



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 8 October 2013

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WELFARE REFORM COMMITTEE
15th Meeting 2013, Session 4

CONVENER

*Michael McMahon (Uddingston and Bellshill) (Lab)

DEPUTY CONVENER

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

COMMITTEE MEMBERS

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

*Linda Fabiani (East Kilbride) (SNP)

*Alex Johnstone (North East Scotland) (Con)

*Ken Macintosh (Eastwood) (Lab)

*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Campbell (North Lanarkshire Council)

Phillip Edwards (Institute for Local Governance)

Anil Gupta (Convention of Scottish Local Authorities)

Andrew Hall (Shetland Islands Council)

Douglas Proudfoot

Beth Reid (Citizens Advice Scotland)

Nicola Sturgeon (Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

Committee Room 2

Scottish Parliament

Welfare Reform Committee

Tuesday 8 October 2013

[The Convener *opened the meeting at 10:11*]

Draft Budget Scrutiny 2014-15

The Convener (Michael McMahon): Good morning, everyone, and welcome to the Welfare Reform Committee's 15th meeting in 2013. I ask everyone to ensure that their electronic devices are switched off.

We have one agenda item, which is split into two parts. The first part is our second oral evidence session on the Scottish Government's draft budget 2014-15. Our previous evidence session focused on council tax reduction and our first round-table session today will focus on the Scottish welfare fund.

I welcome the witnesses: Beth Reid, policy officer, Citizens Advice Scotland; Andrew Hall, revenues and benefits team leader, Shetland Islands Council; Phillip Edwards, strategy and implementation director, Institute for Local Governance; Douglas Proudfoot, local government development manager; Anil Gupta, chief officer—communities at the Convention of Scottish Local Authorities; and John Campbell, service manager—financial inclusion, North Lanarkshire Council. Thank you for coming.

For anyone who has any doubts, Douglas Proudfoot used to be at COSLA and did all the work on the issue of the Scottish welfare fund. COSLA was very relaxed about Douglas coming along and using his extensive knowledge to inform us, but he is no longer with COSLA. Anil Gupta has come along in case there is anything specifically related to COSLA policy that needs to be clarified. I appreciate that the two of you are here to advise and help us based on your knowledge of the situation that COSLA has been looking at.

We will try to keep the round-table discussion as fluid as possible. If you want to ask a question or make a point about something that has already been commented on, just indicate to me. To start the ball rolling, I will ask Douglas Proudfoot a general question, but it is open to you all to come in. Is there clarity about the role of the Scottish welfare fund? Some people think that it is a safety net; others think that it is mainly a target-led fund or a means-tested fund for the poor, or that it is a more general preventative fund. What is your interpretation based on how things have started to develop?

10:15

Douglas Proudfoot: Thank you, convener.

When I appeared before the committee previously, we set out our approach to the implementation of the Scottish welfare fund, which—if you recall—was pulled together by a collaboration of Scottish local authorities in a very short timeline. In my opinion, the buy-in of all 32 local authorities was fantastic, and we met regularly to discuss the design and structure of the scheme and the guidance as it was set out. I suggest to the committee that, at that time, there was a true understanding at practitioner level of what was required to implement the scheme from 1 April.

Nevertheless, we are talking about a new service for local government and a lot of new staff to deliver it, as well as new infrastructure to support it. It is undoubtedly the case that staff experience has grown and developed as the scheme has moved forward.

Without question, we have continued our approach of bringing together local authorities collectively through our practitioners network, which has continued to meet monthly. Local authorities have had tremendous engagement with that. Understanding of the scheme has grown collectively, and we are implementing arrangements in accordance with the guidance, albeit that we have worked with the Scottish Government to inform that guidance from the benefit of experience.

There are two main aspects to delivery of the fund. We have had the opportunity to concentrate more on the community care grant side of things. Although the crisis aspect is extremely important, the opportunity to do more with community care grants through an asset-building approach is welcome, and that is what we have been focusing our attention on.

The Convener: Anil, do you want to add anything?

Anil Gupta (Convention of Scottish Local Authorities): The kernel of the overall scheme is quite well established. A certain element of discretion is allowed so that councils can respond to local circumstances, but that does not change the underlying structure or intention of the scheme.

The Convener: Two local authorities are represented by John Campbell and Andrew Hall. Do you concur with that? Is there anything that you want to highlight with regard to how things have developed?

Andrew Hall (Shetland Islands Council): It has certainly been a challenge for Shetland Islands Council, given that we are such a small

authority. The same has been true for Western Isles Council and Orkney Islands Council. We have managed to get through, mainly thanks to our staff and their experience. It has been a good opportunity for local authorities to demonstrate the skills that their staff have. Their local knowledge has enabled the scheme to be implemented with very little fuss in a very short timescale.

John Campbell (North Lanarkshire Council): I certainly agree with what everyone has said so far. It has been a challenge to get the scheme up and running in North Lanarkshire, because we were the second-highest user of the old scheme and had the second-highest budget in Scotland, even though we are only the fourth-largest council. I agree with what Douglas Proudfoot said about the role of the scheme and the guidance.

For me, the main issue has been to do with people using the discretionary powers that they have in the decision-making process. That is where issues arose early in the process. It was anticipated that that could happen. The people in some of the teams were new to the council, never mind to welfare. They might have come from dealing with administrative-type benefit when it might have been quite clear what the decision would be, so they had to develop new skills and learn to use their discretionary powers.

The Convener: Having heard about the council side of things, we should talk to people on the user side.

Beth, do you have a perspective on what has happened? How do people get an understanding of what they are asking for when they approach the local authority?

Beth Reid (Citizens Advice Scotland): From what bureaux see, on the whole, the scheme has been implemented relatively smoothly. In many ways, it is quite similar to the previous scheme, so bureaux have already had an understanding of it.

As always with a scheme that has a national framework but is implemented differently in each local authority, the picture is mixed. In some areas, bureaux seem to think that it is working fairly well and they have been pleased with some of the responses. In other places, bureaux are finding it difficult to get applications through. That is sometimes because of administrative issues, such as it taking a long time to get through on the phone line. In other cases, the reasons are different. For example, one bureau has made 26 applications to the Scottish welfare fund for various things and for different clients, but in total only two of those applications have led to awards, and that was after quite a push. So, the picture is mixed. There are bedding-in issues, and we are monitoring the situation carefully to see what happens in future.

The Convener: Mr Edwards, have you had a look at the bedding-in issues and, if so, do you want to comment on anything?

Phillip Edwards (Institute for Local Governance): As the committee probably recognises, the situation in English local authorities is totally different. The fund, as it is devolved to English authorities, is not ring fenced and there is no obligation to follow a set scheme. There is no overall general guidance, and there is a different social fund replacement scheme in each local authority.

I was a co-author of a report on the impact of welfare reform in the north-east. I should emphasise that I am speaking not for local authorities but as the author of one of the reports on the issue. There are certainly significant bedding-in issues, but the noticeable thing is the difference between all the schemes. Different people are administering the schemes. Some authorities have outsourced that to third sector or finance organisations and some have mixed service delivery. However, when we did the research, the major or critical issue was the underspend in comparison with the previous year's spend by the Department for Work and Pensions. Many local authorities are concerned that they are missing claimants, or that people are falling through the net.

The Convener: To ask a follow-on question from the general one, can you give us an idea of why there has been an underspend or slow take-up? Are there any signs of that? The issue has been discussed previously in the committee, and there has been an indication that lack of awareness might be a cause. Is anything else emerging that might explain the lack of take-up?

Douglas Proudfoot: COSLA has done quite a bit of work on that, as well as working collectively with Scottish local government and with Scottish Government officials, because the issue is of substantial concern. We also went down to Wales to see how people were getting on down there. As my colleague Mr Edwards set out, the schemes in England are different but, in Scotland, we have one consistent national arrangement. Through the Scottish Government, we did quite a bit of publicity work and signposting, which was tied in with communication plans and so on with the DWP. Regardless of that, the spend is still lower than we predicted.

In our opinion, a number of factors are involved, but it is difficult to get a sense of the extent to which each of them comes into play. In my paper on resources and capacity, which is publicly available—I think that I submitted it to the committee as written evidence—I tried to set out some of those aspects. Fundamentally, the scheme is new and it needs to bed in and develop.

It is our collective responsibility. The scheme is by no means the finished article, so we have to work in partnership with the third sector and the Scottish Government and consistently through local authorities to target and increase uptake. Although there will always be issues of consistency of award, fundamentally we are talking about a lack of applicants coming forward. That is the issue that we must deal with to target increased spend and increased activity.

The Convener: On the lack of applicants coming forward, it has been mentioned previously to the committee that, although the scheme has changed and transferred from the DWP to local authorities, the reasons why people applied for crisis loans or community care grants have not changed. If the circumstances under which people can apply and the circumstances that they generally find themselves in have not changed, why have people stopped applying?

