



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 27 September 2018

Session 5



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SOCIAL SECURITY COMMITTEE

18th Meeting 2018, Session 5

CONVENER

*The Convener (Bob Doris)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)

*Jeremy Balfour (Lothian) (Con)

*Michelle Ballantyne (South Scotland) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Alison Johnstone (Lothian) (Green)

*Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Aileen Campbell (Cabinet Secretary for Communities and Local Government)

Rob Gowans (Citizens Advice Scotland)

Kirsty McKechnie (Child Poverty Action Group in Scotland)

Victoria Todd (Low Incomes Tax Reform Group)

Paul Tyrer (Scottish Government)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Thursday 27 September 2018

[The Convener opened the meeting at 09:03]

Decision on Taking Business in Private

The Convener (Bob Doris): Good morning. I welcome everyone to the 18th meeting in 2018 of the Social Security Committee. I remind everyone present to turn off their mobile phones. Some of us use mobile and laptop devices to aid our scrutiny; that is what we are doing if anyone sees us using those. I promise that we are not checking our emails. No apologies have been received. Agenda item 1 is a decision on taking business in private. Do members agree to take item 6, consideration of evidence, in private?

Members indicated agreement.

Subordinate Legislation

Public Services Reform (Poverty and Inequality Commission) (Scotland) Order 2018 [Draft]

Public Appointments and Public Bodies etc (Scotland) Act 2003 (Treatment of Poverty and Inequality Commission and Scottish Commission on Social Security as Specified Authorities) Order 2018 [Draft]

09:04

The Convener: Agenda item 2 is scrutiny of subordinate legislation. The committee will take evidence on the draft Public Services Reform (Poverty and Inequality Commission) (Scotland) Order 2018 and the draft Public Appointments and Public Bodies etc (Scotland) Act 2003 (Treatment of Poverty and Inequality Commission and Scottish Commission on Social Security as Specified Authorities) Order 2018.

I welcome Aileen Campbell, Cabinet Secretary for Communities and Local Government. Welcome to your position, cabinet secretary. It is good to have you here. The cabinet secretary is joined by two of her officials: Paul Tyrer, head of social justice strategy, and Colin Brown, solicitor. I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Communities and Local Government (Aileen Campbell): Thank you very much, convener, and I likewise welcome you to your post on this committee. Thank you for the opportunity to seek the committee's approval for the draft Scottish statutory instrument relating to the Scottish commission on social security and the new statutory Poverty and Inequality Commission. As you said, I am joined by Colin Brown from the Scottish Government legal directorate and Paul Tyrer, head of the social justice strategy unit.

I would like to thank you and the members of this committee for your continuing supportive engagement and scrutiny as we work to deliver these important new bodies. Due to the straightforward technical nature of the SSI in relation to public appointments, I also represent the interests of the Cabinet Secretary for Social Security and Older People, Shirley-Anne Somerville, in this matter and I will speak to both SSIs in this statement.

First is the SSI that would allow the Commissioner for Ethical Standards in Public Life in Scotland to regulate the public appointments of

both commissions. Prior to the relevant provisions coming into force, the SSI needs to be approved in order for the commissioner to be formally involved. As outlined in the accompanying policy note, it would be possible for Scottish ministers to make unregulated appointments. However, the appointments process needs to be as rigorous and transparent as possible and the involvement of the Commissioner for Ethical Standards in Public Life helps to achieve that.

As the committee is aware, these public appointment rounds have now commenced. I understand that Ms Somerville wrote to the committee on 4 September with information on the Scottish commission on social security appointment round, which is currently open to applicants and closes tomorrow, on 28 September. The commissioner's code ensures that the appointment process is open, transparent and fair and that all appointments are made based on merit. I therefore hope that the committee will support this SSI.

The order under the Public Services Reform (Scotland) Act 2010 will allow the Poverty and Inequality Commission to consider a wider range of poverty and inequality issues than those contained in the Child Poverty (Scotland) Act 2017. The order is a pragmatic way of delivering a statutory Poverty and Inequality Commission with a wide-ranging remit. It will improve the exercise of public functions in regard to efficiency, effectiveness and economy by allowing a single statutory body to provide a wide range of independent advice on poverty and inequality.

That the commission should have this broad remit is something that Parliament and stakeholders clearly supported during the passage of the child poverty bill. As previously outlined during the bill scrutiny process, without this order, the commission would only be able to focus on child poverty, in line with the remit of the 2017 act. Some members will recall discussing that back in January, when this committee considered the draft order prior to further consultation.

Following further consultation, we have made very limited changes to the draft order. The most substantive change makes it more explicit that "lived experience" of poverty or inequality should be among the skills available to the commission. As my officials advised during the informal evidence session in May, embedding lived experience within the commission is a key consideration and we will seek to ensure that the members' appointment round actively encourages applications from a wide range of individuals right across society. Other changes are stylistic—for example, changing references from section numbers in the bill to those of the 2017 act.

I hope that the committee will support both SSIs. I will be happy to answer any questions in order to assist your consideration. I look forward to contacting you in the coming months with details of the preferred candidate for the role of chair of the Poverty and Inequality Commission and to engage with you on considerations for the members' appointment round. I thank you and look forward to your questions.

The Convener: Thank you very much, cabinet secretary. Are there any questions on either of the instruments before us?

Mark Griffin (Central Scotland) (Lab): Good morning, cabinet secretary. I have a question on the Public Services Reform (Poverty and Inequality Commission) (Scotland) Order 2018. The increased emphasis that the membership of the commission should include persons who have experienced poverty or inequality is welcome.

We discussed in private with your officials one of the disqualifying criteria; someone would be disqualified if they had ever been made bankrupt or been the subject of a trust deed. You can imagine that we want to have on this commission someone with lived experience of poverty, who has perhaps gone into bankruptcy or been the subject of a trust deed because of unemployment or something else outwith their control.

I know that there are barriers to changing the disqualifying criteria but is any work being done to try to remove that criterion so that someone with that experience could join the commission?

Aileen Campbell: More generally, on the point about ensuring that we get a variety of voices to contribute, a lot of work has been done. We have attempted to use a broad range of approaches to ensure that people understand that they can take part in this commission. We are considering how we might make sure that the reach is as wide as it possibly can be when seeking members. I will ask Paul Tyrer to comment on the particular point about the disqualifying criteria.

Paul Tyrer (Scottish Government): The Child Poverty (Scotland) Act 2017 sets out that insolvency is a bar to membership of the Poverty and Inequality Commission. However, we discussed previously whether somebody who is part of a debt arrangement scheme would be able to apply. We provided advice to the committee that our view was that they would be able to apply to become a member of the commission.

Pauline McNeill (Glasgow) (Lab): Good morning, cabinet secretary, and congratulations on your appointment. You may be aware that it was this committee that really pushed for a statutory basis for the Poverty and Inequality Commission. I think that the committee did the right thing and should be commended for doing so. Angela

Constance and her officials should also be commended for the way in which they responded to the committee at stage 2. That is why we are here.

