



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 6 February 2013



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**ECONOMY, ENERGY AND TOURISM COMMITTEE**

**5<sup>th</sup> Meeting 2013, Session 4**

**CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

**DEPUTY CONVENER**

\*Dennis Robertson (Aberdeenshire West) (SNP)

**COMMITTEE MEMBERS**

\*Marco Biagi (Edinburgh Central) (SNP)

\*Chic Brodie (South Scotland) (SNP)

\*Rhoda Grant (Highlands and Islands) (Lab)

\*Alison Johnstone (Lothian) (Green)

\*Mike MacKenzie (Highlands and Islands) (SNP)

\*Margaret McDougall (West Scotland) (Lab)

\*David Torrance (Kirkcaldy) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Richard Cornish (Department for Work and Pensions)

Ross James (Department for Work and Pensions)

**CLERK TO THE COMMITTEE**

Jane Williams

**LOCATION**

Committee Room 4



## Scottish Parliament

### Economy, Energy and Tourism Committee

*Wednesday 6 February 2013*

[The Convener *opened the meeting at 10:00*]

### Underemployment Inquiry

**The Convener (Murdo Fraser):** Good morning, ladies and gentlemen. I welcome members and witnesses to the fifth meeting in 2013 of the Economy, Energy and Tourism Committee and remind everyone to turn off all mobile phones and other electronic devices.

The first item on our agenda is the continuation of our underemployment inquiry. I welcome to the meeting two witnesses from the Department for Work and Pensions: Richard Cornish is work services director for Scotland and Ross James is head of labour market intervention strategy. Before we get into questions, does either of you wish to make a brief introduction?

**Richard Cornish (Department for Work and Pensions):** Thank you very much for inviting us to give evidence, convener. Our written submission will give members a baseline of the DWP's position and we hope that it and our evidence today will help to set out our role and remit on employment matters and explain how welfare reform, and the introduction of universal credit in particular, aim to reduce financial dependency and to impact on underemployment. The system will be fairer and more efficient, and people will no longer need to be the benefits experts that they might have had to be in the past. Financial support for those in work will be withdrawn at a single transparent rate as earnings increase in order to ensure that work always pays. We are also very happy to talk about Jobcentre Plus's current system and services, which are already becoming more flexible as we move towards universal credit.

The hard work of my team in all of Scotland's jobcentres does not often get reported. However, although customer satisfaction rates are high and although we recently achieved customer service excellence accreditation, I am in no doubt that, among the thousands of interventions that we are constantly making, there are always areas where the service can be improved, and universal credit will be a key enabler in making the system simpler and easier to navigate for staff and claimants. We welcome the opportunity to discuss that further with the committee.

**The Convener:** Thank you very much. Before we get into questions, I remind members that our

inquiry is about underemployment. I appreciate that certain issues around welfare reform will also be relevant, but it would be helpful if we could focus on underemployment without straying too much into the broader issues.

I will start with a general question. An issue that has emerged in the inquiry is that although the phenomenon of underemployment existed before the economic downturn, it has undoubtedly increased as a result of it. How have DWP and Jobcentre Plus adapted to this change in the employment market by assisting the underemployed, rather than the unemployed who have traditionally been focused on more?

**Richard Cornish:** I will start and Ross James might well come in.

Jobcentre Plus has tried to become more flexible in what it offers people. In the past, much of our provision and training and many of our interventions have been limited to certain eligibility criteria—for example, people must have been claiming for a certain period—and although our primary focus is still very much on those who are out of work, things will change under universal credit, as Ross James will explain. We are trying to offer a more flexible range of options including part-time work and self-employment, and to look across the whole labour market and tailor our services to local labour markets.

**Ross James (Department for Work and Pensions):** Moreover, the work programme, which the committee might want to discuss further, helps to get people into sustained employment. Many of our providers are trying not just to put people into a job but to maintain a relationship after they get into that job to ensure that it is right for them and that they have the confidence and skills to remain and, ideally, to progress in it.

**The Convener:** Can you explain briefly how, if it is introduced, universal credit will help people who are underemployed?

**Ross James:** I will try to keep my response simple, but we might well go into more detail.

At the moment, our claimant base stops at people on jobseekers allowance who work up to around 16 hours a week. However, many people beyond that are underemployed; they claim tax credits, but because they sit outwith the DWP benefits regime, we do not have any contact with them. When universal credit takes over tax credits, our claimant base will increase to 11 million—5 million of whom will be in work. Approximately 1.25 million of those claimants will be working a little and are therefore, one might argue, underemployed, and could actually work more. The premise behind universal credit is that for the first time we have the opportunity to intervene with claimants who are working part-time but who could

do more to build their confidence and skills and increase the number of hours that they work and the earnings that they take home.