Anil Gupta: There is an anecdotal line, which is quite plausible. People who apply for the social fund, or assume that it still exists, go to the DWP and are told, in essence, that the fund has been abolished. People are not really signposted to the successor arrangements. Part of the problem is that the successor arrangements vary hugely and people are phoning the national call centres, so there is a logistical problem. Even signposting to the successor arrangements on the websites that talk about the DWP social fund is very much at the bottom of the relevant pages. There seems to be a lack of continuity and a dropping of expectation as soon as people try to find out. We will want to raise that with the DWP.

Andrew Hall: A lot of the inquiries that Shetland Islands Council has received have come from people who are looking for short-term benefit advances. We have quite a number of inquiries and the staff are knowledgeable enough to realise that there is no point in wasting people's time by making them complete an application form, although they will try to help them in other ways and give a bit of money advice. The number of applications that we have received might look small, but it does not show the true picture of the number of people who have inquired and taken up staff time.

Kevin Stewart (Aberdeen Central) (SNP): A number of points arise from that. Ms Reid referred to a citizens advice bureau making 26 applications and only two people benefiting. Could we find out which authority that was?

Beth Reid: There is a problem in different parts of the country. I do not particularly want to name that local authority at the moment, although I could have a conversation with you later if it would be helpful.

Kevin Stewart: Convener, as with other committees at which folk give anecdotal evidence but we do not find out where the difficulty is, that makes things difficult for us.

The Convener: You could let Beth Reid answer. There might be a good reason why she cannot provide that information.

Beth Reid: We have been talking to that local authority and I have a number of reasons for not giving out that information. One reason is that local CABs have a relationship with the local authority and I would want to discuss the issue with them before raising the point in public. As I said, I am happy to have a further conversation with the member about it.

Kevin Stewart: The documentation that the Deputy First Minister's office has supplied about spend shows huge variations. For example, on the crisis grant spend, Glasgow City Council, which received almost £2 million for crisis grants, has spent 7 per cent of it thus far. To compare that with other cities, Dundee City Council has spent 21 per cent thus far; the highest amount—41 per cent—has been spent by West Dunbartonshire Council. That is a huge variation. Could Mr Proudfoot or Mr Gupta give us an idea of why that variation exists?

Douglas Proudfoot: I do not want just to reiterate some of the issues that I raised in my written evidence, but there are undoubtedly a number of factors to consider. We are concerned about the crisis aspect and we encourage not just the local authorities but the community planning partnerships, the third sector, the charitable sector and the voluntary sector to get together on that. I include Beth Reid, her team and individual CAB managers, including those in local authorities where there are issues. We all need to come together to address those issues and sort them out.

At the outset, local authorities were led to believe that the fund would be under extraordinary financial pressure right from the start. That was the culture that we created and everyone was of the same view. However, as we move forward into the long term, I do not think that that view will be seen as misplaced; it will definitely be the case as other welfare reforms have an impact. The sticking plaster of crisis awards is hugely important to those who are looking for them, but we could do so much more with the community care grants.

10:30

We must ensure that we are not excluding anyone, that applications are not filtered and that no one is being turned away or signposted incorrectly, and we have done a great deal with the Scottish Government and individual local

authorities to secure consistency across the 32 local authorities. We have undertaken case observations at a number of authorities with their full buy-in, learned lessons from that decision-making process and taken on board from a Scottish Government and local authority perspective the lessons that have been learned from those early experiences to ensure that the guidance's discretionary aspects are brought out. In fact, the guidance has been updated to reflect those early experiences and to revise the interim scheme. We pay close attention to fluctuations and are looking for all of us in all sectors to work hard collectively in our individual areas to ensure that people are not dropping away.

That said, we have not seen a huge number of elected members or third sector organisations coming forward to tell us that many people have fallen off the radar and are missing out. In my report, I tried to set out some of the reasons why that might be happening, and I am happy to go through them in more detail if you so wish.

Anil Gupta: As Douglas Proudfoot has suggested, we are keeping as close an eye as possible on the situation and are attempting to put in place interventions to increase the award rate and the publicity surrounding the scheme. Data that will not be available for another few weeks will add the past month's figures and there have been some notable changes that might increase the proportion of awards made in-month.

Kevin Stewart: Can I come back on that, convener?

The Convener: I believe that Beth Reid wanted to come in.

Beth Reid: Bureaux are dealing with a very similar proportion of—if not a slight increase in—issues with regard to community care and crisis grants, but we have seen a shift towards the crisis end of things. That is a reflection of the wider context that we are in and the fact that bureaux are seeing a lot more people in crisis; indeed, that is also reflected in the number of food bank referrals.

Something that bureaux are finding quite hard to deal with is the evidence that we have seen with regard to the discretion in the scheme. There are cases of people making applications to the Scottish welfare fund, particularly for crisis grants, and with the discretion in the guidance being told that there is no way that they can get such grants because they are not on a qualifying benefit. Even though there is very clear evidence of crisis and even where there are children involved, they are still told that they are not eligible for the scheme. The new guidance that was published this week is very helpful in clarifying things a bit more, but it is

quite worrying that discretion is not being applied when people are very clearly in crisis.

Kevin Stewart: At the very beginning, Mr Proudfoot said that folk thought that there would be a huge amount of pressure on the scheme. Did that perception lead to some pre-screening—some rationing, if you like—in certain authorities, which might account for the difference between the spend in Glasgow, which is 7 per cent of the budget so far, and the 21 per cent spend in the likes of Dundee?

Douglas Proudfoot: It was obviously a concern that we had. No one is saying that the scheme is the finished article and that everything is as clean and as crisp as it could be. We are moving forward and, as Beth Reid suggested, the revision to the guidance will encourage the use of the scheme's discretionary aspects, which have always been there.

On the point about consistency, particularly the gatekeeping aspect, we have had good engagement with all the local authorities and I have asked the question directly of all my colleagues and been given a direct answer. Again, to be absolutely open with the committee, I should say that some of the information technology providers had a kind of self-check functionality in their systems as to the likely outcome. After the first week, most of the authorities switched off that functionality because it was supporting the culture you are talking about.

We have worked very hard to ensure that all staff go beyond the issue of eligibility, and the guidance reinforces that point for both grant types. Eligibility is the first stage of the decision-making process, but we must get on to people's circumstances. We are talking about some of Scotland's most vulnerable people, so we need to self-check the circumstances aspect. We might need to use our discretion and make an award even if a short-term benefit advance is also going to be made and there will be duplication of a cash award. In many cases, the crisis award that we are talking about is a vital sticking plaster.

That is where I am and where local authorities are collectively with the process.

John Campbell: To follow on from what Douglas Proudfoot said, the IT provision caused a bit of an issue early doors because it had a sort of pre-questionnaire that perhaps put people out of the system far too early. However, as Douglas Proudfoot said, local authorities stopped using that very quickly. As has been said, the DWP front-line staff have told people that the social fund does not exist any more, but they have not referred people on to the Scottish welfare fund. People would primarily have approached the DWP in the early stages.

Having looked at what has happened in North Lanarkshire and having close links with the Scottish welfare fund team, I think that the lessons have been learned. I agree with Anil Gupta that the figures that will come out later will probably show a different trend. The first question that was asked when people phoned in was perhaps on their eligibility and the guidance rather than on their need and what the crisis was. People were therefore told early doors that they would not qualify because they were not in receipt of a qualifying benefit, instead of being asked about the actual crisis.

The trend from April through June, July and August into September has changed. As the staff gain more experience, they become more comfortable about eligibility, the guidance and, as I said earlier, their discretionary powers. For a lot of the staff, either such powers were new to them or they previously had them only around housing benefit or council tax benefit, for which the legislation is clear cut and quite restrictive in many respects. However, within the Scottish welfare fund, staff have the discretion to make decisions that are based on the need that is presented to them.

The Convener: Who devised the questions that were initially available through the IT system?

Douglas Proudfoot: All the IT providers devised them. We should bear it in mind, though, that there was a very short timeline and that there were only four IT providers in total, who worked to develop a new arrangement through October and November and on to April delivery. That is partly why the reporting modules have continued to be worked on post implementation.

All four providers were given the specification of our Scottish welfare fund guidance, and all were given data sets that we worked up collaboratively with the Scottish Government and using the draft application form. They all had information from the Government on our national scheme. Some of the big IT providers were also offering local welfare provision elsewhere in the UK and perhaps had their own ideas about what local welfare provision systems were. There was quite a bit of tweaking and going backwards and forwards between local authorities as customers and IT providers as suppliers to ensure that the system did what we needed it to do. Some of that is still going on.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I want to explore a couple of areas and I will perhaps ask about them separately—if that is okay with you, convener. The first is to do with the budget allocation and the second is to do with the process involved.

