimants across the country and here in Scotland.

Where we have seen that it has not worked, we have changed. There were changes in last year's budget, including freedom to make a more generous advance if people are in financial difficulty and removal of the week's waiting time. There is two weeks housing allowance extra to allow people to move from two weeks to a monthly benefit payment. We are doing those things to make sure that the benefit works for all and that people understand how it works on the ground.

Alison Johnstone (Lothian) (Green): I want to follow up on Pauline McNeill's questions on universal credit. She pointed out that we have taken a great deal of evidence suggesting that there are real structural issues with universal credit. At its heart, the white paper that launched it said that

"no-one will experience a reduction in the benefit they are receiving as a result of the introduction of universal credit."

However, the Child Poverty Action Group and the Institute for Public Policy Research suggest that that is not the case and that a one-parent family could be looking at a reduction of £2,380 a year by 2020, and that a two-parent family could have a reduction of £960 a year.

Paul Gray, the chairman of the independent Social Security Advisory Committee, has spoken about the fact that a "substantial chunk" of the welfare budget has been removed and that, once transitional protection lapses for people who migrate from tax credits,

"a lot of people are going to realise that ... it is now going to be financially disadvantageous to them."

He also said that

"It is a problem that a major change ... is being introduced which will mean there are ... more losers than gainers."

Do you agree that people are going to be worse off under universal credit than they were previously? The Office of Budget Responsibility certainly believes that that is the case.

Esther McVey: I do not agree with that. Looking at the system in total, you will see the support that it is providing to get people into work, the extra support for childcare costs and the increase in the national living wage and in personal tax allowance. All those measures are going forward; you have to see it as a whole, including the 200,000 more people in work. Universal credit will help more people in Scotland into work: 65 businesses have been created every day in Scotland since 2010 and that will increase under universal credit, as we give people support.

Extra support is going in—as Alison Johnstone said, there is transitional support for people who move across—but we are, at the same time, making sure that the benefit is fair for everybody, and that it works similarly, whether people are on benefit or in work.

There will be changes in tax credits for people who have more than two children. At the start, those who claim will have transitional protection, but we have to make sure that we have a benefits system that does not separate away from but aligns with people who are in work, and which allows people to get a job, get on with career progression and have wage progression. For the people who are the lowest paid at the moment, there has been the fastest pay rise in 20 years with the introduction of the living wage. There is a whole support package. You have to see it in total.

Alison Johnstone: So, you disagree with the expert bodies whose evidence suggests that people will be worse off.

Do you disagree that there are still structural issues? In areas where full service has been rolled out, housing debt has increased significantly and there has been a great increase in use of food banks. You have spoken about the fact that the waiting time has been reduced by one week, but people are still waiting for five weeks, which is a very long time on very little income. Do not you think that there are structural issues that must be addressed?

Esther McVey: If people are in need, they can immediately have a month's money in advance. That has happened with the extra support that we have brought forward. For payment of rent, we have brought in a two-week roll-over period for people to adjust to going from a two-week to a four-week payment. We listened and we brought that forward in the budget, which was the right thing to do.

By supporting people who are already in debt and giving them financial and debt advice, we are finding out that a lot of the debt that Alison Johnstone is talking about is not new, so with universal credit, work coaches can work with people to get rid of their historical debt. We are

seeing that a third of people's debt is being reduced within four months, as we help them to understand what their payments are and how to get out of debt. The situation is not as the member is trying to portray it.

09:15

I have been through the whole process of claiming and I have looked at how it works, how it is done online and what people do. Before, people had to go separately for their housing benefit, and they had to go physically to all the different places to get all their money together. Now, it is being done online. On what Alison Johnstone sees as a potential time delay, people had that under the previous benefits system anyway, when they had to go to all the different departments. Now, we can do this much more easily, and people do not have to do that; they can do it online. At the same time, they can get the advance, if it is needed, to pay their bills. As I said, you have to look at this as a completely new system that is trying to alleviate some of the difficulties from the previous benefits.

Alison Johnstone: We have taken advice from organisations including Citizens Advice Scotland, which have told us that some of their staff are spending a great deal of time teaching people who are not acquainted with the digital world, so there is an exclusion issue.

I have one more question, convener. The advance has to be repaid by people who are on very low incomes. Is that not simply adding to their debt burden?

Esther McVey: They will pay back the advance: there is no interest on top of it, and they have a year to pay it back. They do not have to pay back the two-week roll-on for housing benefit, which is a significant contribution to them.