I was particularly interested during the passage of the bill—and I know that other members have a similar view—in ensuring that certain things should be specifically mentioned in the delivery plan. Two of those areas would be single parents and people with a disability. Can you assure the committee today that the panel members you are about to appoint will be able to address the specific mention in the 2017 act of anti-poverty plans for those with a disability and single parents in particular?

Aileen Campbell: I echo your comments about the work that Angela Constance and her officials did to respond to the clear request from the committee about the commission being put on a statutory footing. Part of the reason for being here today is to make sure that the commission is far broader in its remit than it would have been had it been narrowly focused on child poverty. I hope that that will enable us to include the issues that you raised about people with a disability and single parents.

I hope that that gives a bit of reassurance that this broader, wider remit allows us to make sure that we get the broad range of voices that we need within the membership of the new statutory commission to ensure that we can be held to account effectively on tackling inequality among particular groups and make the changes and progress that we need to make on the issues of inequality and poverty.

Jeremy Balfour (Lothian) (Con): Good morning, cabinet secretary. We had a bit of discussion with your predecessor about how the interview process would take place. For some individuals, a formal interview would be off-putting and intimidating. Not everybody performs to their best in those. The consultation closes tomorrow and then there will be interviews. Will there be changes for people who may not have been through the process of a formal interview? Do you or your officials have any thoughts about that?

Aileen Campbell: The Scottish commission on social security appointment round closes tomorrow and I understand that my colleague Shirley-Anne Somerville sent you the details and the pack for that. I hope that you managed to spread the word among your own contacts as well.

We are considering how to ensure we get as wide a range of applicants as we possibly can to the Poverty and Inequality Commission. We welcome any thoughts that you have as a committee about what other things could be done to support people who might not ordinarily view

this as something that they would want to take part in.

09:15

We have thoughts about having local awareness-raising events and ensuring that people feel supported in their applications. There are probably other ways in which we can tackle it, particularly in relation to the lived experience criterion for the inequality commission.

We are happy to engage with the committee on any thoughts you may have about what might be necessary to get a broader range of voices to apply for the commission. We probably need to think more generally about how we encourage people and how to make sure, if they do not get appointed in the first instance, that their interest in making a wider contribution to Scottish society is not lost.

Jeremy Balfour: That is very helpful. I am looking beyond the application, to how people are treated at interview stage once you have shortlisted them. If it is a formal interview, with four or five people behind a desk interviewing them, for some individuals that would not reflect their lived experience at all and they would not perform well or be able to explain that lived experience. What work can be done in the next months on that?

Aileen Campbell: I take on board your points. However, I would point out that lived experience is a very explicit criterion for the application process. We will need to think through how people can be helped and nurtured along the way. Having that lived experience as an explicit ask and criterion for the members of the new commission is a big step in itself. It is for us to work out how we as the Government and in public life more generally help that to happen in reality as opposed to just being words in a criteria specification.

The Convener: There being no other questions, we now move to agenda item 3. Normally, under agenda item 3, there is provision for a debate on the motions before us but I feel that we have had that exchange under agenda item 2. I invite Ms Campbell to move motion S5M-13766. Is the committee content to agree to the motion?

Aileen Campbell: Do I need to formally move the motion first?

The Convener: Yes. My apologies, Ms Campbell. I heard you move the motion in my head but that is not enough for the *Official Report*.

Aileen Campbell: No, the voices in your head are not caught by the official reporters.

The Convener: Let us do that again.

Motion moved,

That the Social Security Committee recommends that the Public Services Reform (Poverty and Inequality Commission) (Scotland) Order 2018 [draft] be approved.—
[Aileen Campbell]

Motion agreed to.

The Convener: I ask you now to move motion S5M-13768.

Motion moved,

That the Social Security Committee recommends that the Public Appointments and Public Bodies etc (Scotland) Act 2003 (Treatment of Poverty and Inequality Commission and Scottish Commission on Social Security as Specified Authorities) Order 2018 [draft] be approved.—[Aileen Campbell]

Motion agreed to.

The Convener: Thank you. I will not get that wrong again, cabinet secretary. I thank the cabinet secretary and her officials for their time. We will suspend the meeting briefly before we move to agenda item 4.

09:17

Meeting suspended.

09:19

On resuming—

Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2018 (SSI 2018/211)

The Convener: Welcome back, everyone. We move on to agenda item 4, which is still subordinate legislation. The committee is invited to consider the Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2018. I refer members to the cover note in paper 2. As it has done before, the Delegated Powers and Law Reform Committee, by division, drew these regulations to the attention of the Parliament on the grounds that they raise a devolution issue. The Scottish Government takes a different view.

For future regulations, the DPLR Committee has suggested a way to resolve its concerns and has written to the Scottish Government accordingly. The committee's role is to consider the policy at this stage. Is the committee content to note the instrument?

Members indicated agreement.

The Convener: We will briefly suspend once more.

09:20

Meeting suspended.

09:21

On resuming—

Social Security and In-work Poverty

The Convener: We move to agenda item 5, which is the second evidence session of our inquiry into social security and in-work poverty. The focus this week is on how the design of universal credit impacts on in-work poverty. We are happy to welcome Rob Gowans, who is a policy officer at Citizens Advice Scotland; Victoria Todd, who is head of the LITRG team at the low incomes tax reform group; and Kirsty McKechnie, who is a welfare rights worker at the Child Poverty Action Group in Scotland.

The committee is looking carefully at conditionality in relation to working families and whether working tax credit being subsumed by universal credit will impact on in-work poverty. The results of a randomised control trial were published recently on the lived experience of families in that group, and there seemed to be a disconnect. The report said that the sanction rate for trial participants was 2.4 per cent, yet 20 per cent of those on universal credit in that situation said that they had seen a reduction in their income. If you have had a chance to look at the results of the trial, can you say why that might have been the case? If you have not seen those results, what has your experience been, and what are your concerns about in-work conditionality and lower incomes?

Rob Gowans (Citizens Advice Scotland): We are keeping a watchful eye out for in-work conditionality because it represents something very new in the benefits system, in that there is the potential for in-work people to be subject to conditions and even sanctions. We have not advised a huge number of cases in which such people have been sanctioned.

On the reductions, I would need to do a bit more digging on what the discrepancy is. It could be that someone's universal credit award is reduced for other reasons, for instance deductions to repay debt, overpayments or advance payments. Someone's award could be subject to fluctuations in universal credit because of their income. However, I would need to go away and have a good look at the report of the study to find out what is going on.

Kirsty McKechnie (Child Poverty Action Group in Scotland): I concur with Rob Gowans that we would need to see a lot more information before we could properly comment. I have read only the summary of the study and not the whole thing, but the one thing that I picked up was that people's experience varied depending on who

their work coach was and how much time the work coach was able to spend with them. It is evident that people's experience of universal credit very much depends on the work coach and their use of discretion. That can give us reason to be positive in some cases in relation to in-work conditionality but it can also cause us concern, depending on how the work coach uses that conditionality.

Victoria Todd (Low Incomes Tax Reform Group): I echo that—we are very early on in our understanding of what works for that group and we need to continue watching to see how things develop. The trial was helpful, but the document notes that there were a number of limitations and that you would need to look at people over a longer period. The type of people who are in universal credit may not have been in long-term work, whereas the tax credit people who are moving across have not had experience of dealing with Her Majesty's Revenue and Customs in the way that they will have to interact with jobcentres. It is a real challenge to know what might work for those groups and it will be really helpful to have evaluation, and more trials of different methods.