I might talk about issues such as the taper later, but in essence universal credit gives DWP the opportunity to work with those claimants for the first time. I might also touch on the question of what we will do; this is, after all, an untapped marketplace and there is a lot of learning to be done.

**Chic Brodie (South Scotland) (SNP):** How many DWP offices in Scotland have been closed in the past two years?

**Richard Cornish:** I do not have that figure in front of me. We have—

**Chic Brodie:** Let me try to help you: six DWP offices, that I am aware of, have been closed. How are you going to cope with the increased workload that Mr James has said that you will have as a result of the implementation of universal credit?

**Richard Cornish:** As we get into the implementation of universal credit and start to understand the volumes of people who are coming through on the front line, we will look at the estate and see what we need.

**Chic Brodie:** That will be too late—the programme is coming in now. I will come back to the numbers that we have, but the fact is that you are not ready.

**Richard Cornish:** To go back to your question about office closures, I certainly know about those that have happened in the past year in quite a lot of detail; the sites that we have closed have not meant that we have come out of a locality. For instance, in Aberdeen, we had two sites; a main site in Chapel Street and another that dealt with only a bit of the process. We have now moved everything to one office and, because we have the room, we have been able to turn back-of-house floors into customer floors. In the main, with the sites that we have closed in the past year or two, we have not been coming out of localities—

**Chic Brodie:** That, Mr Cornish, is incorrect. The disability benefit payment centre in John Street in Ayr was closed last year and people were expected to travel to Kilmarnock, which is not the same locality.

**Richard Cornish:** We might be looking at two different issues. The benefit delivery centres that do not offer front-of-house or face-to-face services have been reformed over the past few years; we have changed some of the locations and moved some of the work around. However, we have not pulled any face-to-face jobseeker services out of localities. We have changed some of our estate, but we are still maintaining the same level of service in those localities. As far as the estate is

concerned, job centres and processing centres might be separate issues.

**Ross James:** On the related question of preparedness, one of the real opportunities in universal credit is the ability to use technology to our advantage. The claimant base will change and we will have new numbers, but the last thing that we might want to do with many of those claimants is bring them into a Jobcentre Plus office. Instead, we need to use technology such as the internet and other available systems to ensure that we have a much more informed conversation with individuals when they need it and actually provide—

**Chic Brodie:** How many claimants have the facility to communicate with you either over the internet or directly?

**Ross James:** I do not have the precise numbers, but I think from a—

**Chic Brodie:** So, how can you say with confidence—

**The Convener:** Hold on, Mr Brodie. Please let Mr James answer—you cut him off in mid-sentence.

**Ross James:** I cannot cite the exact numbers, but among current jobseekers just under 80 per cent of jobseeker's agreement claimants have access to the internet and something like 40 per cent are doing transactional things such as banking. As for the new claimant base, which will include tax credit claimants, the numbers are even higher, with something like 60 per cent transacting over the internet. A majority have internet and smartphone access and are used to dealing with things in that way.

**Chic Brodie:** I have one last question on the numbers. In your written submission—I thank you for providing it—you state:

"Evidence shows that there have always been workers who would like to work fewer hours and those who would like to work more."

You go on to explain the opportunities that exist for people who want to work more hours. However, you state that

"sample sizes are too small to allow more detailed analysis".

You do not really know the size of the issue, do you?

**Richard Cornish:** The numbers are based on the labour market survey, which is the only robust source of longitudinal data that we have. Unfortunately, that data source does not allow us to break the figures down to the level of individual regions in order to understand the problem. The cost of introducing a process that was granular enough to break things down to the local or

regional level would probably outweigh the benefits. That is a subjective view, but it is my view.

**Dennis Robertson (Aberdeenshire West)**

**(SNP):** My question takes us back to connectivity and technology. In Scotland's remote and rural communities there is a lack of connectivity and there are related transport difficulties. We know that people in those areas are often underemployed because of the difficulties of getting from one locale to another. How flexible is the system in accommodating that? I understand that there is not a one-size-fits-all approach, but will people in remote and rural areas be penalised under the universal credit system if they cannot get to work?

**Richard Cornish:** Under the current system, a number of steps are in place to assist customers in rural areas. We will pay fares for them to go to extra interviews and so on, and the travel-to-work area and indication of what jobs they should be looking for that form part of a person's eligibility will take account of where they can physically get to in the locality.

As we move to the new system, there are options that we can look at. We can go and visit people using my advisers in jobcentres and the pan-DWP visiting service that will go out particularly to vulnerable customers across Scotland and visit them in their homes.

The issue is a challenge for society in general. As the labour market becomes more digital—some surveys suggest that 70 to 80 per cent of job vacancies in some labour markets are filled though digital means such as the internet—we have a responsibility to try to give as many of our claimants as possible access to the digital environment, including by allowing them to use computers in our offices, which is something that we are looking to increase still further.