On digital support, in this day and age it really is vital to be able to use information technology and the internet if people want to take advantage of, maybe, lower payments for things, to be connected and to be able to get a job. The DWP is providing extra support through its work coaches. In the modern age when technology is everywhere, the extra support that we are now providing is vital for those people so they are not isolated.

Denise Horsfall (Department for Work and Pensions): May I add to that? Most of you will have been to jobcentres and seen the amount of effort that we are putting in on the front line around digital support, but that is not the only thing that is happening. We are also paying money to local authorities to provide digital support in their localities when they go live with the system. I think that members are aware of all that. We are forever reviewing and making sure that digital support is

available for people. We recognise that there is a gap, but activity is in place to help people.

We continuously work with our partners including Citizens Advice Scotland and other third sector organisations at local level. If citizens advice bureaux are finding it difficult to provide that support, they will be aware of the other local support from the local authorities, as well.

George Adam (Paisley) (SNP): Good morning, secretary of state. I know that you do not have much time, so I will ask my question straight away. It follows on from what my colleagues have said. Do you believe that universal credit in its current form is fit for purpose? Does it work?

Esther McVey: As I said before, I have as much time as the committee needs me to give it, so I am happy to answer any questions that you have.

Universal credit is fit for purpose, but there is a slow roll-out and we are taking a learn-as-you-go approach to make sure that, should there be any issues within the system that need to be supported and altered, we do that—and we have done that, because it is vital that it works for everyone.

George Adam: Secretary of state, with the greatest respect, that is completely devoid of reality. In my Paisley constituency, I have people who have been suffering constantly because of the roll-out, and we are not even a full roll-out area. You talked about IT support, but when I went along to Musselburgh with my colleagues, I spoke to a gentleman whose only communication with the DWP was through a tablet that he barely knew how to work, and he was convinced that there was no one at the other end to talk to him.

What about people such as my constituent who ended up getting sanctioned because he had a heart attack and was in the Royal Alexandra hospital? You said that you think that universal credit is fit for purpose, but these things keep happening. These things are going on all the time, and it seems that nothing is changing for people in my constituency or across Scotland.

Esther McVey: What I would recommend is that, like various members of Parliament across the country, you work with any constituent who, as you said, might have had an extreme situation.

I know that there are work coaches who will guide people through the system, hold their hands and support them, particularly if they are not au fait with the IT system. That support is there, and it is incumbent on all of us to make sure that people who are vulnerable get it. We need people—the most vulnerable, in particular—to get that support. It is key that that happens, and that is what we are doing. As I have said, when we have needed to make changes, we have made them.

If anybody has an illness or suffers a heart attack, they would have full mitigation and would not have any sanctions imposed on them. We need to help such people and make it a positive rather than a frightening experience for them by getting them the money and the support that they need and ensuring that, if they need help to get into work, which they have never previously had, they get the best help that is available.

George Adam: But I am saying that, in my experience that is not happening—people are not getting that support. People come to our constituency offices because we represent their last best hope of getting help, but by that time, they will already have experienced problems, as in the case of the gentleman who had suffered a heart attack. We managed to sort out that situation, but it should not get to that stage—the system should be seamless.

Do you still believe, after everything that you have heard, that universal credit is fit for purpose?

Esther McVey: I do, because it is working for the vast majority of people. When an instance such as the one that you mentioned arises—I ask you to give me the name and address of the person you mentioned, so that we can support them, make sure that all is now going well and give them the extra support and certainty that they need—we need to find out what went wrong and how we did not help. The system is working for the vast majority of people, but we need to learn from such cases so that they do not arise again. We must provide people with the support that they need.

George Adam: I have a final question, which follows on from Alison Johnstone's point. You keep saying that you will sort out the issues with universal credit and make progress with it. Are you saying that charities and organisations such as Citizens Advice Scotland, many of which are here today, are all wrong in what they are saying? Their members are telling them that they are not getting the support that they need, which is causing financial mayhem for many people. Are they all wrong?

Esther McVey: No. What I am saying is that, for the vast majority of people whom we deal with—the DWP deals with 22 million people a year—the system works. In cases such as those that you are talking about, people will reach out to citizens advice bureaux, MSPs and MPs. Organisations will hear those stories, but they will not hear from the vast majority of people for whom benefits and universal credit are working.

We know that the extra support that we are providing has worked, because in Scotland alone 200,000 more people have found a job since 2010. Across the UK, the figure is 3.2 million. I

have mentioned the number of extra businesses that are starting—there are 25 each day in Scotland alone. The support that people are being provided with to move from benefits into work is working, but in situations such as the very case that you told me about, we must make sure that the agencies that we have in place—

George Adam: But it is not a stand-alone issue; there are such cases all over the country.