The Convener: The disconnect between the 2.4 per cent sanction rate in the trial and the lived experience of the 20 per cent who felt that their income went down during the trial is a significant concern. The trial was conducted using a light-touch approach, so can it tell us anything meaningful about the roll-out of universal credit across Scotland?

Rob Gowans: We would probably favour a light-touch approach continuing for people who are in work. I am not sure that it would be in people's interests to apply sanctions in a draconian way to people who are in work. One of the theories behind sanctions is that they hold people's feet to the fire to look for a job, which is not likely to be effective if somebody already has a job.

I would echo the point about work coach discretion. People's circumstances are very different, so it would be important to apply that across the universal credit regime. Black-and-white requirements for people in work—for example, "If you're not earning this amount, you should look for more work"—will not be effective in helping people to earn more, get a better job or increase their hours.

The Convener: Light touch means that, for a single person, a sanction will not necessarily apply if they are earning over £338 a month. My maths might be a bit out, but that is 10 or 11 hours a week at minimum wage to avoid the risk of conditionality and a sanction. Once fully-fledged universal credit rolls out, though, someone will notionally have to work 35 hours a week at the minimum wage. For someone on universal credit who is doing 10 or 11 hours a week, no sanction

or conditionality applies at the moment, and a work coach must decide when it is reasonable for that person to work 35 hours at minimum wage or equivalent. First, do you think that that is a reasonable condition for universal credit? Secondly, do you think that work coaches have enough knowledge, skills, training and time to use their discretion in a manner that is informed by the local work environment and the needs of clients? There is a lot in that.

09:30

Victoria Todd: My understanding was that the only people in the trial were those who were earning above the £338 threshold for a single person. I think that it is called the administrative earnings threshold. If you are below that, you would be in the intensive work search groups. The purpose of the light-touch group was to see if you could take people above the £338 closer to 35 hours a week at minimum wage. That was my understanding of how the trial worked, but I can follow that up in writing.

The Convener: The study had a sanction rate of 2.4 per cent. It would seem a bit odd to pick a client group that is above the threshold for sanctions and have 2.4 per cent still being sanctioned.

Victoria Todd: My understanding is that sanctions were part of the trial and people were between the £338 and the 35 hours at national minimum wage. As Rob Gowans said, it is a very different proposition to sanction people who are working than it is to sanction those who are out of work.

The Convener: It sounds like punishing people for going to work rather than supporting them.

You have got a work coach sitting there. They have got many clients and they have to decide what is reasonable in relation to the local jobs market. Are there jobs out there? Is there childcare for families? How effective are the bus routes? They must piece all that together and say to the client either "We think you're not doing enough. You could be doing more hours or earning more money" or "We appreciate you are where you are." That is a pretty highly-skilled, time-consuming job. Are you confident that work coaches have the knowledge to do that kind of thing?

Victoria Todd: The role of work coaches concerns us. The National Audit Office reports on how many cases each work coach has. In March 2018, it was 85 people per work coach; it is expected to be 373 claimants per work coach by 2024. We have concerns about how work coaches will deal with that volume. One of the things that was noted about the trial is that coaches had the

time and resource to spend with people. What will happen when we have the migration process, and work coaches will have to consider all the factors that you have just outlined for many more claimants? It is definitely a worry whether they will be able to cope with that.

Kirsty McKechnie: As you said, people will be expected to work 35 hours a week at the national minimum wage. There will be discretion to vary that according to people's circumstances but, as we have seen, whether that is varied depends on which work coach you have, which can be a bit of a lottery. The discretion can vary considerably. Some work coaches insist that people do 35 hours a week; others say, "Just check in with me every couple of weeks by phone." We know that work coaches' workload is already an issue. We have people who are leaving notes in their journal for work coaches and not getting a response, and that is before the workload ramps up.

On in-work sanctions, we have a concern about people's ability to continue to work if they have been sanctioned, because it will impact on their ability to pay childcare, and their ability to pay their rent, which can threaten their housing situation. If you cannot pay for childcare, you cannot go out to work.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): There is something counterintuitive about the idea of a system that might fine somebody for not being in a high enough paid job. Putting that initial suspicion to one side, can you tell us more about the group that you described as the intensive work search group? What evidence is there from the limited data to show that the system is motivating or incentivising people in that group into higher paid work?

Kirsty McKechnie: As you say, the evidence is limited and I do not think that we have evidence to that effect at the moment. We have some evidence that people are being put off claiming universal credit because of in-work conditionality. People who might receive a small amount of universal credit on top of their wages are choosing not to claim so that they do not have to engage with the conditionality, but I am afraid that that is as far as our evidence goes.

Rob Gowans: We are in a similar position as far as our evidence goes. Typically, people will come to a citizens advice bureau for advice on a benefits issue. People who have moved into higher paid work and are no longer receiving universal credit do not necessarily come in for advice. As a note of caution, that may be why we are not seeing a great deal of the issue that Dr Allan mentioned.

Generally, as universal credit rolls out further, and particularly to people who are currently

receiving tax credits, it will be quite interesting to see the extent to which people claim universal credit. There seems to be a view among some tax credit claimants that they are not necessarily claiming benefits—they see tax credits as quite separate and that universal credit brings with it conditions that tax credits do not have. That will be an interesting thing to watch out for as universal credit rolls out further.

Dr Allan: The committee has evidence from a study by Sharon Wright, Alasdair Stewart and Peter Dwyer, which draws on interviews about social security in Scotland, that:

"Several low-paid workers who resented being subject to 'in work' conditionality reacted by relinquishing the housing-related and low wage supplements available through UC to avoid the necessity of compulsory additional job searches and attendance at Jobcentre Plus."

How does that square with your experience, even if only anecdotally? Do you feel that that is a fair picture? What might the consequences be for vulnerable people who find themselves in that situation?

Victoria Todd: It is possibly too early to say with any certainty because, as Rob Gowans said, the tax credit population is still in tax credits by and large, and we are waiting for them to migrate across. Only a fairly small number of people took part in the trial, so it is a case of watching and waiting to see how things develop and how people react.

We share the concerns that Rob Gowans has mentioned, particularly about the tax credit population. You can make a tax credit claim and then have no interaction with HMRC for a whole year, which is very different to the regime under universal credit. That may well put some people off, if the amounts are small.

Dr Allan: You mentioned the varied experience of work coaching, some of which is face to face and some only over the phone. Presumably work coaching will apply to large swathes of rural Scotland, such as the areas I represent on the islands, where there is little opportunity for face to face; in some places, people presumably rely almost entirely on telephone contact and so on. Are you able to build up any picture of potential inequalities around the country, depending on how much access people have to such services?

Rob Gowans: It is definitely a challenge, in that people are not always able to access a jobcentre that is within convenient travelling time. Historically, a large group of people in remote rural areas would sign on by post. One of the things that the Department for Work and Pensions has been exploring, which it has discussed with us, is whether it is possible to have people remotely attend the jobcentre via Skype or

videoconferencing. That might be possible at a community hub, for instance, or a CAB, if that is the place that is most convenient for local communities. I am not sure what the exact status of that pilot is.