There are a number of factors and I do not think that there is a single solution. Ross James might want to comment.

**Ross James:** Dennis Robertson mentioned a one-size-fits-all approach. In the current regime, which I am sure you are familiar with, the claimant goes into a jobcentre and signs a jobseeker's agreement. We call it a JSAG. That is fairly limited in terms of the scope and personalisation that it offers.

Under universal credit, claimants will be asked to sign a claimant commitment, which will be much more personalised to their individual circumstances, be they related to geography, caring responsibilities or skills. Through a discussion with the Jobcentre Plus adviser, the claimant commitment will be much more tailored in terms of what we expect the person to do and

what the limitations may be. There will, of course, be an expectation that the person will travel a certain distance to get into work, but that will be based much more on the individual discussion than on a blanket statement of what the person must do. The claimant commitment, as part of the universal credit, will allow such tailoring and personalisation.

**Dennis Robertson:** Will you take into account availability of transport?

**Ross James:** Of course.

**Dennis Robertson:** Could an individual be penalised because there is no infrastructure that would allow them to travel to work?

**Richard Cornish:** Under the current system—I am sure that it will be the same under universal credit—our advisers in jobcentres are very familiar with the transport that is available in their areas, because they are local people who live in the community. The vast majority of my advisers will have on their computer desktop a link to the Traveline Scotland website so that they can look in detail at bus times and various travel options. They ensure that transport is part of the jobseeker's agreement; it will be the same when the claimant commitment comes in.

10:15

**Dennis Robertson:** In your submission, you say clearly that work should pay. In some areas—I am again thinking more about remote and rural areas—will there be cases in which work will not pay, when we have taken account of the cost of transport and the limited hours that the person can get, given the lack of work in some areas? In such cases, going to work would cost the person and make them worse off.

**Richard Cornish:** In the current system, the 16-hour rule, with which I am sure that the committee is familiar, does not help people to move into more hours and sometimes catches people in the scenario that you described, in which they have to do a lot of hours to cover all their expenses and make work pay. Universal credit will change that, because people will keep more of the money that they earn and will not be caught by the 16-hour rule.

**Dennis Robertson:** My point is that the jobs must exist in the first place, but in some areas they simply do not. How do you square that circle? It seems to me that if there is no employment to enable people to up their hours or even to get work in the first instance, people might be penalised.

**Richard Cornish:** Clearly, we want more jobs to be available, but the system will respond to the

local labour market, so if there are not jobs in a locality—

**Dennis Robertson:** Surely that is why there is underemployment; in a lot of areas, jobs are just not available. People are working fewer hours not because they want to work fewer hours but because they cannot get additional hours. Is not that the case?

**Ross James:** It is absolutely the case that some people would like to work more. You have seen the data. Of the people in part-time work who want to work more, nearly three quarters would like to work more hours in the same job. You are absolutely right, though, and we all have a responsibility—the Scottish Government has a responsibility—to stimulate the employment side of things and ensure that employers can create opportunities.

Jobcentre Plus would not deliberately place a sanction on someone who could not find work in an area where work does not exist.

**Dennis Robertson:** Thank you.

**Rhoda Grant (Highlands and Islands) (Lab):** I do not know whether the witnesses read the evidence that we heard from Citizens Advice Scotland. CAS described a case in which a person who was underemployed found that because of changes to tax credits their income had fallen dramatically and they were just covering the cost of travel to and from work. However, if they had given up the job, they would not have got benefits.

It seems to me that such a situation traps the person in abject poverty, because they are making no money at all. However, there is nowhere for them to go for help—they have to survive on loans and charity food parcels, which is not acceptable. What help is available? What sanctions would someone in that situation face if they gave up their job?

**Richard Cornish:** It is worth saying that reporting and coverage sometimes gives the impression that a lot of people are being sanctioned in the current system and that sanctions are a core part of the regime. The number of people who are sanctioned varies, depending on where and when we are looking, but it tends to be no more than about 10 per cent of the live load of the register—

**Rhoda Grant:** It is still tough for that 10 per cent.

**Richard Cornish:** Yes. However, claims are only ever referred for review by a decision maker, who might then impose a sanction if the claimant has not fulfilled the conditions of their entitlement. The conditions are set out clearly for jobseekers when they claim benefit. The new-claim interview focuses on the support that we can provide, and a

jobseeker's agreement is drawn up in order to ensure that the person has a clear view of what is expected of them.

**Rhoda Grant:** Let me reel you back in slightly. In the case that I am talking about, the person was underemployed and was not claiming jobseekers allowance, but thought that they could not give up their job and claim JSA because they would have given up a job, albeit that the job basically just covered the costs of travelling to and from work and they had no income.