Clearly, more than £30 million has been allocated for the Scottish welfare fund, £9.2 million

of which is money that the Scottish Government has decided to use to top up the funds passed from the DWP. That budgetary decision has implications for other parts of the Scottish Government's budget. I understand that other jurisdictions have not taken a similar decision. That begets the question whether the Scottish Government's decision is welcome. I am interested in the witnesses' perspective on that.

The Convener: I will take the silence as a yes. *[Laughter.]*

Jamie Hepburn: Mr Proudfoot indicated that he wanted to speak.

The Convener: Did he not want the additional £9 million?

Douglas Proudfoot: I return to what we have said before. The fund will, regrettably, be under more and more pressure. The timescale for other welfare reforms that will have an impact has slipped, but the pressure is not going away on our front line. The base of vulnerable people is unfortunately increasing.

The fund will undoubtedly bed in. That process provides a great opportunity for a lot of local authorities to target areas where take-up is lower—to go on the front foot, to work with third sector providers and to look at national health service links and links with older people, female prisoners and other groups that are for whatever reason marginally excluded—in order to make a difference. That applies particularly to community care grants, which are the more proactive aspect of the fund. By taking that approach, we could save in the future.

Although there are individual views, everybody in local authorities welcomed the programme funding. There are other issues, but we see the current situation as an in-year issue. In the longer term, the pressure will probably be in the other direction.

Anil Gupta: I will repeat part of what Douglas Proudfoot said. We had expected the universal credit to start meaningfully biting in Scotland by October, but it has not, although we have problems that relate to the introduction of the bedroom tax. In the longer term, the money will be well spent.

Beth Reid: The number of issues in bureaux is not decreasing but increasing. As Douglas Proudfoot said, the situation partly relates to the scheme's operation at the beginning. Crisis situations will continue. Some effects of the bedroom tax have been mitigated by the additional discretionary housing payments. In the longer term, the Scottish welfare fund will be well used.

Jamie Hepburn: Those answers were useful. I will copy the convener and presume that everyone

welcomes the additional £9.2 million. If anyone does not welcome it, they can say so.

That leads me into the process question. It was interesting that Phillip Edwards mentioned that other areas have outsourced responsibility for their equivalent of the Scottish welfare fund. Douglas Proudfoot talked about visiting Wales, and I understand that administration of the Welsh social fund—the equivalent of the Scottish welfare fund—has been outsourced to a private sector entity. I am unclear about whether the Welsh Government topped up the money that it had from the DWP.

That begets the question whether the partnership between the Scottish Government and local government is the right approach. Should the Scottish Government have followed the Welsh example and handed the fund to a private entity?

Anil Gupta: I have contact with the Welsh Local Government Association, which is our sister body. I think that there is unhappiness about the arrangement with the private sector company in Wales. I believe that the company is achieving expenditure that is well below what any local authority is doing—we are talking about less than 10 per cent of what was expected.

We are much more convinced that the synergies that can be developed locally on service delivery and our ability to take advantage of cost-saving measures, such as providing in-kind support and goods, are important. We can also ensure that people are supported by other welfare provisions that run through local government. None of those synergies would be achieved by focusing just on the specific task of distributing money.

10:45

Andrew Hall: It is absolutely crucial that the welfare fund is delivered by local authorities. I do not know about you, but if you were a person who was in crisis would you prefer to go on the phone to speak to someone or would you prefer to speak face to face? I know that I would prefer to speak face to face and get an instant response. Certainly, the people in Shetland who we have dealt with have appreciated the fact that they can come to speak to a person who understands local circumstances and shows a bit of compassion. If you are on the end of a phone, it is very easy to be pushed away, but that is harder in a face-to-face situation.

Phillip Edwards: In the north-east of England, such measures have been outsourced to finance organisations that are already giving loans to people who are in the same client group. Some of their customers have already received loans from the previous crisis loan system. The idea is that the people in such organisations have the skills to

help people with their finances and to manage their budgets and so on. Apart from the fact that it is not a general scheme, the only issue is the criteria for the amounts that are being allowed in the first place are so strict that it is difficult for any organisation to be more flexible in dealing with individual clients.

Each local authority will have a matrix of reasons why there has been an underspend. We talked about short-term benefit advances. In Tyne and Wear in the north-east of England, it was a very big issue that took a long time to clear up, although it has taken less time elsewhere. Each DWP office also has different operating guidance and systems, and there are different eligibility criteria in each of the local authorities. I am talking about England, where there is less guidance.

There are no cash payments whatsoever in the north-east of England. Crisis support is all in-kind support, vouchers or, in one case, food packages. Such support is therefore not very attractive or common. We are talking about a limited system that is being offered to people, and sometimes the issue of who is offering it is less important than the ideology behind it.

Some of the issues that have been touched on are about people in the front office operating the criteria very strictly. During the interviews that I did for my research, I was told that the agencies are nowhere near spending that money because they are being more stringent than the DWP. Of course, there is no evidence of that. Those are just prevalent attitudes that are living out there and they might not necessarily reflect a distinct social policy that the council is enacting.

Jamie Hepburn: I am intrigued. Mr Edwards, you have talked about the experience in England. I do not have any details so perhaps you could enlighten me. If the organisations that have been handed the responsibility have had previous contact with the client group because they have been providing them with loans, the idea might be that they have the right expertise that allows them to deal with those people, but surely it could be argued that there is a conflict of interest. I do not know who the organisations are—perhaps you could tell me—but if people are asking for assistance from the state through an organisation that the state has contracted to deliver such assistance but which has previously provided them with a loan, it sounds to me as if that is wide open to a conflict of interest.

Phillip Edwards: Potentially. The organisation is Five Lamps, and it operates in a couple of authorities. It has been responsible for finance arrangements for people, giving loans to people to start up their own businesses, and so on. The organisation works with people from the local community; it is a community-based, not-for-profit

organisation. The potential conflicts of interests have been minimised as much as possible.

I should emphasise that, as you might imagine, all such schemes are under review. Even the in-house schemes are under review and they will be checked to make sure that they are doing the job. It is also worth noting that the situation is very dynamic, although that might be truer in England than it is here. Because of the underspend, authorities are looking at their criteria and are at different stages of deciding how they will go forward.

Other aspects have an effect on the situation. In the north-east of England, the underoccupation penalty was a big factor because of the high concentration of tenants who were affected by it. More than 43,000 tenants were affected, which put individual communities under a huge amount of pressure. The pressure on discretionary housing payments is also very high. That comes into the mix when local authorities have to deal with social fund and discretionary housing payments when they are under pressure from all sources.

Alex Johnstone (North East Scotland) (Con):

I think that we have wandered through most of the stuff that I wanted to discuss.

I want to raise a point that takes us back a wee bit. There are a number of reasons for the shortfall in demand. We have covered a great many of them, but there is one that has a sort of parallel with the answer that we have just received. Is any of the shortfall in demand in Scotland, particularly for crisis grants, related to the fact that there are alternative routes and people are being signposted in different directions? For example, we have had anecdotal evidence of people approaching local authorities in some areas for crisis grants and being directed to food banks. Is there a change in habit that is driving some of the shortfall?

Douglas Proudfoot: I do not believe so. The Scottish welfare fund's overarching aim is to be enabling. Obviously, there are issues with consistency of decision-making. We are in the early days of a new service and we are trying to deliver one scheme consistently through 32 different channels. We have new staff involved, all with different experiences. We need to work hard to utilise information through our case observation work, revisions to our guidance and our network. We need to cascade information down through the decision-makers' workshops that we are running with the Government in October to ensure that that consistency of culture comes to the fore.

We are in a difficult area. Despite the widening of the guidance and despite the discretion, there will be cases that we cannot fit with respect to immediate need.

I do not want to get into the debate about short-term benefit advance versus the Scottish welfare fund, but there is an issue. We continue to work with DWP colleagues at a national level, through Government and COSLA, to try to address some of the interface issues, but an interface will always remain. Unfortunately, when we are talking about hardship and poverty, there is an element of signposting going on.

Food provision is a complicated area and requires not just a simple answer but a bit more research into how we best utilise it and whether it should be part of an award or signposted as an alternative award. A lot more thinking requires to be done in that respect.

Money is not always the answer for some of the people who we are talking about, with substance abuse and other horrible factors in play. Sometimes a monetary award is not the help or support that is required. However, there is an opportunity to work together at local level with many agencies—not just within the council—to provide a meaningful award that comes along with support and advice and makes a difference.

The sticking plaster could be really important but with community care grants there is the potential, with other supports, to take people out of hardship and help them to do a bit better for themselves. That is the idea.

Alex Johnstone: You have spoken as if the objective, in the circumstance that we are in, in which there is a wide variation in performance in the initial phase of the new schemes, is to iron out the differences and get consistency. Is that consistency possible to achieve or do circumstance and opportunity in different areas mean that differences in the way that similar problems are dealt with are inevitable and will remain within the system?

Douglas Proudfoot: When I was before you previously, I set out the contradiction. Here we have a national scheme delivered by 32 different organisations. It is good to encourage flexibility of access and delivery; to recognise that the best model for delivery in Shetland, for example, may not be the best for North Lanarkshire; to utilise goods as opposed to grants; and to build links in individual localities with various organisations in the sector.