Alison Johnstone (Lothian) (Green): We all understand that universal credit has changed since it was first introduced. The United Kingdom Government suggested at first that no one would be worse off under universal credit, but we know there have been many cuts, in particular to in-work allowances. Does the panel feel that it is still the case that universal credit can and does make work pay and, if not, how it can be changed to make sure that it does?

Kirsty McKechnie: We have a small number of case studies of people for whom universal credit has made work pay—cases of people who have no housing costs who are in work and who might previously not have been able to access benefits on top of pay for work. I have to say that those case studies are far outweighed by the number of people who are worse off under universal credit.

We are seeing, for example, that application of the work allowance means that people earn less before their universal credit is cut. We are also seeing the monthly assessment periods causing big problems for people who have fluctuating incomes. For example, if someone has received two payments in one assessment period, it might be seen that they have had both of those and so, in the next period, they get no payment. That could mean that people are subject to the benefit cap even though they have continued working throughout because it can be seen from the date of their payment that they do not have enough earnings to escape the benefit cap. That can also make it really difficult for people to budget for how much universal credit they will get, depending on their payment date.

Victoria Todd: In the previous evidence session, the committee heard from people who said that there is probably a mixed picture: some people gain and some people lose. The LITRG has been saying about work incentives from the beginning that universal credit cannot be looked at in isolation. From the claimant's perspective of the cash that they have available every week, more factors need to be taken into account than just the taper rate of universal credit. There is the interaction with passported benefits, such that when a person moves into work they lose the passported benefits and will have increased travel costs. When we ask whether universal credit makes work pay, we have to think about many more factors than universal credit, which is a mixed picture, anyway.

Rob Gowans: I will echo both those points, and say that the changes to work allowances

especially have impacted on the extent to which universal credit can make work pay. There have been a number of studies on how relatively generous universal credit is compared to the previous systems. Last year, our East Lothian CABs in Musselburgh and Haddington did a study of all the people who came in for advice on a benefits issue and compared what they would be getting through universal credit with what they would have got under the previous system. Of employed and self-employed people, 18 per cent saw no change in their income, the income of 18 per cent of them increased by a median of just over £18 a week, and the income of 45 per cent decreased by a median of £39 a week. The situation varies—it is certainly not always the case that people who are in work are better off on universal credit than they would have been in the previous system.

Alison Johnstone: How does universal credit compare with working tax credits in supporting people on low earnings?

Rob Gowans: Financially, some people will gain and some will lose. Support to increase earnings through the jobcentre did not exist under the tax credits system. On ease of claiming, there were always issues with overpayment of tax credits because that system requires people to estimate their earnings for a year, which is then reconciled at the end of that year, and there can be differences if people's circumstances have changed.

09:45

That can sometimes be the case with universal credit if people's earnings fluctuate month to month, for the reasons that Kirsty McKechnie outlined. There is a range of ways of looking at support. There may be some pros, but there are a few pitfalls as well.

Alison Johnstone: Does anyone else have a view on how the two systems they compare in terms of supporting people on low earnings?

Kirsty McKechnie: We note that the real-time information should, in principle, make it much easier for universal credit to take account of information about people's earnings without their having to report and to guesstimate what their earnings will be. However, we have seen that when real-time information is not accurate that has caused huge problems for people's universal credit, where information does not match up. We have had difficulty persuading the DWP to accept clients' information from bank statements and wage slips, rather than information that has come direct from HMRC.

We have also seen the childcare element accidentally not being included in universal credit

awards and people having to report their childcare costs after they have paid them—they are being expected to pay for childcare costs in advance of the costs being reimbursed to them, which is obviously a barrier for people on low incomes. With tax credits, people could say, “This year I expect to pay £X on childcare”, and that would be included in their award.

Victoria Todd: It is hard to make a direct comparison with working tax credits because universal credit includes the six previous benefits. The working tax credits system had, for example, the hours thresholds that encouraged people to try to get to 16 hours—for lone parents and other groups—24 hours or 30 hours, but beyond that the incentive was not strong.

Universal credit does not have those hours thresholds. Research by the Institute for Fiscal Studies has shown a shift in where the incentives lie for different hours groups. Under universal credit, childcare support is more generous than it was under working tax credits—it is 85 per cent compared to 70 per cent. Again, there is a mixed bag of results that depend on the circumstances of the person.

The Convener: Every member wants to speak, so I ask members for a little bit of patience.

Jeremy Balfour: I want to go back to a point that was picked up by the convener about sanctioning and how it has developed over the past two or three years. I have visited two jobcentres in my region in the past two weeks and have talked to them about sanctions and how they work. The evidence that they gave me is that the situation has changed in the past couple of years—there is a lighter touch and claimants get a number of letters and phone calls before sanctions are started. Have you picked up a change in how sanctions are being dealt with locally? Is that a positive move? How could the situation be improved?

Rob Gowans: It is fair to say that while there are still issues with sanctions, there is nowhere near the size of problem that we had in 2013-14, when probably the biggest issues and biggest concerns that CABs and Citizens Advice Scotland had were the frequency and fairness of sanctions and whether individual circumstances were being taken into account. It seems that a lot more of clients' circumstances are taken into account now, compared with then. We do not receive as many reports about problems of unfair sanctions as we used to, so there seems to have been a change.

Kirsty McKechnie: I agree with Rob Gowans. Certainly, in relation to jobseekers allowance we have seen a huge reduction in the number of sanctions, and we do not see the amount of

sanctions that we thought were unfair, as we did before.

We have noticed an increase in the number of sanctions for universal credit, which I think is partly about the larger number of people on universal credit who are subject to sanctions than there was previously. For example, if somebody is waiting for a work capability assessment under universal credit, they may still have conditionality attached to them. A person waiting for a work capability assessment for employment and support allowance would not generally be expected to do anything in terms of looking for or preparing for work. That is where the work coach's discretion comes in—some work coaches are not applying conditionality pending a work capability assessment but some are, including a condition of work search for up to 35 hours a week. People who have been declared unfit to work by their doctors are finding it difficult to comply with those conditions and have had sanctions as a result of their not doing so.

There are other issues with universal credit sanctions. We have, for example, seen a couple of cases in which there was a delay in notifying a person that they had failed to do something and so they had been sanctioned for a longer period. If they had been notified at the time, they might have been able to rectify the situation quite quickly, but because there was a delay in DWP notifying them, the sanction applied for about 26 weeks.

Jeremy Balfour: I seek clarification on sanctions. If people who have conditionality on their claims do not meet the conditions, are they given a warning before sanctions are put in place?

Kirsty McKechnie: I am not absolutely sure about that. Some of the cases that we have had are of people who are quite vulnerable—they experience mental health problems and find it difficult to engage, for example—who have been repeatedly sanctioned. I am not sure whether they were warned.

Jeremy Balfour: A person's not being willing to engage with the DWP because they might need support is different to someone turning up 10 minutes late and suddenly being sanctioned. Is the DWP trying to help by sending texts or letters or making phone calls before going to sanctions?