**Ross James:** If I understand you rightly, the person was claiming tax credits, not jobseekers allowance.

**Rhoda Grant:** They had tax credits until the rules changed. Then, they lost their tax credits because they were not working 25 hours.

**Ross James:** I do not want to keep talking about universal credit as being the answer to everything, but there is a big difference with it in this respect. At the moment, that individual claimant might not be in our system and will not be in another system, either. At the moment, tax credits come through HM Revenue and Customs, and the jobseekers allowance comes through the DWP—two separate bodies. We are bringing all that into one, and the claimant, as they move up and down across the earnings threshold, will still be our customer and we will still be able to work with them and support them.

On the important subject of making work pay, for every pound that someone on jobseekers allowance earns at the moment, we pretty much take a pound back, if they are working for around 16 hours; it is like for like. On making work pay, is there an incentive to work a little bit more, given that every pound that the person earns is taken away? As far as tax credits are concerned, up to 91 per cent of the income that people get from their salary is taken away from a benefits perspective.

With universal credit, a taper is set at 35 per cent—there are other things about it that we can discuss in more detail later. That means that, the more someone works—up to a certain limit—the better off they will be. Not only will they be getting their salary; we will take away only a proportion of their benefit. For every pound that they earn, they will keep 35p of their benefit. At the moment, it is almost like for like: you earn something and we take it away. Under universal credit there is a taper, which stops the cliff edges occurring so that people earn more and take home more.

**Rhoda Grant:** That does not really answer the question that I was asking. My question was this: if somebody is in a job that does not pay, because it costs them as much to travel to and from work as



they are earning, and they give up that job, what sanctions do they face?

**Richard Cornish:** That would depend on why they left the job.

**Rhoda Grant:** What if they left because it does not pay and they cannot survive?

**Richard Cornish:** I am not denying that the case that was presented the other week exists. There will be cases like that. We would never have mandated someone into a four-hour job with the threat of sanction if they did not take it; we would be looking only to mandate someone who was a jobseeker customer into a job that was for more than 24 hours, if that is what they were looking for.

**Rhoda Grant:** Many people's hours have been cut and they are trapped in underemployment not because they set out to be underemployed, but because their employers have been cutting hours while trying to keep people on the books. There comes a point at which, although they do not qualify for any benefits, their hours are not enough to sustain them. They are then in poverty and do not have any choices; if they give up work, they do not get any benefits, because they face sanctions for having voluntarily given up their work. Where is the answer for those people, who are trapped in a horrendous situation?

**Richard Cornish:** I do not think that this will be the answer that you want. If such people were looking for Jobcentre Plus support—there is lots of other support that they might look for, too—we would do everything we could to help them to find work that would increase their hours, perhaps with other jobs in combination. Lots of people in the labour market have several part-time jobs. There might be options like that. Other agencies could perhaps address that, as well as Jobcentre Plus.

**Rhoda Grant:** So, there is no safety net for those people.

**Richard Cornish:** We can examine the example that you give and come back to you, if we can find more detail. On the face of it, we would look to provide the person with support to find more hours in other jobs. Under the current benefit system, until universal credit comes in, that case is as you have presented it.

**The Convener:** To follow up on that point, how much discretion do staff in your local offices have in applying the rules when they are presented with a case? In the situation that Rhoda Grant has highlighted, where somebody has been working but their hours have been reduced and they realise that they can no longer afford to live, so they have to give up their job and present themselves as jobseekers, how much discretion would a local DWP official have to consider that case and decide that sanctions should not apply?

**Richard Cornish:** It is quite difficult to talk about the amount of discretion because, by its very nature, that would not be so prescriptive. Both the advisers in the jobcentre and the decision makers in the benefits centre who make the decisions about any referral will look at all the evidence and all the factors. There are certain good-cause scenarios in which discretion could apply, such as where someone had left a job voluntarily due to a factor such as bullying in the workplace.

More broadly, I would expect my advisers to apply a commonsense discretion and to use their judgment, but at the same time I would not want there to be what one might call, for want of a better phrase, a postcode lottery, in which different levels of discretion were provided in different places. That is why a system is in place, with guidance and rules, to ensure that there is fair and consistent treatment of people across the board. I would look for a commonsense approach to try to provide flexibility in each individual case, but it is quite difficult to pick out generic circumstances or a set of scenarios where that would occur.

**Alison Johnstone (Lothian) (Green):** For the first time, Jobcentre Plus staff will be working with people who are already in employment. As we have heard, that will bring its own challenges and there are obviously concerns about sanctions. Are staff being fully trained in how to deal with those new issues? For example, as a matter of logistics, someone who is working set hours might be unavailable for interview. Is enough investment being made in staff training?