Esther McVey: We provide support along with citizen's advice bureaus and work closely with them. They forward people to us, so we hear about what is going on. We work with those people in an effort to get things right.

The Convener: We will move to a different area, which Mr Tomkins will ask about.

Adam Tomkins (Glasgow) (Con): Good morning, secretary of state, and thank you for joining us.

I want to go back to an issue that the convener explored with you, which relates to the way in which the DWP and the Scottish Government work together in transferring a significant set of responsibilities from the United Kingdom to Scotland under the Scotland Act 2016. In particular, I invite you to reflect on a story that appeared in the press—it appeared principally in the Scottish newspaper, the *Daily Record*—just before Easter.

In the story, it was claimed that at the most recent meeting of the joint ministerial working group on welfare, which you referred to in your opening statement, Scottish Government officials were talking with your officials to seek to slow down the transfer of, in particular, responsibility over disability assistance from the UK to Scotland. Are you aware, as secretary of state, of any conversations going on between Scottish Government officials and UK Government officials about slowing down the pace of the transfer of devolved responsibilities under the 2016 act?

Esther McVey: I would not want to go into the details of a private meeting that we had, but I know that we need more detail to come through for those disability benefits. We need to know more quickly what the Scottish Government would like to do with those benefits. The 2016 act is in place—things have moved on, and powers have been devolved to Scotland.

For Scotland to be able to deliver services in a safe and timely manner without needing agency agreements with us—they are needed at the moment to help to give out the extra amount for the carers allowance—we need the information to come forward at a pace.

Adam Tomkins: Is that information not coming forward from the Scottish Government at the moment—even privately, internally, to the DWP?

Esther McVey: I repeat what I have said—for those benefits, we need more information and we need it more quickly, with greater clarity around it.

Adam Tomkins: The nature of intergovernmental negotiations or communications within the United Kingdom tends to be, as you just described, private. However, as a Scottish Parliament, we are entitled to see the minutes of joint meetings such as those of the joint ministerial working group on welfare and we have not yet seen the minutes of the most recent meeting, even though it took place months and months ago. As I understand it, that is because the Scottish Government has refused to sign off on those minutes—that was the story in the *Daily Record*, at any rate.

You will know more about the nature of the Scottish Government's preparedness for the transfer of disability benefits than we are entitled to know as parliamentarians whose job it is to hold the Scottish Government to account. Is it your view, or the view of your department, that the Scottish Government will be ready to deliver disability assistance in full before the next Scottish election, which is scheduled to be in May 2021, or is that, in your judgment, unlikely because of the slow pace at which the Scottish Government is proceeding?

Esther McVey: Should the Scottish Government not be ready, we will use agency agreements, because we need to make sure that claimants in Scotland get the support that they need.

We need to get that clarity and certainty about how those changes will be made. For the DWP to work with people to give them that information and make sure that there has been the right amount of time to be able to implement the changes, we need to know what those changes are.

At the same time, we will have to put measures in place in case the Scottish Government cannot deliver those changes in time; we will no doubt end up continuing to do it through agency agreements. One of my officials may wish to add to that.

Mary Pattison: I work with my opposite number in the Scottish Government; we work all the time on potential plans for the future. Everything is on track to deliver the first wave of devolved benefits. We are hoping to get clarity fairly soon—as the secretary of state said—about the next wave and what it will comprise of.

For the DWP, the sooner that we have that information, the more we can build in the time to

develop the support, change the IT, make sure that we have our staff trained, and so forth—all the things that need to happen. We will support the Scottish Government in whatever way we can to make that happen. I hope that we will get that clarity over details fairly soon, which will help us to be clear about what will be in the Scottish Government's plans—but, obviously, they are Scottish Government plans.

09:30

Adam Tomkins: I have a final question on this area. Will you specify what issues you need clarity about? The Social Security (Scotland) Bill is going through Parliament. That framework legislation lays out how devolved social security will be delivered in the future, although we do not know at what point because no timelines are attached to it. By far the biggest chunk of expenditure will be on disability assistance, which is the focus of my questions, and not the wave 1 powers.

Each year, about £1.8 billion is spent on disability assistance in Scotland alone. The Scottish National Party manifesto commitment is that those benefits will be delivered by the Scottish Government during this session of Parliament—that is, before May 2021 and the next election. The stories in the papers—I do not know whether they are true because they are just stories—suggest that there is significant reason to doubt whether that timetable is likely to be adhered to or achieved. I want to probe what sense you have in the DWP of the likelihood of that timetable being realised.