However, we seek an element of consistency in the decision-making structure and process. Even in one organisation, or in the DWP, there will be inconsistencies between decision makers. The challenge that we face is the need to ensure consistency, so that whatever is delivered through the 32 local authorities reaches a certain level.

Returning to the question of spend, I think that the main issue is whether people are presenting or

not, rather than the levels of award. Alex Johnstone was right to raise concerns about crisis grants, and we want to gain a better understanding of why those issues are coming up. The same is true for the level of award. The crisis grant is the only aspect of the awards system that is below the level at which it stood under the predecessor arrangements, even taking into account the savings and benefits that local government has been able to secure through the procurement framework. Our community care grant award is at a higher level, and overall percentages are not looking too bad. However, we need to ensure that, individually, we bring the consistency up to a level with which we are all content.

John Campbell: Going back to the question of who could best administer the scheme, I have to be honest and say that it is early doors from a local authority—and certainly a welfare rights—perspective. The fact that we would be seen as the body to administer the scheme was not very appealing, but North Lanarkshire has taken part in the social fund's successor arrangement scheme. It is early doors even now, but we can say that local authorities probably will be best placed to administer the scheme now and in the future, particularly by linking in with the welfare reforms.

I will contradict myself now, right enough, because I recommended that the Scottish welfare fund team in North Lanarkshire should be based in our revenues and benefits section, as those staff would have experience of administering the benefit. The main reason was their experience of dealing with a high volume of claims.

People who use social work services, the financial inclusion team's services and—increasingly—the advice services might end up with rent or council tax arrears, so they would have the revenues and benefits team already chasing them. They may well think, "How can I apply for a crisis loan—or a crisis grant or community care grant—to a section of the council to which I owe £100, £300 or £900 in arrears?" People might feel that it does not add up to say, "I owe them £1,000 but I'm going to ask for a community care grant of £1,500." That could be one reason for the shortfall in demand, as people may feel that the process is restrictive. I have not come across that personally and I do not have any evidence of it; I am just saying that we should not ignore it as a possible reason.

Beth Reid: On Alex Johnstone's first question about whether there is any evidence of gatekeeping, we have seen a very small number of cases that have involved local authorities guarding budgets or applying the criteria very strictly without using any discretion. One or two of our clients have been told that they have to look at

every other opportunity before they can come to the Scottish welfare fund. However, I have seen fewer such cases recently, so I am hopeful that the approach is beginning to work its way through.

As the system is getting started, we have not seen much evidence of the holistic approach that was envisaged for the scheme, but I hope that it will develop as the scheme progresses.

On food banks, the system is quite complicated to monitor—as Douglas Proudfoot mentioned—because some local authorities have an agreement with a local food bank as part of their provision while others do not. We would want that to be monitored, with a focus on questions such as how many referrals there are to food banks and why, and whether that is part of an official scheme or completely separate.

11:00

Annabelle Ewing (Mid Scotland and Fife) (SNP): Going back to the important issue of discretion, I think that Douglas Proudfoot and others have acknowledged that discretion has been built into the system from the outset. I also take on board the comment made by many this morning that the system has been in place for just over six months; indeed, we should bear that in mind as the starting point for our discussions.

What can be done to facilitate the discretion of decision makers in local authorities? It is not really for individual members of staff per se; instead, I would have thought that some direction would come from senior level in local authorities with appropriate training on parameters. Is there anything in play to facilitate more of a take-up of the fund's discretionary aspects?

Douglas Proudfoot: Thank you for asking what is at the moment a very relevant question.

The revised guidance that has just gone out under the interim arrangements is not statutory at the moment. However, the Scottish Government has taken the opportunity to work with local authorities and our practitioners network to identify potential improvements to the scheme and to recognise, after six months' operation, the potential for improving the scheme. Scottish ministers have recently approved the revised guidance, which has been circulated to local authorities and discussed at length through the last quarter by the practitioners network. As a result, local authorities are already aware of and have shaped some of the amendments to the guidance, which now reinforces and encourages the use of that discretionary aspect. As you have said, it has probably always been there but has been strengthened in the revised guidance.

Through COSLA and the Scottish Government, we have been running a number of case observation sessions with local authorities, and more are planned. This is not a formal inspection and audit but provides an opportunity to share both good and bad practice, to learn from experiences and to push all that back out to decision makers through a number of workshops in which the DWP has participated. That makes things very real for decision makers and, I hope, highlights the issue of consistency. The Scottish Government has also worked very hard at officer level to ensure that the case studies that we are using in those workshops reflect the revised guidance and touch upon the scheme's discretionary aspects.

As my colleagues have suggested, it is a very difficult situation. After all, decision makers are operating in areas where they have been used to fixed sets of rules and demonstrable decisions, and it is sometimes difficult to step outwith guidance and utilise discretion. This is an enabling fund and we are here to enable; at the same time, however, we have to remember that this is public money and that we have to pay attention to our governance arrangements. A balance has to be struck in that respect and, in response to your question, I think that the revised guidance goes a long way towards helping decision makers to step out and utilise the discretion in the scheme.

John Campbell: I do not want to speak for the Scottish welfare fund manager in North Lanarkshire or his team but, given that this is a council process, there will always be continuous development, continuous monitoring of the scheme and the decisions made under it and an examination of the number of applications awarded or refused and, if refused, the reasons for that. There will also be personal development for the staff as well as development of local guidance.

We also have internal meetings and meetings with advice and information services and other partners in North Lanarkshire to discuss their feelings about certain issues and suggestions for making improvements. As a result, we have managed to convince them where food bank referrals come in the process; food banks might have been seen as the first stop but now that is how the Scottish welfare fund is seen. Under the process, if, for whatever reason, you were refused a grant from the fund, you would then be referred to a food bank. However, in some cases, people who had applied for the fund and were refused were then, in a sort of "Ah, but..." move, sent to a food bank, only to find that the food bank in the area was not open that day. The guidance has been revised to ensure that if the decision from the fund is no but no food bank provision is available in the area, the fund will make an award; there will be no need for a first-stage review. Once the fund

has seen that there is no provision, it will reverse its own decision. That is about people discussing and debating things and looking at what is happening on the ground.

Douglas Proudfoot is right to say that the revised guidance will bring some clarity and assist decision makers but, for me, from the perspective of welfare rights and information and advice services, the real way in which to improve the decision-making process and people's discretion and to get them to get it right first time is to challenge negative decisions through the review process. They should be challenged at the first stage and then at the second stage, because that will ultimately lead to improved decision making.

Linda Fabiani (East Kilbride) (SNP): Some of the points about discretion that I wanted to discuss were covered in that last point. However, I ask John Campbell to clarify something that struck me. He said that, sometimes, there will be no award because there is a food bank.

John Campbell: No. The thing about the Scottish welfare fund scheme is that the decision may still be "No" after the person has gone through the process, but rather than their being left with nothing and having to go and seek other advice and information themselves, which happened in the past under the DWP, the fund will say, "We recognise that you have a need. While you didn't meet our criteria, these are the things that are available in your area." It is not the case that the fund will say no because it knows that there is a food bank. It needs to go through the process first.

Linda Fabiani: Thank you for that clarification, but it bothers me terribly that people can be turned down for something but they need food so they are directed to a food bank. That is not a criticism of anybody here; it is a criticism of the system and the fact that we are at a point at which, sometimes, charity is having to feed children. I find that horrendous.

Anyway, I go back to what we are here for. On the point about discretion, we have to have discretion in this area—there is no other way. I recognise the problems of trying to get a degree of consistency of discretion across the country, given that local circumstances come into this. However, there are also sometimes instances of inconsistency of discretion within a single local authority. I wonder what checks and balances exist in individual organisations to ensure that, as far as possible, there is a degree of consistency among decision makers.

Andrew Hall: Shetland Islands Council is such a small authority that we have only three or four people who process claims. They discuss every claim and every decision, and in that way we try to

ensure that we have consistency. If there is any doubt, they go and speak to the senior benefits officer.

To go back one step to the use of food banks, I note that somebody mentioned public money. This is public money and that is how our staff feel. Why does somebody not meet the criteria? It may be that a couple or a single person admittedly had a big bender at the weekend. Do we want public money to fund that? We try to signpost them, saying, "We appreciate your situation, but there is a food bank." Do you see what I mean?

Linda Fabiani: I do. I guess that that is where discretion comes in, and perhaps it would also be used to say that if there are three hungry children, it does not matter if the person has been on a bender.

Andrew Hall: If there are children, we obviously look at the situation totally differently.

Linda Fabiani: Yes. That is a whole other discussion.