Kirsty McKechnie: It has been quite apparent that some people are vulnerable because of mental health problems. We do not think that adequate steps have been taken in relation to their being vulnerable people. It might be that a text has been sent, but not enough steps have been taken to protect that person as a vulnerable person.

Jeremy Balfour: What extra steps would you put in to help a coach with that? How would you deal with it?

Kirsty McKechnie: It is about recognising whether the conditionality is appropriate. If somebody is being repeatedly sanctioned while they are waiting for a work capability assessment, there may be questions to be asked about whether the conditionality for that person is appropriate. Does the person have the appropriate support in place in order that they can engage with the system?

The Convener: It was mentioned earlier that the workload of a work coach is 85 clients and that that is expected to rise to 373 clients. If coaches are, with 85 clients, missing vulnerable people right now, what is going to happen when they have 373 individuals with their own stories to tell and their own vulnerabilities? Should we anticipate much more of that kind of thing?

Kirsty McKechnie: In relation to the 373 clients, we have to bear in mind, to be fair, that many people have very little communication with their work coaches. It might be that they are receiving universal credit and have no in-work conditionality attached. Some people who come over from the working tax credit will not have much communication with HMRC.

We are, however, very concerned about the workload of work coaches, who are struggling to communicate with the number of clients they have now. As soon as that is ramped up, it will be difficult for them to keep on top of it, and there will be more chance of people being missed.

The Convener: Coaches have to deal with all their clients; the more they have, the more difficult that is.

Pauline McNeill: My first line of questioning is about people who are in work and in receipt of working tax credit. The second is about what needs to be fixed in the universal credit system.

You will be aware that when people who are currently in work and in receipt of working tax credit move to universal credit they will be subject to conditionality, which they previously were not. Using the benefits system to encourage people who are already in work to increase their hours and pay is unprecedented internationally, according to the Organisation for Economic Co-operation and Development, and the Social Security Advisory Committee has said that the scale of the challenge is enormous. However, they welcome the cautious “test and learn” approach.

In your opinion, is it necessary to upset what has been a successful system? The working tax credit system with the child tax credit system for people on low incomes has helped many families and has kept children out of poverty. If they switch to universal credit, which they will have to do by the end of December, and there is conditionality attached to that, it seems to me that we are

creating more problems than we are solving. What do the witnesses think?

Rob Gowans: You are absolutely right that it is not something of which there seems to be a lot of experience around the world. If it emerges that in-work progression and in-work conditionality work, that will be great, but our concerns are about introducing that at the same time as the biggest reform to the social security system since it was created, in rolling out universal credit. We would say that a long-term and slow approach should be taken; it should not be rushed. A different skill must be added to work coaches’ skill sets at a time when their numbers of clients are increasing. It is right to take a very cautious approach to in-work progression and conditionality.

Kirsty McKechnie: Any support to help people to progress in work is a positive thing. However, the way it has been done in relation to universal credit has looked at only one lever to encourage people to progress through work. It has not looked at the amount of available work, the types of work that are available or at the restrictions that people might have on their ability to increase their hours. For example, lone parents and people who have caring responsibilities are, by the nature of their family circumstances, restricted in the amount of work that they can do, so it is vital that we are still able to support people with inadequate incomes who are unable to increase their hours of work.

The system is also not looking at availability locally of childcare and transport, for example. If we want people to increase their hours and to progress, we need to take a much more holistic view. Their circumstances cannot be viewed just through the lens of social security.

Victoria Todd: I echo what Kirsty McKechnie said. We need to have a whole view of all the factors. There were incentives at certain hours points in the tax credit system, but it is different under universal credit. More work needs to be done to understand how work incentives are working in universal credit before we start rolling out all the in-work conditionality. It is all new.

10:00

A study in the United States showed that you can help people who are already in work to progress with some intensive work, but the system is very new and we have a very different population. Doing everything together is, as Rob Gowans said, a huge challenge.

Pauline McNeill: Would it not have been easier to leave that side of things alone? It is going to be a big shock to a lot of people because they do not think that they are in the social security system—they work and pay their taxes, and they are just getting a bit of help from the state because they

have children or do not earn enough. Even if you support the idea, you have already explained some of the difficulties with it. You mentioned December. I would like to think that there are much louder voices saying, "Hold on a minute".

Why should those people be subject to conditionality? What is the reasoning behind that? I have serious concerns about that group of people. Does more need to be done to highlight the issues?

Victoria Todd: More needs to be done to understand whether in-work conditionality will make a difference for that group. It was a very small trial, so work needs to continue to see whether there are any positive outcomes and to understand the challenges. The work coaches to whom I have spoken are concerned about having conversations with tax credit claimants—people who are already in work and who feel they are trying really hard. Those will be very difficult conversations to have.

Pauline McNeill: How can you expect it to be anything other than a negative experience? People who have problems with working tax credits now take them to their MP or their MSP. There is a hotline that we phone and we sort the problems out. That will all change. I cannot see the positive aspects of changing the system. Conditionality implies that if someone does not meet the conditions, they will lose some of their tax credit. It seems to me there has to be a downward trajectory for that group. Applying conditionality can go only one way, can it not?

Victoria Todd: Some of the claimants I have met in the jobcentres that have been part of trial had positive things to say about it. They welcomed the additional support, which they would not have had under tax credits.

Pauline McNeill: We are not talking about claimants; we are talking about people who are already in work, who will be subject to conditionality.

Victoria Todd: Some people who are already working and who would have claimed tax credits but who, because of their area, are now on universal credit have had a positive experience of support from work coaches to increase the number of hours that they work, to look at other options or to get training. The stories that I have heard are not all negative in that respect.

Pauline McNeill: That is helpful to know. It is quite hard for someone who is in work and wants to get a new job. They are required to do that—they are trying to progress their employment—but they do not want to tell their employer that they might be moving on. Has any work been done around how people progress to more hours or a different job? The system is designed to

encourage and motivate people to do better and to get a better-paid job, but would you agree that that is easier said than done?

Kirsty McKechnie: You are right that it is easier said than done. Some jobcentre staff would tell you that they are trying to do work to support people. We have also spoken to people who have appreciated the support that they have been getting in work. People's experience depends on which jobcentre they are with or who their work coach is. Some people are simply being told to increase their hours or ask their employer for a pay rise, whereas others are genuinely getting support and training that they would not have had access to otherwise.

Pauline McNeill: There is a lot that needs to be fixed. Given some of the evidence that you have given the committee about things being out of sync, I would hope that you would agree with that. Do you have a list of things that you think need to be fixed? Do you have a top three, for example? From what you have said, I presume that you think that it can be fixed. I have deep concerns about it, but I would be interested in your evidence.

Kirsty McKechnie: We have a list. For us, the key things include increasing the work allowance; removing the two-child limit and the benefit cap; and people not having to pay back their advances. There is a five-week wait at the beginning of a universal credit claim. Someone can get an advance and is given a year to pay that back, but that causes people financial hardship over a longer period than the initial crisis period. Those are probably our three main asks.