**Richard Cornish:** I will start off and Ross James might want to add something.

Last year, all staff received dedicated classroom training on the changes to various policies, such as conditionality and the sanctions regime. In my spare time, I am also accountable for leading the design of the training on universal credit for staff working in jobcentres across the United Kingdom, so I expect to be very busy on that over the next six months. That is still very much in the design phase, but we are looking at quite a considerable amount of learning and development, which will probably include at least one week specifically on the broader changes to the system and the changes to the customer base. Additional classroom training will also be provided on the technicalities of the benefit, so, yes, we have had training in place on the changes that have been implemented so far and we are developing quite comprehensive training going forward.

**Ross James:** As I mentioned, Jobcentre Plus staff will work with 1.25 million in-work claimants. If your question is what the staff will do with them, I have to say that at the moment we do not fully know. Very few countries in the world have worked

with underemployed claimants who are in part-time work to try to increase their hours and to increase the amount of money that they earn. There is some evidence worldwide about what may and may not work, but it is limited. A couple of weeks ago, our minister launched a call for ideas to bring in new and different ideas about how we might work with that claimant base—we would value your input on that.

As I am sure that you know, the DWP works in an evidence-based way. We pilot things to ensure that they work before we roll them out. There are some things, however, that we cannot pilot until universal credit is in a real state. The plan is that we will work out various things that we could do with that in-work claimant base, ensure that staff are well trained and have the skills to deal with that base, and then we will pilot those ideas. Over time, that will give us confidence that certain things work well—be that technology or a face-to-face discussion about skills—and certain things work less well, so that we can grow the regime over time.

Yes, the investment in staff is there now. We do not yet know quite what staff will be doing with in-work claimants, because we first need to get the evidence to know what works.

**Richard Cornish:** You asked whether we will ask in-work claimants to come to our office at a time that does not suit them because they are working—we will absolutely not do that. At the moment, we are trying to move to a much more flexible way of working that is not a one-size-fits-all service. For instance, we do a lot of outreach activity all over the place, so one option might be to do more of that kind of activity near big employers or suchlike. I think that we will look to do a range of things, but it is still too early to fine tune that.

**Alison Johnstone:** I suspect that cases will arise that we will not have the means to address until we have some expertise in addressing them. This is new to everyone, so I hope that there is a commitment to on-going training and a commitment that, if someone is expected to attend an interview on a day when they are already working in another part-time job, that will be taken into account and no sanctions will be imposed. Is that a reasonable expectation?

10:30

**Richard Cornish:** Yes.

**Alison Johnstone:** Is there any evidence that more employers are offering employment on a self-employed basis, to avoid paying national insurance or other employee benefits such as sick pay?

**Richard Cornish:** I have not picked up a huge amount of anecdotal evidence of that. In the past 12 to 18 months I have picked up on a move to more zero-hours contracts, which you will be aware of. That view is more anecdotal than evidential, but, in the vacancies that come before us, we are not aware of a massive shift to self-employment.

**Alison Johnstone:** Do you keep statistics on increases in zero-hours contracts, use of recruitment agencies and self-employed positions?

**Richard Cornish:** I cannot remember all the different stats reports, but I think that, broadly, there will be reports on a number of the things that you mention. Those statistics may not be DWP statistics; they might be wider government statistics from either Government.

**The Convener:** For your information, the figures that we have say that one in four vacancies in jobcentres is now classified as “self-employed”.

**Mike MacKenzie (Highlands and Islands) (SNP):** I feel a bit sorry for you gentlemen. The latest economic figures showed that the economy is contracting yet again, yet you are obviously under pressure to increase employment. Are any high-level targets or targets for individual managers or staff in your organisation being imposed? Are you driven by targets?

**Richard Cornish:** No. We have been on quite a journey in the past two or three years. Two or three years ago we were driven by quite a lot of targets, which were often activity targets. We had a subset of different activities—we were counting things a lot and maybe not focusing on outcomes.

In the past couple of years we have moved to a very simple outcomes regime. We still monitor information beneath that, but our primary outcomes are to move people off benefits and into work and to protect the integrity of the benefits system.

We have a planning assumption that we will move around 50 per cent of people who claim jobseekers allowance off benefit and into a job within 13 weeks. That tends to be what happens in the labour market. We have a couple of other measures like that. Those are our main measures; we do not have other measures—or targets, as you said—below that.

**Mike MacKenzie:** Do you apply that 50 per cent of whatever it is universally, across the country, or is there a geographical variation to that?

**Richard Cornish:** Before the past 12 months there was a UK-wide measure that everyone would aim for. This year, we have brought in different targets, which we are still testing, and we are trying to take account of local labour markets.