Andrew Hall: They are treated differently, but if single people or couples come and say that they have mismanaged their money and they have issues, in the real world we have to take a stance, otherwise word soon gets out—they tell their pals, who tell their pals, and the next thing is that people say, "Okay, pal, you've got a big pot of money there. You gave money to my pal last week, so why aren't you giving it to me?"

Linda Fabiani: I do not need convincing, Andrew, and that is not at all relevant, to be honest.

You have made me lose my train of thought, now.

The Convener: Do we need to go on to someone else, Linda, while you pick it up again?

Linda Fabiani: No, I was just saying that there is sometimes difficulty with discretion even within teams. A collective discussion being had before a final decision is taken sounds good. Would that be typical? Perhaps Douglas Proudfoot or Anil Gupta would know.

Douglas Proudfoot: I have definitely witnessed first hand such sharing of experience within the team in smaller authorities. Within larger authorities, there is more of a control regime, in which there is more self-checking of decisions. However, as John Campbell mentioned, it is not only for local authorities to do.

It is vital that any scheme—we are in the early days of this one—is challenged appropriately through review and that the guidance iteratively becomes what it should be for the betterment of the customer base about which we are talking. Even before that, we have been working with the

third sector to encourage CAB managers, for example, to discuss any issues locally, rather than CAS or the Scottish Government handling them, albeit that we would be happy to do it.

Linda Fabiani: I think that you mentioned earlier that an holistic approach would be good. We heard from Beth Reid about inconsistencies across the areas in which bureaux operate. I am aware that it is only six months down the line, but I wonder how common it is truly to use the partners in the area, such as CABx. We are all good at paying lip service to partnership but, sometimes, people do not apply for reasons that we have heard, such as reluctance to come forward because they owe council tax. Is real partnership working going on?

The Convener: I would like clarification. We have heard words such as proactive and holistic, but where are the examples of that in practice? Everyone is saying that they bring that attitude to the new system and that that is how they want to progress things through it, but where is the evidence that that holistic, proactive approach is delivering? Is it possible that one of the reasons why there has been such a low take-up is that the principles are not being put into practice?

Douglas Proudfoot: Case studies have come forward from a number of authorities in which there has been good use of joined-up services. I will certainly not submit to you that we are anywhere near the finished article yet given the timeline and challenge that we faced. For many authorities, simply making sure that, on 1 April, they had the capacity to make an award was challenge enough, even if that was a grant award of monetary value.

There is undoubtedly still work to do not only on consistency but on ensuring that the access arrangements are right. For example, all the IT providers now have digital access capacity. That will not necessarily make a huge impact, but it exists and it is an improvement. There is also, fundamentally, still work to do on delivery arrangements. I was incredibly impressed with how many alternatives were available from 1 April, but that is only part of the story. We must ensure that we link in with welfare rights and, if we are referring people to charities, we must ensure that they have the capacity in the local area to be able to work with them.

There is a huge amount of work to do. I have received—as has the Scottish Government—examples of good practice and an holistic approach, but we are nowhere near delivering the potential that the scheme has to offer. That is the challenge moving forward.

Linda Fabiani: Sometimes, Douglas, you are almost evangelical about the potential for such

things. I mean that positively, because we should look for some of that attitude.

That leads me on to asking about the link between the crisis grants and the community care grants. Am I right that they are from one pot of money?

Douglas Proudfoot: Yes.

Linda Fabiani: The community care grants can be used in a very targeted way to make differences in particular communities—you talked about women coming out of prison, for example. That is great, but are we in danger of saying that we do not want to waste money on the crisis grants and—excuse my flippancy—sending somebody to a food bank because we know that it is open?

Douglas Proudfoot: No, and I do not mean to sound evangelical—

Linda Fabiani: There is nothing wrong with being evangelical.

11:15

Douglas Proudfoot: I have seen a lot of good practice, and I have also seen inconsistency and an element of decision making that is too harsh. At the moment, that is the spread, and we need to work hard to move forward in the right way. The model is right and has enormous potential. It is about local delivery and joining up services. I have seen individual cases in which, for example, a crisis award has been used effectively together with a community care grant award, welfare rights services, social care services and assisted spend, and the individual and their two children were given an opportunity to continue to work with their care worker, but with a furnished household, which to me was a marvellous example of what could happen.

There are difficulties, and there are particular issues around the crisis side of things. Crises will never go away; unfortunately, they will be there and we need to ensure that we react appropriately. Governance is important, but we are talking about awards of between £30 and £60 for food, which are absolutely required. You can ask why people come forward on the Friday night and not on the Wednesday afternoon but, at the end of the day that award could be a lifeline for someone.

It is also the case that a lot of people who present with a crisis may not be telling absolutely everything about their circumstances because they do not want to share that, and it could be a cry for help. Our skills and experiences as decision makers must grow to recognise some of that. It is not just about referring people to social care or to other charities, but about trying to recognise the privacy and concerns of individuals

and balancing that with the speculative nature of some of the activity in this area.

One aspect of the shift from the DWP scheme to a national contact centre was that the uptake of crisis grants went up considerably. Is it because we are going back to a local scheme that we have seen a drop-off? I do not know; there could be many factors. Nonetheless, a lot of people are presenting in crisis and we need to recognise that that is important and make the award.

However, we were always of the view that the direction of travel would be more about community care and less about crisis.

Ken Macintosh (Eastwood) (Lab): I have two questions, Presiding Officer. [*Laughter.*]

The Convener: Of all the people you could compare me to.

Ken Macintosh: I apologise, convener.

My first question is on the balance between discretion, national consistency and equity. I was looking at the figures that the Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities has provided. We have talked about inconsistency, and the figures are remarkably inconsistent. Average monthly payouts for the community care grants in July varied from an average of £160 in Clackmannanshire to £1,400 in Moray—that is the average payment not to one individual, but to about a dozen in each case.

Kevin Stewart highlighted the contrast between crisis grant awards in Dundee and Glasgow. Dundee approved 26 per cent of applications, whereas Glasgow approved 68 per cent. That is a huge variation. I am not quite sure about the figures; I think that they come with a health warning, but they do, at the same time, reveal wide variation.

I have heard about the systems that are currently in place and about practitioners' groups and so on. Do you have access to the DWP figures? One of the biggest comparisons that you will want to make is with data that show you whether the figures were always inconsistent. Perhaps there have always been inconsistencies and it will always be that way, and perhaps it should be that way, because people's circumstances vary individually and regionally. We know the national figure and we know the top-line amount of money that is spent, but do we have a breakdown of how consistently the systems are applied across the country?

Anil Gupta: I do not have that sort of comparison—I do not know whether it has been available to us. Are you asking about DWP figures in localities, against which we might compare performance?

Ken Macintosh: We are worried about the consistency of the new system, so I would not mind knowing how consistent the old system was. If payouts under the old system were incredibly inconsistent among regions, we are starting from an historical bias, which we are trying to correct. There are all sorts of things to bear in mind.

Douglas Proudfoot: Information was available on the DWP website but has recently been removed—I think that I am right in saying that it will be reinstated. Also, we requested information on the final year of running the social fund, which I hope we will get in late autumn.

The information was available, but it was difficult to draw a month-on-month profile of activity that might enable us to predict spend in individual areas and in particular months. We asked for, and the DWP provided, information on crisis loans for living expenses and on community care grants on a month-by-month basis per local authority, which we used to make comparisons. However, when we looked at the two years' worth of information that we had, it was difficult to predict spend, given the inconsistent profiles.

I am sorry if I have only partly answered your question.

Ken Macintosh: It might be useful to know how much variation to expect. The variation that I described is huge, so perhaps that is what we must expect.

The £23 million that the DWP has passed on will be ring fenced for local authorities, and there will be £9.2 million from the Scottish Government. Do local authorities access the DWP money directly, whether they spend it or not? Given that you have not spent the budget that has been allocated, do local authorities draw down the £9.2 million or does it stay with the Scottish Government?

The Convener: I think that everyone is looking to Douglas Proudfoot for an answer on that.

Douglas Proudfoot: The money is ring fenced and passed to local authorities as part of the local government settlement, so the DWP money came to the Scottish Government, and the Scottish Government passed it to local authorities.

The £33 million is protected. I did not answer your question fully before. There is no control in relation to the two different grant types, so local authorities are free to vire between crisis award and community care grant award, but they are not free to use the money for other purposes.

Ken Macintosh: If the money is not spent this year, as looks likely, will it stay with local authorities?

Douglas Proudfoot: It stays in its ring-fenced format and will be carried forward for the purpose

of Scottish welfare fund spend in subsequent years if there is underspend by an individual local authority. There should be no overspend, because the money will be managed, but an overspend would also be carried forward.

Ken Macintosh: Does that mean that the money stays with individual councils?

Douglas Proudfoot: On the mechanics, I think that the money would be carried forward through individual local authority balance sheets and would then come forward for the purposes of Scottish welfare fund spend in the next year.

The Convener: We are starting to run up against the clock. I will bring in Kevin Stewart for another bite at the cherry.