Victoria Todd: The area that we have been doing the most work on is the self-employed. We would like changes to be made to how income is measured for the self-employed, because the monthly assessment periods do not reflect the realities of self-employment. The minimum income floor is likely to lead to people coming out of self-employment or indeed not starting self-employment. I echo the points that Kirsty McKechnie has made about increasing the work allowance and putting back in the money that was taken out of the system.

Rob Gowans: Like the others, we have a long list of issues with universal credit that we think should be fixed. If I was to pick three, the first would be to ensure that people who have poor digital skills are still able to access universal credit, whether by phone or in person. The second would be to address the issue with the five-week wait at the start of the claim, which Kirsty McKechnie referred to. Thirdly, if somebody is given an advance payment, they should not need to repay it—or, at the very least, any deductions should be reduced to a much lower rate. At the moment, up to 40 per cent can be deducted. We have

observed that, although we are seeing fewer problems with the gap in income at the start of the claim, taking an advance payment kicks the can down the road because the claimant needs to repay it over the first few months, so they are on a very reduced income for quite a period of time.

Some of the issues with rent arrears also need to be fixed. We are going to publish a report on that in the next couple of weeks; I am happy to send that to the committee.

Shona Robison (Dundee City East) (SNP): My first question picks up on Pauline McNeill's questions about tax credits. At the moment, what we are getting back from you that you are unsure: there are some winners, but you are concerned about what will happen when everybody else on tax credits migrates over, which is to happen by December. Is that right?

Victoria Todd: The testing is due to start in January and the numbers will gradually increase, with the bigger numbers coming in from October 2019.

Shona Robison: One of the concerning things that I have heard this morning was Kirsty McKechnie saying that some people may even decide not to apply for universal credit because their perception at the moment is that they are not in the benefit system. They are getting help through tax credits and they do not see themselves as being part of the benefit system. There could well be people who will not apply for universal credit on the basis of what they perceive as stigma, or perhaps even on the basis of some of the negative stories that they will have heard about universal credit.

As leading welfare organisations, are you putting in place any monitoring or studies to pick up how often that occurs among the population of people who are on working tax credits at the moment? For those who choose to move over to universal credit, will you be monitoring the impact on their income? Pauline McNeill spoke about her perception. Like me, she thinks that there will be more losers than winners. However, it would be helpful to have evidence of that a year or 18 months down the line. As key organisations in the field that perhaps have the capacity to pick that up because people come through your doors for help, will you monitor the position so that we can get evidence in a year's time about what is happening on the ground with people on working tax credits?

Rob Gowans: Yes, we will. We have an on-going system for monitoring what people come for advice about and the advice that is given. Our CAB advisers also send us cases that have been affected by a social policy issue. The issue that you raise is certainly something that we will be looking out for, along with other issues caused by

the migration. In particular, we will monitor whether the migration causes people not to apply for universal credit or whether people miss the letter that tells them that their claim is to be closed and that they have to apply for universal credit. We will monitor whether they are missing out. Those are some of the things on which we have fed back in our evidence on the managed migration process. It is fair to say that how that is going to be done is a major concern of ours.

Victoria Todd: The regulations on managed migration—the process of inviting people who are on tax credits or other legacy benefits to claim universal credit—are still being consulted on, so we do not know exactly how the system will work.

The question of winners and losers is more complex, because there are people who, because of a change of circumstances, can move now under what we see as natural migration. When we talk about the winners and losers with universal credit, we often refer to that group. The commitment has been given that people should not lose out as a result of the managed migration to universal credit. Something called transitional protection will be added to universal credit. If the amount that someone gets through universal credit is lower than what they were getting through tax credits, in theory they should get a transitional protection element to make up the difference. However, that protection will then be eroded or lost.

Shona Robison: For how long does the transitional protection last?

Victoria Todd: It lasts until something happens that would reduce it. For example, if someone has another child, their universal credit award will not go up until they have used up the transitional protection; they will not see an increase when they add the child. If someone separates from their partner, that would, under the proposals, end transitional protection.

Shona Robison: Are you concerned that some of the decisions that people make in their lives could be influenced by the worry of losing the transitional protection? You mentioned a relationship issue, but what if there is abuse, for example?

Victoria Todd: We flagged that up in the LITRG response to the consultation. The proposals for transitional protection and when someone can lose that protection are very complicated. I go back to our discussion on work incentives and understanding what happens if someone takes more hours and all the other factors. Everything is complicated. It is going to be a challenge for us to explain it to people and for people to understand how changes will have an impact.

Kirsty McKechnie: CPAG in Scotland already has an early-warning system to monitor the impact of changes in the benefit system. We take information from our own advice line and we ask front-line workers with direct experience of working with clients to feed in information. We have been monitoring the impacts of universal credit quite closely over the past few years. We provide information at evidence sessions such as this one. We also work closely with the DWP to report back on the administrative side of things.

10:15

We can see already that natural migration means that people are quite a bit worse off. There will be the mass migration, and people will have transitional protection then, but in the meantime we have picked up that a number of people who are moving over are losing out already. One of the case studies we used involved a couple who married. One of the partners had been on tax credits. Unfortunately, her partner was terminally ill. She knows that she will be at least £40 a week worse off under the universal credit claim than she is under the tax credits claim.

There is a surprising number of people who have gone through the natural migration process. Obviously, there will be lots more under the mass migration, and they may get the transitional protection. To reiterate, we have seen a change of circumstances triggering universal credit claims. I think that that is definitely a concern about transitional protection going forward.

Shona Robison: Thank you. I have a question about the monthly assessment period. The concerns around that assessment period and budgeting difficulties have been mentioned. Many of those affected will rely on services that are provided by local authorities, such as the welfare fund or discretionary housing payments, and advice services, such as those that you provide. Have you any evidence of the impact on local authorities when it comes to mitigating what might be coming over the horizon with the mass migration? Have you done any analysis of what you think local authorities may be setting aside in budgets, or what the impact might be on their services?

Rob Gowans: We have not done any analysis of what local authorities are doing on that issue. The monthly assessment period is a problem that exists within the design of universal credit for people who are not paid on a monthly basis. If somebody is paid four-weekly, at some point in the year they will end up with two payments in their assessment period, and that will often take their income to a level that is too high for them to receive universal credit. Something similar will happen to people who are paid weekly or people

who are on a zero-hours or fluctuating arrangement.

I am not sure that the Scottish welfare fund figures disaggregate down to that level, but we have certainly seen clients who have needed to make an application to the fund because there is a gap in their income or because of the interaction between universal credit and a fluctuation in their income as a result of when they have been paid. There is an impact there, but I could not give you an exact figure.

Victoria Todd: It is not something that we have looked at.

Kirsty McKechnie: We have not done any formal analysis, but the early-warning system highlights that issues with universal credit are clearly a driver for people using the Scottish welfare fund. You can see the Trussell Trust's figures on the increase in the use of food banks when an area has gone to full service, which suggests that people are experiencing an income crisis. That obviously has a knock-on impact on local authorities and services.

Mark Griffin: Earlier, you touched on advance payments and the recovery rates for advance payments. An advance payment is given to someone because they are in absolute, desperate need. They have no choice. They have no income and nothing to support their family. What is your experience of the impact on those people who have had no choice but to take an advance payment? What has the impact on them been throughout the 12 months during which they have had to repay the advance?