In some areas, offices might even have slightly different targets within a range, depending on local labour markets. We have started to build the local picture into the targets.

**Mike MacKenzie:** Do any of your employees feel that they are under any pressure to achieve the targets that are set for them?

**Richard Cornish:** Getting people a job is our primary role and I would always say that that is the major priority. I hope that people do not feel under pressure but, in an organisation in which employees are there to achieve an outcome, the discussion that they have every day as part of their role will be about how many more people they can get jobs for. That is the kind of conversation that will go on in a local jobcentre.

**Mike MacKenzie:** What tools are available to employees—who perhaps feel that they are under pressure—to fulfil the targets that are set for them? There has been talk of sanctions. Are sanctions a tool that some of your local managers might use to achieve a target?

**Richard Cornish:** No.

**Mike MacKenzie:** What kind—

**Richard Cornish:** There is a range of products, guidance, initiatives and tools. For instance, in a local office, we might try to increase the amount of voluntary work experience that someone could do or the types of training courses that we have in place, or we might talk to employers about running sector-based work academies with guaranteed interviews at the end of them.

The sanctions regime is the one that the benefits system operates under, but I do not think that people would use the sanctions regime specifically to get that outcome. It would depend on individual circumstances.

**Mike MacKenzie:** You do not think that they would do that.

**Richard Cornish:** They would not—not with any direction from me. I have seen no evidence of that.

**Mike MacKenzie:** You mentioned that sanctions were used in about 10 per cent of cases.

**Richard Cornish:** Yes—roughly 10 per cent. That figure might include several individuals who have received several sanctions, so it might not be 10 per cent of the entire live load. We do not have that kind of granularity of data at a local level.

**Mike MacKenzie:** That seems an extremely large proportion. Does the fact that you are obliged to use sanctions to that extent cause you to have concerns that the system is not working?

**Richard Cornish:** We continually try to ensure that claimants understand their responsibilities from the outset of the claim. No rise in the proportion of sanctions would be a measure of success in any regard. In the long term, as we get into the universal credit system, we would like people to fulfil their obligations within the benefits regime and fewer people to get sanctions. We do not drive the sanctions regime. It is part of the system, and people are referred for a sanction only when they have not fulfilled the obligations that are attached to their receipt of that benefit.

**Mike MacKenzie:** You mentioned a concern about a postcode lottery, with sanctions being applied in different ways because of the degree of discretion that is involved in their application. Does your organisation have in place any checks and balances to ensure that the sanctions are being applied reasonably and fairly? Also, if someone feels that sanctions have been applied to them unfairly, is there any mechanism by which they can challenge them?

**Richard Cornish:** The answer to your second question is yes. People can ask, initially, for a reconsideration, which entails a decision maker—normally a different one—taking another look at the case. If, after that, the claimant is still not satisfied, they can make an appeal.

On your first question, there are checks and balances in the benefits processing regime. Decision makers have a sample of their decisions looked at by their managers in a quality-checking process that is similar to what happens in job centres. Personal advisers have regular examinations under the quality assurance frameworks, which involve their manager sitting in on interviews that they conduct and checking the work that they are doing to ensure that the quality is up to a consistent standard.

**Mike MacKenzie:** We have heard a lot of criticism of the way in which the system operates. That suggests that the system of checking up on fairness and so on could do with improvement. What would you say to that suggestion?

**Richard Cornish:** If we were presented with evidence that suggested that that was the case, we would consider it with a view to whether we need to review any of our systems. However, I have not yet been presented with any such evidence.

**Margaret McDougall (West Scotland) (Lab):** Earlier, you said that you would be looking at ways of helping the underemployed into full-time employment. However, when Alison Johnstone questioned you, you said—if I understood you correctly—that you did not yet know how you would do that. The new regime is due to start this April and it is quite concerning that you do not yet

have those systems in place. For example, if someone is underemployed, I imagine that they might be offered a training course. How will that work if the person is on a zero-hours contract and so has irregular hours? They might have to work 10 hours one week and 16 another, yet they will have to attend a training course to improve their employment possibilities.

**Ross James:** So that I do not mislead the committee, I point out that for people who are on a jobseeker's agreement—who are working up to 16 hours—we already do a lot to help build their skills and confidence in work to give them the opportunity to work more hours. Richard Cornish can come back to that in a moment.

The issue, or opportunity, with universal credit is that it is a claimant base that we have never touched before. I appreciate that it might be a concern that we do not know the answer but, as I said, the reality is that we do not have evidence about what might or might not work. One can see it as an opportunity that, as universal credit rolls out, which will take until 2017, we can try new things and we can learn and improve, which is exactly what we will do.