Kevin Stewart: We heard about the fragmented approach south of the border. Thank goodness we do not have to deal with what is going on there, which sounds particularly bad.

I have great trust in local authorities' ability to deal with the situation, although of course things are at an early stage and we will probably need to keep a close eye on what is going on. Douglas Proudfoot said that some areas are doing better than others. Will he or Anil Gupta say whether there is buy-in in the practitioners network on finding and sharing best practice, so that it is applied throughout the country?

I will give you an example. Yesterday, I was at the launch of food banks partnership Aberdeen, which includes the council and a huge number of charities in the city. Unfortunately, two food banks have chosen not to take part, but we will leave that to one side. There is a link between the partnership and the crisis grant. The partnership is going to make innovative use of the city council's Accord card—its smart card—which I think will help a great deal in analysing who is accessing food banks. That will enable the partnership to work out whether folk can be helped in other ways to get what is needed for them. Will the practitioners' group share that kind of innovation and best practice with everyone in all 32 local authorities?

Douglas Proudfoot: I am happy to answer that. There is a genuine partnership. When we first started the practitioners' network, the task was enormous and a lot of people around the table wondered, "Why is this being left to me? It's really difficult." However, I have seen that service first hand, and individual practitioners take a great deal of pride in what they are able to offer.

The network is a small service that can potentially make enormous connections. Scottish Government officers who are also at that practitioners' network contribute a lot—there is genuine partnership with them and they take real

cognisance of what is being said around the table. At the last forum two weeks ago, we had 26 out of the 32 local authorities. I realise that that is not full attendance, but it is pretty good.

Consistently, our practitioners' network is fully engaged. We have run three surveys and we have had 32 responses on each occasion. One survey in the summer was on a qualitative review: we asked more than 25 questions and we got a 100 per cent response. That suggests that there is a great deal of buy-in, passion and commitment. I think that local authorities recognise the potential that the service has to offer. I think that we will share good practice and will continue to share arrangements. That is certainly how COSLA can drive things forward.

Anil Gupta: There is a long-standing commitment to ensuring that the tools are available to encourage improvement in services. Members are probably aware of our knowledge hub website, which enables people to share information in between meetings. The most lively part of the knowledge hub has been around welfare reform—in particular, the Scottish welfare fund. We have about 400 members of the hub who are able to post information on the website, which allows people to share information. That will be quite important. There are difficulties in getting people to use such tools when they have the pressure of work, so we need to provide resources for that. We hope to continue to do so.

The diversity in practice is part of the learning environment; we have elected members who are interested in looking at other learning opportunities once things settle down, whether those are issues around the food banks, how to support local purchasing if they are providing in-kind support and goods, or how to work with the recycling arrangements in any locality. Again, once we are under pressure, those will be fairly important issues and—strangely perhaps—addressing those issues will also close some of the gaps.

Kevin Stewart: As regards future scrutiny, it might be an idea to look at what the practitioners' group has been discussing and to find out whether those ideas have been exported across the country.

The Convener: We will keep an eye on that. I thank everyone for their contributions. It has been really helpful for us, as we consider the budget, to find out how things are progressing in relation to the Scottish welfare fund. As I said, it is an issue that we will keep tabs on, so we may see you again to review how things are moving forward. Thank you very much for coming along and advising us.

11:29

Meeting suspended.

11:38

On resuming—

The Convener: I welcome our second panel of witnesses to the committee's scrutiny of the Scottish Government's draft budget. In particular, I welcome the Cabinet Secretary for Infrastructure, Investment and Cities, Nicola Sturgeon. Thank you, Cabinet Secretary, for finding the time to come before us this morning. The cabinet secretary is joined by Ann McVie, the team leader of the welfare division; Jenny Brough, the team leader of the council tax unit and Jamie MacDougall, head of the housing transitions and support division of the Scottish Government.

Deputy First Minister, I am sure that you are aware that our scrutiny has focused on council tax reduction and the Scottish welfare fund. I understand that responsibility for the Scottish welfare fund lies within your remit, but that council tax reduction is covered by John Swinney's portfolio. If you would like to refer any questions or points to your colleague, Mr Swinney, and then come back to us, we are totally relaxed about that. If you can provide any assistance in that respect it would be very useful.

I will hand over to you, if you want to make any comments to kick off.

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): I will not speak at any length, convener. Thank you for giving me the opportunity to be here. I will briefly highlight two points at the outset. One is the Scottish Government's continued opposition to many of the welfare reform proposals that are being implemented. We talk about welfare reform but, in my view, many of the proposals take the form of pretty crude welfare cuts that are impacting on some of the most vulnerable people in our society, and that does not reflect the Scottish Government's opinion or values. We continue to challenge some of the UK Government's agenda directly with it at every opportunity.

The second point, which flows from that, is that we remain determined to do as much as we can to mitigate the impacts. Members will be aware that there is a limit to what we can do. In the five years to 2014-15, it is estimated that welfare reform will have removed £4.5 billion from the Scottish economy. With the best will in the world, the Scottish Government cannot mitigate all that. However, we have taken a can-do approach to the issue.

That can be seen through our welfare fund, which we will come on to talk about and through which we have topped up the money that was transferred by the DWP when responsibility for those payments transferred to the Scottish Government. The council tax reduction scheme mitigates the 10 per cent reduction in council tax benefit. We have made money available to help advice agencies, in recognition of the increased pressure on them. More recently, we have announced £20 million to mitigate the impacts of the bedroom tax in particular. I hope that, taken together, those measures demonstrate the Government's commitment. We remain open to doing anything that can reasonably be done to help but, as I said, we must be realistic about our ability to do that.

I am more than happy to get into a discussion on issues that are of interest to the committee.

The Convener: Earlier, we had an interesting round-table discussion on some of the practicalities of implementing the new system. An issue that was raised previously and again this morning is administrative capacity. We are in a transitional period in which local authorities are taking on the responsibility that the DWP previously had. Can you assure practitioners that there will be continued support for administrative capacity to ensure that, whatever else changes or puts pressure on the system, the local authority staff who administer it will have the wherewithal and support to engage with issues as they arise?

Nicola Sturgeon: We have been mindful of that and, all along, we have been keen to engage with local authorities, which we will do on an on-going basis. Specifically on the Scottish welfare fund, I am aware of concerns among some local authorities—and, it is probably fair to say, local government collectively—about the on-going administrative burden, including the financial costs of administering the fund. Obviously, in the first two years, money was transferred from the DWP to support administration—it was about 20 per cent of programme funding. We will continue to talk to local government about the pressures that it is under and the Scottish Government's ability, as far as possible, to support it.

I want to put on record at the outset how impressed I have been with local government's ability in fairly short order to establish the Scottish welfare fund, get it up and running and ensure that it can provide support to vulnerable people. I know that there are issues about uptake thus far, and we need to be vigilant and monitor that. Just yesterday, revised guidance was issued. Taking all that on board, local authorities have done a tremendous job. In the previous evidence session, the committee heard from COSLA, which deserves to be commended for the work that it has

done. We will continue to work in partnership with COSLA to ensure that we do our bit to help with that.

The Convener: You mentioned the revised guidance. Initial responses to it that I have picked up indicate that not a lot has changed. Will you highlight one or two areas in which particular changes have been identified and addressed?

11:45

Nicola Sturgeon: As members know, the fund is new. We have been explicit from day 1 about the need to learn from experience of the fund. We want to take account of the experience to date, not just to ensure that we amend guidance where we think that that is necessary, but as we look to put it on a statutory footing.

The guidance was reviewed in light of the experience to date of running the welfare fund. I will give a couple of examples of the amendments and points of clarification that have been made and if the committee wants a fuller written explanation of the differences between the initial and revised guidance, I am happy to provide it.

We have amended the eligibility criteria to allow anyone who goes on to universal credit to be considered for a welfare fund grant for the time being. Obviously, we will review that position once we have a better idea of universal credit's reach. We have also amended the eligibility criteria for community care grants to include discretion for local authorities to make a community care award to applicants who are not on a qualifying benefit. Previously, there was a stipulation that applicants had to be on a qualifying benefit but, as that is not the case with crisis grants, we have brought the guidance into line with the situation for those grants.

We have also expanded the definition of "families under exceptional pressure" to include families without children. You will probably find that many families who are under such pressure will have children but it is no longer a stipulation that they must. Moreover, we have clarified a number of points in the guidance where feedback from local authorities suggested that the intention was not as clear as it should have been. For example, we have made it clearer that a welfare fund award can be made while a DWP benefits claim is under way if the individual in question is in a severe situation, and we have revised the section on reviews to focus the work of second-tier review panels on assessing the reasonableness of the decision under review.

Those are just a few examples of the changes that have been made but, as I said, I am more than happy to provide the committee with a fuller written account.

The Convener: We will take you up on that offer, cabinet secretary.