What information would the Scottish Government need to share with you about what it wants to do with disability assistance that it has not yet shared with you or, indeed, the Parliament? Is it information about eligibility criteria? Is it information about quantum? Is it information about who will conduct the health assessments that are needed? A provision in the bill says that health assessments will have to be conducted by a public employee, but we do not yet know who those employees are. What information needs to be shared with the DWP to ensure that the SNP's ambitious timetable can be realised?

Mary Pattison: There are a number of things. One of the things that the DWP needs to do is to stop paying people at the point when the Scottish Government starts paying people, and we need to do things to our systems in order to achieve that. A key issue is knowing when that will happen, because that will allow us to ensure that our IT systems do not make duplicate payments.

Another matter that comes into play is what information the Scottish Government might need from us and what information we might need from

it. Although the benefits are being devolved, we will continue to share customers in a lot of cases. Therefore, if people are on some of the reserved benefits as well, it is important to think about the information that the Scottish Government might need about that for the purposes of determining eligibility. Equally, we need to have information if, for example, the payment of a benefit in Scotland would trigger a premium or an increase. That is all about ensuring that customers get the right amount of money.

We also need to be able to ensure that everything is in place. A lot of work will go into making sure that our staff understand what will happen to the customer at each stage. However, we need to know the detail. Depending on how the Scottish Government frames some of its assistance, different changes might need to be made. Although it might be low-level information, it is fundamental because of how the benefit systems interact. We have identified where we might need to make changes, but the detail on what might need to happen and the sequencing of when that should happen is important, so that we have a proper integrated plan, because all our systems interact. We need that level of detail in order to make the process work efficiently. Scottish Government colleagues are well aware of our requirements, and that is what we talk about.

As I said, we hope that we will get a plan soon, so that we can build in enough time in order to do all that.

Esther McVey: As Adam Tomkins mentioned, the bill is a framework document. All the detail, the vision and how it will work, including on tribunals and support, will be covered in secondary legislation. None of that has been seen yet, but it needs to be crafted and shaped.

Mary Pattison fundamentally talked about delivery, which is key to a benefit. Some of this morning's questions have been about that area, and understanding and making sure that it works for the individual is key. The Scottish Parliament will have to press for that vision and that detail and consider how that will impact on Scottish claimants.

Adam Tomkins: Thank you very much.

Mark Griffin (Central Scotland) (Lab): Good morning, secretary of state. I want to go back to universal credit and to talk specifically about the flexibilities that are available to claimants in Scotland. Claimants in Scotland can opt to have more frequent payments and to have housing benefit payments paid directly to landlords. We were told that the final costs of the DWP operating those flexibilities would be available to the Scottish Government and Parliament this month. Can you

give those final costs and say how those flexibilities have operated from the DWP side?

Esther McVey: Obviously, we are working closely with the Scottish Government. Those flexibilities were brought in, and that involved positive working together on what was required and wanted and how things would work. We have supported the Scottish Government with the delivery of that and put significant money into the support of the systems to make that happen.

I ask Mary Pattison to say where we are up to on the final costs.

Mary Pattison: I am afraid that I do not know exactly where we are, but we can find that out for the committee. I do not know where we are up to on the availability of information, but we can check that. I do not know whether Denise Horsfall knows about that.

Denise Horsfall: I do not know about the costs. I presume that that would be played through to the fiscal framework discussions.

Mary Pattison: We will get back to the committee on that.

Denise Horsfall: Yes. I will deal with the question about the operating of the flexibilities. That has been really positive. Our work coaches and case managers in the service centres understand the choices that customers have in front of them, and the process for the customer is really simple. If they get into difficulty in understanding the information that goes into their journal as a prompt, they have the opportunity to phone their case manager or to talk to their work coach about that. There is an opportunity for customers who would not normally have had more frequent payments or direct payments to landlords picked up because they did not fit the existing criteria, which are primarily to do with budgeting issues but are to do with other issues, as well. They have an opportunity to identify for themselves whether they want to adopt the choices that have been presented to them.

Mark Griffin: Okay. Thank you.

The next thing that I would like to see with universal credit flexibilities—I think that a majority in the Scottish Parliament would like this—is automatic split payments. There are people who suffer from domestic abuse, which takes many forms—it could be mental, physical or sexual—but it often has a financial element. The last thing that anyone would want would be a social security system that enabled financial domestic abuse to take place. Do you support the automatic splitting of payments across the UK? How far along are the discussions between the Scottish Government and the DWP to implement automatic split payments in

Scotland, regardless of whether that will take place across the whole of the UK?