**Richard Cornish:** The universal credit pathfinder that is starting in April involves a small number of claimants in the Manchester area. It is deliberately small scale, so that we can learn from it. The knowledge will only increase as we increase the roll-out over the next couple of years. During that time, we will not be into the territory of the mass roll-out of universal credit, so we will be able to learn from the lessons of the pathfinder.

**Margaret McDougall:** Obviously, being underemployed causes a great deal of stress to individuals who are looking for full employment. It seems to me that the process will add to their stress, because there will be continual uncertainty and the threat of sanctions, too.

My other question is on the high number of women who are underemployed. Are any discussions on-going on helping women into full employment, given the childcare concerns? What exactly do you do to work with women to help them into full employment?

**Richard Cornish:** We are not primarily accountable for childcare, as that provision is supplied by the Scottish Government, local authorities and others. We talk to the Scottish Government about what else can be put in place on childcare as the reforms continue. Our main interaction in that regard has been with lone parents. Reforms have been going on for some years in relation to lone parents, and the majority of such parents are looking for part-time work to fit in with caring responsibilities. My lone parent advisers have become fairly experienced in

working around the locally available childcare options and in looking for vacancies that match the childcare issues and other caring responsibilities. We try to work around what is available in the local labour market and target vacancies at people who need them because of their caring responsibilities.

**Margaret McDougall:** Similarly, if you offer people a training course, would the need for flexibility be taken into account?

**Richard Cornish:** Yes. For example, at present, we pay for people's childcare if we send them on a training course. We can put in place a number of support measures, and I am sure that we will look at those options in relation to universal credit.

**The Convener:** We have a little time in hand, and three members want to ask supplementary questions.

**Chic Brodie:** I do not want to dwell on preparedness, but the witnesses have said that they are not prepared—you have just said that evidence on what works might or might not be there. As far as you are concerned, you are going to learn on the job.

However, let me ask—

**The Convener:** It is only fair to let Mr James respond to that.

**Ross James:** Thank you, convener.

If I were to say that we know exactly what we are doing and that we are doing X, Y and Z, you would ask, "Where's the evidence?", and I would say, "Oh—we haven't got any yet." As I keep saying, we have not worked with this claimant base previously. We have not had the opportunity to try to increase employment among tax credit claimants. At present, a tax credit claimant claims the credit and does not need to do anything as a result.

Looking at the reverse situation, if I were to say that we have cracked it, you would say, "No you haven't, because there is no evidence." It is positive that we are taking the approach that we need to try things, to learn and to demonstrate what works and evolve that and roll it out over time, rather than thinking that we have the answer, introducing a whole new benefits system through universal credit, and then finding out that things do not quite work.

10:45

**Chic Brodie:** I am afraid that I am more interested in the customer.

**The Convener:** Let Mr Cornish come in.

**Richard Cornish:** One of the things that we are trying to do over the next year is to conduct pilots,

and we will continue to do that. In Scotland, we have three local authority pilots that are looking at the range of support that individuals will need to help them to navigate through the universal credit system. The Scottish Government is also running three pilots in local authority areas.

As Ross James suggested—others in the Scottish Government and local authorities would agree—none of us has all the answers, which is why we are doing pilots and learning as we go along.

**Chic Brodie:** But is it not a terrible indictment that we are talking about the reform being weeks away and we are not ready? The pilots and testing should have been done. However, let us not dwell on the point. I think that I have taken up too much of your time on that and I thank you for your answers.

I want to ask about DWP's relationship with all the training agencies that we have in Scotland and how much is spent with, for example, A4E for the work programme. Can you give us some guidance about how you work with those agencies and with those who are underemployed and looking for training? How much is actually spent with the likes of A4E?

**Richard Cornish:** I do not have a specific answer to the question about A4E; it is one of a number of suppliers that are not directly contracted with the DWP. It is a subcontractor to Working Links (Employment) Ltd, which is one of the prime providers of the work programme. Clearly it is in the system, as are other providers.

My primary contacts for the work programme are Ingeus and Working Links. They are two prime contract providers for Scotland. We regularly meet a number of other providers like Working Links. In fact, we are holding an event in a few weeks that will get all the providers together to talk about the new system and share good practice.

We are already seeing some learning experience coming from the work programme and Ross James might want to talk a bit more generally on that. For example, I visited Working Links in Glasgow a few weeks ago, and it was interesting to see the in-work support that it is providing. The way that the work programme contracts are set up means that the provider needs to ensure that people stay in work by giving them support; that is how the providers can claim outcome payments.

Some interesting work is emerging and, as we get further into universal credit, some learning will already be available from the work programme contracts. We could provide some further information on that if the committee would like to have it.

**Chic Brodie:** Are the outcomes all audited, measured and bona fide?

**Richard Cornish:** Yes.

**Chic Brodie:** Thank you.

**Rhoda Grant:** To go back to the point about childcare, does the DWP take into account the cost of childcare for universal credit? If someone was to get work, is the cost of childcare factored into the sliding scale that you were talking about earlier?