Jamie Hepburn: On the Scottish Government's ability to mitigate all the effects of welfare reform through its own budgetary decisions, which the Deputy First Minister has touched on, Peter Kelly of the Poverty Alliance, who I am sure the cabinet secretary will know, said in response to a question that I asked at our previous evidence session on the budget:

"What we have seen is, in many ways, a necessary response to a situation that is in fact bigger than the level of response that we are able to give."—[*Official Report, Welfare Reform Committee*, 24 September 2013; c 890.]

I suppose that that is an acknowledgement of the Deputy First Minister's point that only so much can be done to mitigate these effects. Do you get the sense that our third sector colleagues appreciate and understand that view?

Nicola Sturgeon: I think so. I strongly detect a real anxiety and concern about the impact of welfare reform among our third sector colleagues, our local authorities and the population in general and the feeling that we are seeing only the tip of the iceberg at the moment and that there is much worse to come. I share those views and am deeply worried about the impact on some very vulnerable people of what has already taken place and what is going to take place. We have understandably and rightly focused a lot on the bedroom tax but I recently spoke to a housing association in my constituency about its concerns with regard to the impact on vulnerable people of some of the changes to the assessment and appeals process for the employment and support allowance. There is a lot to be concerned about.

However, there is an understanding that such decisions are reserved to Westminster. The Scottish Government can do only so much and is doing as much as it can to mitigate the impact of such reforms but when the decisions are outwith your hands you will always be limited in what you can do. The £4.5 billion figure that I mentioned earlier is the estimated impact on the economy over the five years to 2014-15. That is not only a massive sum of money, but a massive proportion of the total Scottish budget, and the idea that we can take away all the impacts of welfare reform is just not credible. That is why, as well as looking for ways to mitigate things, I will unashamedly continue to make the argument that if we were able to take these decisions ourselves we could take a more sensible approach and that instead of having to spend money on mitigating things that are being done to us we could spend it on designing a welfare system that meets the needs and objectives that we in the Parliament set.

Jamie Hepburn: Your point about the cuts to come was also made and accepted by Les

Robertson of Fife Council in a previous evidence session.

One way in which the third sector is involved is by providing an advice service. The Scottish Government has clearly provided funding in that area through Citizens Advice Scotland and the Scottish Legal Aid Board. Given that the third sector might be able to leverage in other sources of funding—I know that the lottery has been involved to a degree—how is the Scottish Government supporting it to do that?

Nicola Sturgeon: Our principal means of support is the fund to which you referred—the £7.9 million from 2013 to 2015, which we initially earmarked for advice services. Obviously some of that money is specifically earmarked for Citizens Advice Scotland and the bureaux that it supports. Money is also to go into the making advice work scheme, some of which is earmarked for social landlords in recognition of the particular impacts of housing benefit changes. We will continue to work closely with the third sector; we will not just provide direct funding but will help it access other sources of funding. Within our own budget we have £6 million of enterprise funding, which is giving priority to activities across social enterprises that support prevention and help people respond to welfare reform. There is funding to help build capacity and resilience in communities and in local third sector organisations. There is a lot of support there. I appreciate that for third sector organisations that are in the front line of all this, that might not seem sufficient to help them deal with what they are facing, but it is welcome, valuable support from the Scottish Government. We stand ready to work with third sector organisations to look at how we can source other funding options as well.

Jamie Hepburn: I have one final question. When responsibility for the council tax reduction scheme and crisis and community care grants was handed down from the UK Government, it is clear that certain choices were made. Will you explain why the Scottish Government decided to take the approach that it did? While the Scottish Government has established the Scottish welfare fund, in Wales they have essentially contracted out the Welsh social fund to the private sector. It is unclear whether the Welsh Government gave any additional money on top of the money that came from the DWP in the same way that the Scottish Government has provided an additional £9.2 million. The Scottish Government has taken a different approach. Why is that? In other parts of the UK we see localised council tax reduction schemes, which we heard at our previous meeting are causing real difficulties and confusion for some people. Perhaps you can explain why the Scottish Government has taken the approach that it has

with the Scottish welfare fund and the council tax reduction scheme.

Nicola Sturgeon: I would characterise the approach that we have taken as being guided by three principles. The first is the importance of having national consistency. The welfare fund is administered by local authorities, but to a very clear national framework, which is underpinned by national guidance—it will be put on to a national statutory footing. A similar principle guided us with regard to the council tax reduction scheme. In England there are more than 300 local schemes. In some parts of England, if you are a vulnerable person you will have been protected against the cut in council tax benefit; in other parts of the country you will not have been protected. It is not for me to tell other Governments how to do it, but it was important in the approach that we took to try to avoid that kind of postcode lottery of support. The first principle was the national approach.

Secondly, as distinct from Wales, where they are contracting out the administration of their equivalent of our welfare fund, we have chosen to use the current structures and expertise of local authorities to the best of our ability. That applies particularly to the Scottish welfare fund. Having local authorities administer that scheme allows an integration with other local authority services, which is one of the great benefits of having these schemes devolved. Whether with the prevention of homelessness or other support services that councils provide, there is an ability to integrate services properly. I hope that we see that developed. Rather than go to private provision, I think it was better to use the provision that we have.

The third principle is that we should do what we can to make sure that people affected by these changes are getting maximum support. The decision to mitigate, in partnership with COSLA, the 10 per cent cut in council tax benefit will help about 500,000 people across Scotland who would otherwise have seen their incomes hit directly. With the welfare fund, we wanted to take the money that was transferred with the transfer of responsibility and, recognising that the burden put on such a fund by welfare changes will increase, increase the funding.

Those are the three principles: a national approach, albeit delivered locally; public, local authority provision; and doing as much as we can to make sure that both schemes are adequately funded to mitigate the direct impact on individuals who are already struggling to make ends meet every week.

Jamie Hepburn: We heard earlier from COSLA that its contact with Welsh local authorities has shown that there is a degree of dissatisfaction with the approach that has been taken down there.

There is not the same sense from Scottish local authorities. Are they quite happy with your approach, as far as you are aware?

Nicola Sturgeon: I say absolutely sincerely that the relationship that we have established with COSLA on welfare reform is very good and I pay tribute to my colleagues in COSLA. We have taken a constructive approach by deciding at the outset that our job is to support each other as much as possible. We sat together in this very room with Lord Freud and tried, unsuccessfully, to change his mind about certain aspects of welfare reform. We have taken a partnership approach from day 1.

That is not to say that COSLA will not lobby the Government to do more or have particular points of view on aspects of welfare reform. Generally speaking, however, our approach has been to work well together. The benefit of that is being seen in the success of the establishment of the welfare fund and it will continue to be seen as we develop that fund and take it on to a longer-term footing.

Kevin Stewart: During the earlier evidence session, I highlighted differences between local authority crisis grant awards. In particular, Glasgow City Council has awarded 7 per cent of the almost £2 million that it received, and Dundee City Council has awarded 21 per cent of the £350,000 that it received. We heard that areas are different, and there was talk of the practitioners network that Scottish Government officials are also on.

Can you assure us that best practice that is found in local authorities will be exported across the country? What part can your officials play in ensuring that that happens?

Nicola Sturgeon: That is a really important question. Before I answer it, let me just say that I know that there are concerns that we are not seeing uptake at the levels that we would like. I share those concerns. However, I temper that by saying that the scheme is new and the people who are administering it have to get used to it. There is a lot of learning to be done.

When we measure uptake against demand, we measure it against a projected demand that was profiled on a flat basis. It might be that uptake of the crisis grant is not flat and that we will see a spike in applications—during the winter, for example. Although over the past few weeks we have been looking at uptake that is lower than anticipated, I am still of the view that that will rectify itself as the year progresses and that the fund will come under a lot of pressure.

Consistency has also been raised. To go back to the points that I made to Jamie Hepburn about a national scheme that is delivered locally, we do

not want postcode provision. We have been doing and will continue to do a number of things to improve consistency. With COSLA, we have visited local authorities to review a selection of their decisions and provide some feedback on the findings. I have already spoken about the revised guidance, which is intended to give more clarification in particular areas. This month and next month, we are delivering our second round of what we call decision-making workshops for local authority staff who deal with the welfare fund. We also have discussions with local authorities at the monthly meetings of the practitioners forum that you referred to.

As I pointed out, this is about partnership, so we do not see the issue as being one simply for local authorities. Obviously, local authorities are taking a lead in delivering the welfare fund, but we see ourselves as having a supportive role in working with them to ensure that, as the fund evolves, some of the early issues that have been raised are ironed out and rectified. I think that the work that we are doing will have an impact on achieving that.

12:00

Kevin Stewart: Does the practitioners forum have any input from the voluntary sector, or can the voluntary sector have an input in some other forum to let the Government and COSLA know of any anomalies that the sector finds? We heard earlier from Citizens Advice Scotland that it has concerns about one particular issue.