Rob Gowans: One of our concerns, as I mentioned earlier, is the rate at which advance payments are deducted, because that can cause people hardship over a number of months. We have recently done a piece of work that I can send to the committee on the particular issue of people who have other debts—historical tax credits, or payments for council tax or water arrears—that can be deducted from their universal credit claim. Those can mount up and cause problems as well.

There are two issues. One is that we think that there should be a payment, which the client will not need to pay back, at the start of a universal credit claim to help bridge the gap so that they do not require an advance payment, which basically functions as a loan. The other is that the amount that is allowed to be deducted from somebody's universal credit payment to repay debt should be reduced, to avoid people being in hardship because their benefit payment is constantly reduced over a long period.

Kirsty McKechnie: We have noticed a real switch in the approach to advance payments. Initially, they were not routinely offered to people,

but now they are. People are taking them and are not necessarily getting an adequate explanation of what having to repay the money will mean in the long term. People are offered a large sum of money at a time when they have none—the amount is based on what it is anticipated they might get in universal credit—and we have had quite a few people getting a large advance when in fact their universal credit award has been much less than the advance. That accentuates the difficulty of paying back that large amount over a long period.

Other difficulties have been caused by people being given a large amount of money at a time when they really need it. We have heard anecdotally that it is an issue in coercive financial control: someone has been forced to take out the advance, their partner has disappeared with it and they have been left to pay it back. It is not without its issues.

Mark Griffin: Advance payments have caused serious issues in my region. The difference between North Lanarkshire and South Lanarkshire is stark. South Lanarkshire had full service rolled out six months ahead of North Lanarkshire and the issues with people having to deal with the recovery of advance payments are coming much thicker and faster in South Lanarkshire. Hamilton's citizens' advice bureau showed me some of their case studies in which, because of the recovery of an advance, after housing costs were paid people had no money to live on.

Would it improve the universal credit system if the DWP looked at a minimum income that people should receive before any consideration was given to recovering advance payments?

Kirsty McKechnie: Yes, absolutely. The idea that people have to pay back the advance is simply putting them into financial difficulty. Having a minimum income is a good idea. We have lots of case studies of people who, by the time that they have had multiple deductions made, have very little left to live on. A protective net around that would be good.

Victoria Todd: Given the nature of our organisation, we do not get a lot of feedback on the area—we focus on certain areas of universal credit. Based on some of the website queries that we have had, however, I echo what Kirsty McKechnie said: when people accept the advance, they do not seem to fully understand what that will mean down the line. You are, in effect, offering this huge chunk of money at a time when the person is in real difficulty. The temptation to take it and not think through what that means has definitely come across and is a worry.

Rob Gowans: Yes, a minimum income is definitely an option that could be looked at and I echo some of the points that have been made. In some areas, advance payments have been promoted quite heavily. In some cases, 100 per cent advance payments have been promoted quite heavily. That can cause some of the geographical variations that you are seeing and some of the problems for people who have to repay the equivalent of a month's universal credit payment over the year, as well as all the other debts that are coming out. That is something that could be looked at.

George Adam (Paisley) (SNP): Like Pauline McNeill, I am trying to get my head around the benefit of universal credit to someone who is in work, as opposed to the previous system. We are told that universal credit is about making work worth while and making it count, but people are being sanctioned for not staying within the monthly assessment. How is it beneficial if families who are on low incomes and trying to get by—they are claiming for a reason—are being sanctioned? How will that help the work ethos of the people involved? Like Pauline McNeill, I cannot get my head around that.

Rob Gowans: Universal credit is potentially an improvement for people who work different numbers of hours in different weeks, or who would look to work more, because it smooths the gap between things. You make a fair point, however, and as I outlined earlier, if part of the theory behind applying sanctions to people who are unemployed is to hold their feet to the fire and try to make them look for a job, that does not necessarily apply when somebody already has a job. A lot of the reasoning for sanctions is people not engaging with the work-search process. That will not be helpful if somebody already has a job. At the very least, a cautious, light-touch approach should be taken, because sanctioning people who are in work will not be beneficial for a lot of people.

Kirsty McKechnie: I will reiterate what Rob Gowans said about universal credit being positive for people who have fluctuating hours or perhaps have low hours. It used to be that there would be a cliff edge of 16 hours, where you would no longer be entitled to jobseeker's allowance or employment and support allowance. There was a bit of a gap before you worked enough hours to get the working tax credit. That group of people will now be supported, but to apply sanctions to anybody will not improve their ability either to look for work or increase their hours of work. We have seen from the evidence that we already have in relation to sanctions that they tend to have an impact on mental and physical health, and on housing arrangements, which then have an impact on your stability of life. Sanctioning will not help people to improve their work situations.

George Adam: There was an interesting exchange between Victoria Todd and Pauline McNeill. Victoria talked about claimants and Pauline said that these are people who are working already, and they were both right. The point was that those people—Pauline is right—do not see themselves as claimants, they see themselves as people who are working. This is a major culture shock for them. Is it not the case that people are being put into a system who should not be part of it? As you said earlier, they are not people who are trying to look for work and everything else; they are already in work.

Kirsty McKechnie: That is a difficult one to answer. There are some positives to bringing all the benefits together, because it reduces the stigma of out-of-work benefits. If the system was to work as initially envisaged, it would be much easier for people to transition in and out of work without having to apply for different benefits every time that their circumstances changed, but because things have evolved so that we now have the application of in-work conditionality, for example, that does separate a group of people out from the system.

10:30

Victoria Todd: As I said earlier, it is too early to know. The trial of people having in-work conditionality was really small. We do not know whether it will help people to progress in work. We do not know whether people will see it as a positive experience. Those are all the things that the trials should be gathering evidence of, so that we have an evidence base to answer some of your questions, such as whether people should be having in-work conditionality applied, whether there are any positives, what the negatives are and how the system should be designed. We do not have enough information.

George Adam: At a previous committee meeting, I asked the panel about the self-employed. I had not thought about it until that point, which is surprising, because my father was self-employed for most of his working life. I am aware of how fluctuating an income can be. There are many people out there in self-employment who are on that cusp and getting universal credit is the difference between them having an income and not having an income coming into their family home. I am having difficulty trying to work out how a monthly assessment helps people who do not know from day to day what will happen from a financial point of view. They have a rough idea, but things happen; life is not easy and they end up having difficulties. Surely the monthly assessment for self-employed people is just madness.

Victoria Todd: It simply does not work for people who are self-employed with fluctuating

earnings, which lots of self-employed people have. We included examples in our submission to the committee that highlight the disparity between the employed and self-employed. In the first example, an employed person and a self-employed person earn the same amount in a year. The self-employed person gets £2,600 less in universal credit because of the fluctuations and because in the months in which they earn less money, the minimum income floor kicks in and they are treated as working for 35 hours times the national minimum wage, so over the year they lose all that universal credit. If you add the surplus earnings rules on top of the minimum income floor, that makes the person another £500 worse off, so they are about £3,000 worse off compared to the employed person. It simply does not work to have those fixed monthly assessment periods for the self-employed.