Esther McVey: I would not be looking for automatic split payments, but we have ensured that, in certain circumstances in which people need a split payment because of the issues that you have raised, that will happen. The benefit has been designed so that the needs of a household or the whole family—that is, the children and the parents in it—are looked at and to ensure that they understand the money that is coming into the house and the expenditure from it. The support in totality is looked at to ensure that people are helped into work and the educational attainment and standards of the children are as high as they possibly can be. We look at the family or household unit in order to support the family as well as possible. We would not be looking to automatically split those payments. What we are doing is providing the separation of the funds where we know that it is required.

Mark Griffin: I do not agree with your position. I think that you have to automatically split payments in order to alleviate the problem of financial domestic abuse. An abused person in the household would leave themselves open to further abuse if they were to come forward to ask for a split. In order to stop the situation happening, there needs to be an automatic split.

The position of the Scottish Government and many of us in this Parliament is that we believe in automatic split payments, and there is the flexibility within universal credit for the Scottish Government to take that approach forward. How have the discussions been progressing to allow the flexibilities in that next stage of universal credit to operate in Scotland?

Esther McVey: I will let Mary Pattison answer that question. Before I do so, I will say that, when someone comes in to speak to a work coach, the system is very good at signposting people to third parties, charities and various other help that they might need. A person's disclosure that they might need a separation of payment could be the first time that they get that extra help and support and are able to speak to somebody—not the DWP person, obviously, but someone in a third party organisation such as a charity. That approach has been revolutionary with regard to ensuring that people can get the support that they might not be getting in the family unit. If there were an automatic separation of funds, they might not be able to access that help. That is another way of looking at the extra help that our work coaches are giving people.

Mary Pattison: With regard to the use of the further elements of the universal credit flexibility choices, I believe that officials from both departments are continuing to work on the issue of

when that might be able to happen, and the associated details. I think that this process is a particularly complex one, but Scottish Government officials are talking about that to people who are involved in the universal credit programme.

Mark Griffin: Do you have any timetable or an expectation about when that will be delivered?

Mary Pattison: I do not have a timetable.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): Good morning, secretary of state. Welcome to the Scottish Parliament. It is good to see you here, following your predecessor's appearance before us.

Before I ask my questions, I want to state that the criticisms that members have made today are not directed at DWP staff on the ground, who, for the most part, are trying to do a difficult job well.

I want to pick up on some of the points about universal credit and some of the points that Mark Griffin has just raised.

I assume that your appearance here demonstrates that you view the devolution of social security as a priority. However, the admission of the delay in allowing the Scottish Government to take forward its policy of abolishing the bedroom tax at its source says to me that there is no proper plan to prioritise social security and to enable the Scottish Government to fulfil its policy objectives. The fact that you and your officials have been unable to answer important questions on flexibility—in terms of the frequency of payments and payments to landlords—worries me greatly. As my colleague said, split payments are a priority across parties in this Parliament and the fact that there is no timetable for enabling that is deeply concerning. All of that taken together suggests to me that there is a continual pushback from the DWP against enabling social security devolution in Scotland. There seem to be no plans in place, and the issue does not seem to be a priority. On the basis of this meeting, there needs to be some reflection on the prioritisation of these issues in the DWP.

I appreciate that you have got a lot on your plate and that your department is in real crisis with cases that have come forward in relation to PIP and other matters that have arisen in recent months, but the devolution of social security has to be a priority. I welcome your thoughts on that before I ask my next questions.

Esther McVey: Obviously, there needs to be reassurance about what is going on. There is certainly no pushback. Devolution has gone ahead and the Scotland Act 2016 has gone through. There has been extra support that the Government in Scotland has needed to allow for those flexibilities. Those flexibilities are there.

Extra powers have gone to Scotland, whether it wants to add to a benefit, create a new benefit or make additional payments of a benefit. Those extra powers are all there and at the disposal of the Scottish Parliament, which can take control of those matters and move forward. The devolution has gone through.

09:45

When we work together on reserved matters, we obviously do so with an understanding of the complexities of IT systems and of working together. We have to work through those complexities and we need sufficient time to do that. As I said, we work together regularly. A team of senior officials meets every month and ministers meet quarterly. A lot of information has come across. There have continually been project days and working days; actually, people are working at pace. However, as I mentioned, we need specific detail on certain matters. We are waiting for that before we can move forward in a timely way. I definitely think that the approach is right—as you said, that is why I am here today. Although I believe in the union, I understand that there is an appetite for greater devolution on the ground to make it work for Scotland. That is exactly what I am here to agree to and I want to make sure that we are doing it.