**Ross James:** Yes, it is. I do not have the exact detail in front of me, but we can confirm that later.

**Dennis Robertson:** When we were talking earlier about remote and rural areas, you mentioned how the universal credit has a lot of flexibility for vulnerable groups. I will ask you to define a vulnerable group in a second. There are people who have disabilities and are underemployed, perhaps because of the nature of their work and the fact that there is not so much work, or because productivity has gone down. Rather than making that person unemployed, the employer is content to keep them on with reduced hours. Someone who has a disability might not have the same flexibility as other people that would enable them to find alternative part-time work to increase their hours. How would you deal with that?

**Richard Cornish:** That is quite a hypothetical scenario but I suppose—

**Dennis Robertson:** I think that it is a real scenario.

**Richard Cornish:** All our jobcentres have disability employment advisers and they work closely with local employers. They are responsible for assessing the disability symbol that employers can obtain. We will continue to look at our relationships with local employers and to talk to them.

Over a number of years now a lot more employers have been offering more flexibility, not just for disabled people but for people with caring responsibilities and other issues. We are seeing a shift in the labour market and employers are becoming more flexible—that is to do with legislation and with society in general. On an individual and local basis, we try to work through our disability employment advisers.

**Dennis Robertson:** Do you accept that people with disabilities will find it much more difficult to have the opportunities that other people might have? Indeed, there are not many opportunities for anyone. People with disabilities are therefore disadvantaged. You might not want to go into welfare reform, but I am wondering about the

impact on underemployed people in that disadvantaged group.

**Richard Cornish:** Not every disability will be the same, and every individual will be able to respond differently. I would not want to put a badge on everyone and say that they all fall into a certain category or are in a certain set of circumstances. All that I can say is that we will look at individual circumstances. Some people might more easily increase their hours or work in different jobs. We try to support everyone who needs support.

**Dennis Robertson:** Will the DWP continue to use the access to work service?

**Richard Cornish:** As far as I know, yes.

**The Convener:** Mr James, did you want to come in?

**Ross James:** Thank you. I agree with Mr Robertson. Disability employment has increased but is still way out of proportion in the context of other employment. We put people on employment and support allowance on to the work programme, which offers two years of sustained support to help them get into work. It is early days to have figures, but there is additional support for disabled people. Many of the issues are complex—mental health is very complex. We need to focus more on the issue, but there is a concerted attempt to do so, through the work programme and so on.

**Dennis Robertson:** All factors must be taken into consideration. I know that you are still working out what will happen when the new arrangements are implemented, but were you suggesting that cognisance will be taken of people's disabilities and that sanctions will not be applied in the same way? Will there be scales, flexibility and so on?

**Ross James:** I was not suggesting quite what the regime could or should be under universal credit. I do not have the answer, I am afraid.

**Margaret McDougall:** What special support do you give graduates who are underemployed?

**Richard Cornish:** In terms of our primary accountability, which is about supporting people who are searching for work, we do quite a few things. We have run graduate job fairs and enterprise clubs. We also use the flexible support fund, to offer training or support that is relevant to the individual. There is no sheep-dip approach to graduates. We try to look at individuals' requirements, whether or not they are graduates. There is no set graduate scheme. We look across the board at what is available and tailor support to the individual.

**Margaret McDougall:** What interaction do you have with universities, to ensure that there is a

match between the graduates that they produce and the jobs that are available?

**Richard Cornish:** We do not have a huge amount of direct discussion with universities. We have close relationships with colleges, locally, and with Skills Development Scotland, with whom we discuss the skills pipeline. We consider whether Skills Development Scotland's programmes offer the right support and whether there are gaps that need to be addressed, and we try to ensure that there is no duplication or overlap between the offers that are available.

**The Convener:** Okay. We have had quite a comprehensive discussion. I thank members for their questions and Mr James and Mr Cornish for coming along and assisting the committee. We will have one more evidence session in the inquiry, with the cabinet secretary, and we will report in due course. I am sure that you will read our comments with interest. I am grateful to you for giving up your time.

10:54

*Meeting suspended.*

10:59

*On resuming—*

## Renewable Energy Targets Inquiry

**The Convener:** For item 2, members have the comprehensive package of responses to our report on renewable energy targets in Scotland. We have heard from various organisations and from the Scottish Government.

I remind members that on 21 February there will be a debate in the Parliament on the committee's report, when there will be the opportunity to make points about issues that the responses raise. If members have no specific issues to raise now, are you happy to leave them until the debate?

**Members** *indicated agreement.*

**The Convener:** Thank you.

11:00

*Meeting continued in private until 11:24.*





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