The Convener: Rob Gowans and Kirsty McKechnie are nodding their heads at those comments. There are a few more questions that we want to squeeze in and time is against us.

Michelle Ballantyne (South Scotland) (Con): I have a quick question for clarification. We have been looking at in-work conditionality, and you have said that there are pros and cons. It is too early to know whether it is going to work as it is meant to. When we talk about the sanctions hitting people hard, that is often where there has been no communication from the work coach. However, I have visited jobcentres—Jeremy Balfour has made such visits as well—and there seems to be a lot of communication: a number of letters and calls go out and they get no response.

Where do your organisations and support organisations come into this? People seem to fall through a gap when nobody can get hold of them. At the moment, the jobcentres are not equipped to go out knocking on doors or searching the streets for them. What can we do when somebody goes off the radar? Quite often, the people who disappear and find themselves sanctioned are those we would be worried about.

Conversely, can you give me a feel for what percentage of people we are talking about sanctioning? You said earlier—Rob Gowans mentioned it—that your records are of the people who come to you with issues and that you do not see the vast majority, who do not have issues. What proportion are we talking about you seeing, and what percentage of them are being sanctioned? In the jobcentres that I have visited, they say that the percentage is very low. Do you concur with that?

Rob Gowans: I would need to have a look at our figures for the proportion of people who are sanctioned. Official figures are published, but there seem to be discrepancies in how sanctioning

for universal credit is recorded, which have not been fully addressed. I am happy to write to the committee with that information.

The CAB is an independent and confidential service, and that is very important to us. Sometimes, people will not feel comfortable engaging with the jobcentre or will not want to say something to a work coach, because they are concerned that they might be sanctioned or that it might affect their benefits. However, they might talk to a CAB adviser and, in some cases, we can help to resolve the issue. There is definitely an important role for CABs not only in helping people to access the benefits system but in making sure that they are not sanctioned or that, if they are sanctioned, they know where to get help.

Michelle Ballantyne: When I visit jobcentres, there is significant concern that people are not coming early enough because a lot of commentary in the press and in committees like this one suggests to them that going to the jobcentre is either a waste of time or would be a negative experience. I spoke to one or two people who had gone to the jobcentre late, and they commented that it had not been as bad as they had expected. They said that it had been helpful and that they wished they had gone a bit earlier.

There is concern that people are not going to the jobcentre as early as they should, which then creates problems with their debt accumulation and the issues that we talked about earlier with their having to wait. They have already reached a stage at which their finances are really bad, and that compounds the problem. Have you come across that?

The Convener: Has anyone experienced that situation? I am not sure that I grasp the issue that Michelle Ballantyne raises. It may be worth asking the question in another way.

I represent Maryhill and Springburn. When Maryhill jobcentre was closed, I found out—slightly to my surprise—about the positive relationships that were built up between the work coach and some very vulnerable constituents of mine, who were quite often lone parents. A lot of time, hard work and trust had gone into those relationships. When the jobcentre was closed, they were often sent quite far away to another jobcentre with a different work coach and were back to square one—the relationship was pretty much destroyed. Have you seen some negative outcomes in relation to that?

Kirsty McKechnie: People's first contact for universal credit would not normally be with the jobcentre; it would be made through the online claim process. That process, in itself, presents a huge barrier to people. To access the online claim, they need to be able to use digital technology and

must have access to wi-fi. Also, they cannot do a wee bit and then save their application; they have to go through the whole thing, and anything that they put in is lost if they step away from the computer.

I would say that, on the whole, the culture has changed and people's experiences of going to the jobcentre are much more positive. When we are training people, we reiterate that people have really positive relationships with their local jobcentre managers and that, if they want to get a problem with universal credit resolved, that is a good starting place. However, as you have mentioned, a lot of the local jobcentres have been closed and we have lost some of those local relationships.

The Convener: I thought it was important to balance that out.

The evidence session is almost at a close, but Shona Robison raised some interesting questions that I want to follow up. On sanctioning and in-work conditionality, there are some protections for those who are already in the tax credits system when they are migrated over, but, if the family were to have another child, those protections would be eroded. If someone decided to leave their partner for whatever reason—Shona Robison sensitively highlighted a number of reasons why they might need to leave their partner—those protections would be withdrawn, and that concerns me as well.

The third issue that I want to raise before I close this evidence session is the idea that, under the new universal credit system, all the money goes to one individual in a household although none of us knows the dynamic within the household. Could the fact that one individual in a family home gets all the cash from universal credit put some vulnerable people at a risk, and should we look at split payments?

Kirsty McKechnie: On Shona Robison's point about people making choices according to their benefit situation, we are seeing that already, particularly in relation to domestic abuse situations. The safety net is simply not there for people who want to leave an abusive relationship. In some situations, we have seen people return to an abusive partner. It is not just about universal credit; it is about things such as the benefit cap and the two-child limit. We are very aware of that issue.

On your point about split payments, it is, without doubt, an issue that the universal credit goes to one member of the household, but how that payment could be split is turning out to be a complicated issue. I have some sympathy for the Scottish Government as it tries to sort that one out, because, once you start to look at it, a 50:50

split does not necessarily help a household with complicated and complex needs. Somebody in the household might have a disability, and somebody else might be paying the childcare costs. What could be done about the housing element? The single payment is a fundamental problem, but how the situation could be resolved is very complicated and not as easy as it sounds.

Rob Gowans: Split payments should be looked at, and I know that the Scottish Government is looking at the idea, following the changes that are being made through the Social Security (Scotland) Act 2018, which places requirements to do that. I echo the point that the matter is very complicated in practice. We have recently done a bit of work with the Scottish Government whereby we have had discussions in focus groups including CAB clients on how the splitting of payments might work out and what their attitudes would be to it. It is something that some people would prefer and it might address issues of domestic financial abuse, but it is very complicated to work out how it might be done.

The Convener: Shona, I followed your line of questioning. Do you want to come back in before I close the session?

Shona Robison: It would be helpful if you could provide us with some further case studies, particularly involving domestic abuse, in which people's decisions are being driven by the changes that are being made to their benefits or in which there is concern about whether transitional protection issues will exacerbate the situation. Any examples of cases in the here and now would be extremely helpful.

Kirsty McKechnie: We would be happy to provide that information.

The Convener: Time is now against us, so I will bring us back to where we started.

This is an inquiry into universal credit and in-work poverty, and all the issues that we have discussed are very pertinent. You can have as much money going into a household as you like, but, if that money is not going to those in need in the household, there is poverty in that household irrespective of the money that is going in. It is important that we look at that.

This is an on-going inquiry, so, if there is something that you did not get an opportunity to say today, please write to us. If something else comes to mind, please get back to us and the committee clerk, and keep us updated. It was a worthwhile evidence session and I thank all three of our witnesses for their attendance.

I should have asked members, under agenda item 1, to agree to take item 7 in private. I am sure that all my fellow committee members realised that

I did not say that. Therefore, I am asking now for agreement to take item 7 in private before we move on. Is that agreed?

Members indicated agreement.

The Convener: Thank you. We now move into private session.

10:45

Meeting continued in private until 11:27.

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