Ben Macpherson: Sure. I welcome the fact that you are showing the Parliament the respect that it deserves and accepting that it is more than Lincolnshire County Council—with all due respect to Lincolnshire County Council, one of your colleagues referred to this Parliament as being synonymous with it. What I am really looking for, as are many members of the Parliament and certainly many members of the Scottish public, is a timetable and a commitment. You have committed to providing details on the universal credit flexibilities on frequency of payment and payment to landlords, and I would welcome that correspondence coming as soon as possible. However, we need a commitment on split payments and the Scottish Government must be able to abolish the bedroom tax at source much sooner than May 2020. May 2020 would be a delay because, previously, there was an assumption that that would happen more quickly.

Esther McVey: I answered that at the start of the meeting. You have the commitment, and we are doing that. It was never agreed that it would be done earlier; we said that we would work together to do it as soon as possible. Discretionary housing payments are available at the moment, which is how the issue is being resolved. All of those things are being dealt with now. There was just the extra bit around changing the IT for UC, which we always said would have to be done as soon as

possible. However, the issues that you are talking about are being dealt with.

Denise Horsfall wants to say a few words.

Denise Horsfall: Just for clarity, the choices on more frequent payments and direct payment to landlords are in place. The bit that is not in place and that I am not able to talk about is the transfer of money. However, to be honest, that is in the background. The important thing is that we have responded and changed the systems, and they are operational for customers in Scotland. I just wanted to re-clarify that those two items have been operating now since January.

Esther McVey: As Denise Horsfall says, the issue was about the cost of that, which we can clarify for you. However, the UK Government has actually delivered that with and for Scotland, because we said that we would and it is now in place.

Ben Macpherson: Obviously, I welcome that. That is demonstrative of the fact that split payments could be made to happen if there was a commitment on both sides to work together to deliver it as quickly as possible. Similarly, the abolition of the bedroom tax at source could be done more quickly if there was a focus and determination on both sides.

I welcome your step away from the commitment to end housing benefit for 18 to 21-year-olds. There was strong opposition to that policy in the Scottish Parliament. It was very welcome that you stepped away from that policy because it was wrong-headed, was not really delivering anything positive for the taxpayer and was causing suffering to those affected.

As Alison Johnstone suggested, I think that you should reconsider advances of universal credit. Although a commitment has been made to make such advances more timeously and more effectively, we know from the evidence that we have taken that the fact that they still have to be repaid is detrimental.

In my view—this view is shared by many—the whole ethos of universal credit is based on suspicion and assuming the worst about people instead of providing encouragement and help, which is the word that you used earlier. Behind you in the gallery there are campaigners and individuals who have suffered greatly at the hands of the welfare reform agenda. I have had constituents cry in front of me in surgeries, and I know that colleagues have faced the same situation. The ethos behind the approach that has been taken to the policy of universal credit is wrong-headed.

You have changed your position on housing benefit for 18 to 21-year-olds. In good faith, I make

a plea for you to look again at universal credit and change it so that it is a supportive rather than a cynical and critical system. I have another request, which I made of your predecessor. I ask you to rethink your approach in light of the consequences that it is having. You are on course to make more savings from social security than was previously the case, so the need for austerity is significantly reduced, if there ever was a need for it.

In addition, I want to give you the opportunity to apologise to the people behind you and to the people across my constituency and across Scotland who have suffered greatly as a result of the mistakes that have been made through welfare reform. I think that they are due an apology from the DWP for the suffering and stress that have been caused to them.

Esther McVey: The aim of universal credit is for it to be a supportive system and for it to provide support, whether to get people into work or for people who cannot get into work through social security payments—[*Interruption.*]

09:52

Meeting suspended.

09:54

On resuming—

The Convener: Please continue, secretary of state.

Esther McVey: I was saying that universal credit is and aims to be a supportive system.

I am not oblivious to people who are incredibly vulnerable or who are in need. The gentleman who interrupted the meeting from the public gallery obviously felt that he needed to make his points about something that was very important to him and about someone who was very vulnerable.

We aim to make sure that we reach out to the most vulnerable with the money that the DWP spends, which is nearly £200 billion a year. The department is the size of a country such as Portugal, Greece or Chile and 80,000 people work for the DWP—that is the level of support that we give. If anybody does not get that support, it is not through lack of trying, because people are employed to reach out and support them. It is important that we hear every instance and that we work as hard as we possibly can to support everybody who needs our help, but this is about making sure that we have the most effective system and employ the most dedicated people in our job centres to help people, which is what we do. We have the best oversight that we possibly can and we learn from it all the time as best we possibly can.

The Convener: I think that we have covered that area quite extensively. I am really conscious of time, and there are two other members who want to come in on new areas.

Pauline McNeill: I listened carefully to what you said about the good points of the universal credit system. I agree that the fact that the system could have been much more flexible was a good reason for introducing universal credit. However, so far, you do not seem to have acknowledged any of the questions that have been put to you or any of the evidence that has been heard, and you must surely have heard the same evidence that we have heard. For example, it is a fact that, in relation to housing benefit alone, those who have transferred to universal credit in Scotland are £24 a week worse off. Therefore, there must be an acceptance that there is a lot more fixing to do than you have acknowledged to the committee. I have mentioned housing benefit, but there are other issues, as you have heard. There has definitely been an increase in the number of food banks in areas where universal credit has been rolled out.

The idea is right and, like Ben Macpherson, I acknowledge that you are the secretary of state who has begun to fix some of the problems, as you did by rolling back the decision on 16 to 24-year-olds, which we all welcome. However, you must surely accept that there is much more fixing to be done if universal credit is to be a better system. The figure for housing benefit alone speaks for itself.

Esther McVey: I am listening to the issues that are raised, whether by citizens advice bureaux, the Trussell Trust or action groups on the ground. I spend most of my day meeting such organisations, as well as claimants, to see where the system is working, how we could make it better and whether we could alter some of the conditions of universal credit. You will see that, where we felt that it was not working, we changed those conditions to make sure that it worked.

As I said, we must look at the picture in the round. When I look at how things have changed since 2010 in Scotland, I see that unemployment has nearly halved, and that the child poverty statistics for Scotland have decreased across all four of the main measures in the three years to 2016-17 compared with the three years to 2009-10. When I meet and work with the Westminster all-party parliamentary group on hunger and look at the reports from the Trussell Trust and the University of Oxford that talk about the complex underlying reasons for people going to food banks and how we need to help people through debt management or support—we are trying to do all those things—I see positive figures from Scotland and I see people in work and creating businesses.

The fact that those poverty measures have dropped—

10:00

Pauline McNeill: I am sorry to interrupt. That is fair enough, but do you accept that there is detriment to many people as well? The figure that I used is real. Those who have transitioned to universal credit are, on average, £24 a week worse off in terms of the housing benefit element. Does that not suggest that there is a structural problem? The promise that was made was that, when someone transitioned from a different system to universal credit, their overall income would not be affected.

Esther McVey: As I keep saying, we cannot unlock how the economy is changing, because social security, the economy and people in work are all linked together. Employment is going up and unemployment is going down. The lowest paid in society have received the fastest wage rises through the introduction of the national living wage. We are taking people out of paying taxation altogether. All those things change—

Pauline McNeill: Are you saying that there has not been any detriment? Do you see only the good side?

Esther McVey: I saw, as everybody did, that the legacy benefits that were in place were not working. They were locking people into unemployment through the 16-hour rule. The cases that committee members have raised existed when the legacy benefits were in place. Those legacy benefits have been improved through the introduction of a new, modern, more simplified and swifter system. We are working towards making what was there better. It is not true to suggest that the legacy benefits were better. On top of that, extra support has been provided and we have seen the growth of the economy on the ground.

We need to take all those component parts and do the best that we can, in the position that we are in, to make a better system for the people who are claiming. That is what we are doing. We are all on a journey together to make everybody's lives the best that they can be, through helping people into work, helping with job progression, providing better education and improving people's lives.

The Convener: I will bring in Jeremy Balfour.

Jeremy Balfour (Lothian) (Con): My question is in another area.

The Convener: We are a bit tight for time, but it is fine to ask a question in another area.

Jeremy Balfour: Good morning, secretary of state, and thank you for coming.

I have two questions, the first of which follows on from one that was asked by Adam Tomkins about PIP, disability living allowance and attendance allowance. We have not yet seen the regulations on how those will work in practice. However, if we end up with different criteria for people who get PIP, what difficulties will that cause for the DWP? How much work will be involved in providing that information to the Scottish Government?

My second question is on a completely different subject. I think that we all agree that the best way out of poverty for individuals and for families is employability. I have concerns about disability, and I know that your department is doing work on that. A number of employers have spoken to me recently about the division of employment law into devolved and non-devolved areas. The Scottish Government's website has information about employability and there is information on your department's website. Could there be a conversation between the two Governments about bringing together that information? There could be a single portal to which employers and employees could go to find out what both Governments were doing on employability, so that devolution does not stop people getting into employment.

Mary Pattison: It is entirely for the Scottish Government to decide what it wants to do in the areas that are being devolved. The main thing is to find out whether there are elements of the eligibility that require information from the DWP, because they relate to other parts of the system.

The other part is how the set of premiums that we pay as support through some of our means-tested benefits relates to current eligibility. One thing that we will need to work out is what impact that might have on the allocation of premiums. That is an example. The issue is about information flows and understanding exactly what will be required, but there is also the question of the way that it feeds into the other benefits.

As I mentioned, we have been talking to and working with the Scottish Government on wave 1. That includes the carers allowance supplement, which we will support the Scottish Government to pay in the summer, as well as the best start grant for maternity, and funeral payments. Through all of those, we will work out, as the Scottish Government works through the detail of its policies, what might be required of the department in terms of information, but also whether there are any wider impacts that we need to take into account.

Esther McVey: Working together is exactly what we want to do. If we can work together and create a portal—we have done that with the landlord portal—that is what we should be looking to do.

Denise Horsfall: May I add to that? We work with Business Enterprise Scotland and Skills Development Scotland, so we have the relationships to come together. If you are signalling that something needs to be looked at, as the secretary of state says, I do not see a problem in our coming together and finding the right vehicle. As an example, we provide our work coaches with access to the Skills Development Scotland website so that we have the right information flowing through, because it is different from the information in England and Wales.

Jeremy Balfour: Thank you.

The Convener: Our final set of questions is from Ms Johnstone. I ask her to be brief.

Alison Johnstone: I think that it is fair to say that, within this Parliament, there is almost universal condemnation of the two-child limit for tax credits. You have said that universal credit is progressive, but I think that that policy shows that that is absolutely not the case. You will be aware that there are assessors in Scotland who will not take part in the policy. Are there plans to publish statistics showing the number of people who are affected by the two-child limit under universal credit and whether there is any evidence of a lower number of exceptions in Scotland due to exception forms not being completed?

Esther McVey: The claimants who are on those benefits will continue to get benefits, and child benefit will continue for every child. It is the tax credit element that will change.

This has been worked out on the basis of people who are claiming having the same considerations as those people who are working and paying their bills. Again, it is a case of looking for fairness between people who are claiming and people who are working, such that they all have the same considerations and make the same decisions in life. As I said, child benefit will continue for every number of children. The change relates to tax credits.

Alison Johnstone: However, you will be aware that Scottish Women's Aid and Rape Crisis Scotland, for example, have refused—rightly, in my view—to act as third-party referrers. Is your Government undertaking any research to find out whether that will impact on entitlement in Scotland?

Esther McVey: What you are referring to is the extra support that the Government has put in place for people who did not or were not able to make decisions about how many children they had, and who indeed have extra children. More support will be put there, and we have said that we will make allowances in those instances.

You are right in that we have said that we will refer people, so personal questions will not be asked by DWP or HM Treasury staff. We will refer people and work with third-party groups, as you mentioned, or health professionals or other suitable people who can help. I hope that some of those organisations do not decide not to work with us, because we are providing extra help and support to those people who need it.

We will continue working to make sure that the people who need that extra benefit will get it; maybe that will be done through other organisations and other routes. We will monitor that situation closely.

Alison Johnstone: As a minister, are you comfortable with the idea that a woman has to prove non-consensual conception to access an entitlement?

Esther McVey: We are providing extra help when people have more children whom they could not have planned. As I said, no such questions will be asked by the DWP or HMT. People will be supported and directed to various other organisations, which might give them an opportunity to talk about something that has happened to them that they might never have had before. There is potentially double support there—they will get the money that they need and perhaps an outlet that they might need.

Alison Johnstone: But it could also be incredibly invasive and upsetting if women are forced to put on the record a situation or circumstance that they wish to remain entirely private to access an entitlement.

Esther McVey: No invasive or delving questions will be asked. As I said, people who come forward for such extra support will be spoken to in the most sensitive manner. That is key to what is happening. However, that process will take place in the light of our providing the extra financial support that people seek. [*Interruption.*]

10:11

Meeting suspended.

10:12

On resuming—

The Convener: I thank the secretary of state and her officials for their attendance. We value the opportunity for a dialogue between us and look forward to it happening again. I am sure that there are many areas that we have not covered in detail, and we would welcome the opportunity for the committee to write to you if we have any further questions.

The next meeting of the committee will be on 3 May, as the stage 3 debate on the Social Security (Scotland) Bill will take place next week.

Meeting closed at 10:12.

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