Nicola Sturgeon: There is no third sector representation on the practitioners forum, although we have a reference group that helps to garner feedback. However, I am happy to give some further thought to the important point that you raise. If there are anomalies or things that are not working as they should be, often those will be picked up first by third sector organisations. I will take that away and see whether there is more that we can do. We have been encouraging third sector organisations to use their networks to raise awareness of the welfare fund, but it is as important that we get their feedback. There are ways in which that already happens, but I will give some thought to whether there is more that we can do to ensure that we do not miss any of that valuable experience.

Ken Macintosh: In your letter of 22 September to the convener, you say that you are working with local authorities, which

“are being actively encouraged to target specific areas of Community Care Grant take up locally with cross sector partners”.

You go on to say:

“we are considering whether we might ... introduce further flexibilities. I will keep you apprised about that.”

Can you expand on where and how community care grant might be varied? Would the aim of that be to address unmet need or to pursue some other policy objective?

Nicola Sturgeon: Sorry—I am just looking at the letter that you are quoting from.

The “further flexibilities” is a reference to the revisions to the guidance that I mentioned earlier—

Ken Macintosh: So the revisions have already been made. Are there no more to come?

Nicola Sturgeon: Some revisions have already been made, and we will continue to look at whether more are needed.

As I mentioned, one of the revisions to the guidance is that there is no longer a stipulation that people must be on a qualifying benefit to receive a community care grant. If there is need, people can access community care grants regardless of whether they are on a qualifying benefit. That mirrors the situation with crisis grants. Those flexibilities are the kind of things that I spoke about. We will provide a more detailed written answer on the changes that have been made to the guidance.

I should stress that, as the Scottish welfare fund is a new fund that is being operated in a new way, there is an evolving process. If the third sector or a local authority—or, indeed, the committee—believes that there is something that might not be working exactly as intended, our minds are not closed to making further changes. Through the structures that I mentioned, we will continue to work closely with local authorities to keep an eye on all of that.

Ken Macintosh: I accept absolutely that the fund is new, but the need is not new and has always been there. In fact, there were funds that met those needs beforehand. That is what I am trying to get at.

You say in your letter that you are going to target take-up—I imagine that that means that you will try to improve take-up—by working with cross-sector partners. What areas might you target?

Nicola Sturgeon: You are absolutely right, in that we modelled and predicted uptake based on the uptake of the predecessor social fund. As I said earlier, we are encouraging third sector organisations to use their networks to raise awareness of the fund, so we are doing a whole variety of things. MSPs also have a role to play in ensuring that people in their constituencies are aware of what is available.

You are absolutely right that the need is there. As I said in response to Kevin Stewart, when we set out the predicted uptake, we did so on a completely flat basis, with demand consistent from month to month. It may be that that is not the experience—it may not have been entirely the experience of the predecessor fund—as we might see demand going up in the winter months. However, we are not complacent. As you will appreciate, it is not always easy to find additional money within Government budgets, and we did not go to the effort of doing so for the money not to be spent. We want to ensure that people can access the fund, and we will continue to do that.

Ken Macintosh: Absolutely. Everybody, including members of the committee, has been surprised that there has not been the expected uptake. People are clearly pleased to have had money from the Scottish Government to supplement the transfer from the DWP. My question is more about whether you have any examples of particular groups that you are going to target.

Nicola Sturgeon: I am not entirely sure what you are referring to.

Ken Macintosh: You say that you are going to target take-up with cross-sector partners. Have you worked out at this stage whether that will include, for instance, single-parent families or ex-offenders? I am not sure who the partners are or which groups you might be partnering.

Nicola Sturgeon: We are talking about working with housing associations, tenants groups and third sector organisations in general. There is no focus on a particular demographic; it is a matter of using those networks as widely as we can to ensure that people are aware of the support that is available.

Ken Macintosh: So it is general, rather than specific. That is fine.

One of the difficulties is to do with the interaction between Scottish Government schemes and Westminster schemes. The DWP has effectively offloaded to local authorities—I am not sure if “offloaded” is the right word—

Nicola Sturgeon: It is the right word.

Ken Macintosh: That has been done for lots of reasons, one of which is to manage risk. The difficulty lies in the fact that the Scottish Government is stepping in to mitigate that risk. I am interested to identify the point at which the Scottish Government thinks that public authorities in Scotland should not observe DWP policy—the point at which the Scottish Government should step in and possibly go against that policy.

One specific example came up in our recent briefing. There was a lack of clarity about whether

discretionary funds—crisis grants or community care grants—could be used in the event of a family facing DWP sanctions. I am thinking of a family that is being sanctioned by the DWP and is in real need. There was conflicting advice about whether the sanctions should be observed or whether the authorities should intervene. That is one example. Can you clarify what the authorities should do in those circumstances?

Nicola Sturgeon: I might not like—in fact, I do not like—the changes that have been made by the DWP, but I cannot advise local authorities not to comply with the law. They are required to do so. There are concerns about the amended sanctions, with vulnerable people, often with children, easily falling subject to them and having to deal with the impact of that on their daily lives.

Through the crisis grants part of the welfare fund, local authorities can help people on low incomes in an emergency or disaster. However, they cannot help with the regular, day-to-day living expenses of people who are subject to DWP sanctions, because—this is not something that I like—that is a reserved matter.

The guidance that we have already discussed is explicit on that point. Local authorities, through the welfare fund, cannot use community care grants or crisis grants to undermine the DWP’s sanctions and disallowances regime. Those grants can only be used to meet expenses that are genuinely associated with crisis or disaster and which are not on-going; the reason for that is that the DWP also provides hardship payments. Local authorities must work within those arrangements.

That brings me back to my strong view that we should have the ability to set our own rules for such things. We should be able to set rules that encourage people into work and do not allow people to abuse the welfare system, but which are nevertheless humane and do not push people into penury. However, we have to work within the system. We are pushing the boundaries as much as possible, but local authorities must comply with the law.

Ken Macintosh: I wish to develop that point, although I appreciate that you might not wish to answer at this stage. There is clearly huge opposition to the welfare reforms here in Scotland and across the parties in the Scottish Parliament. However, there is probably an appetite for some form of welfare reform, albeit not that introduced by the current UK Government.

We discussed the plans that your Government has in place in relation to the council tax reduction scheme. It would probably be 2018 before those plans were implemented, following a successful vote for the independence campaign next year,

and by that point, universal credit will probably be in place.

Nicola Sturgeon: Maybe.

Ken Macintosh: Indeed—it has been delayed so much.

Do you support universal credit, in principle?

Nicola Sturgeon: I have said to the committee before that if you read what universal credit is intended to do, you will find it hard to take issue with the principle. The more I learn about, the more I know about and the more I see the impact of the changes that universal credit will lead to and which will be encompassed in it, the more serious doubt I have that it will deliver its objectives. I am on record as saying that I do not agree with putting housing into universal credit because housing costs need to be dealt with separately and distinctively. I also have concerns about some of what I have described as the process issues around universal credit that relate to single household payments, for example, which undermines the independence of women in the whole system, and the move to monthly payments, which has serious implications for vulnerable people who find it difficult to manage. I therefore have serious concerns about universal credit.

As you said, in 2018, after a successful vote for independence—I am glad to hear you talk about it so positively—

Ken Macintosh: I was just trying to encourage a positive response.

Nicola Sturgeon: After that, we envisage that there will be a short period of shared administration of the welfare system. As you will recall, the first report of the expert group on welfare said that that is as much to do with the fact that many welfare payments for people who live in England are administered from centres in Scotland as it is to do with any benefit for Scotland. We have been very clear that, during that period of shared administration, there would be things we would demand the ability to do. Abolishing the bedroom tax is one, and we would make some of the necessary changes to universal credit—if it has been rolled out to any great extent by then, which is still an open question.

As the committee knows, more substantial changes to the welfare system would require Parliament to legislate. By 2018, when we move to a stand-alone administration system, we will have had the time to make those legislative changes. The timescales come together quite well.

Finally, most of the uncertainty that we face at the moment comes from the fact that we have no absolute certainty about what we will inherit in 2016 if Scotland becomes independent, or about the extent to which universal credit will have been

rolled out. That is an open question to be kept in mind, and we must keep a close eye on progress—or rather the lack of progress, especially if the last period of time is anything to go by.

Annabelle Ewing: I want to pick up briefly on sanctions. What happens when we have no control over policy is that we get policies that many people are uncomfortable with. As an MSP, I try to effect practical solutions for my constituents, and one way forward would be for individual MSPs to have the sanctions lifted. The same applies to local authorities, which should do what they can to help, as should third sector organisations. That is what happens on the ground.

On community care grants and the way in which there should be a partnership with local players, we had a brief discussion about the principle in our earlier evidence session. Douglas Proudfoot was termed “evangelical” about the prospects for community care grants. I think that that is a fair comment, because we have an opportunity to intervene positively to seek long-term changes. What kind of things do you foresee, given that this is an example of an area over which we have control and where we can effect different outcomes?

Nicola Sturgeon: I did not hear Douglas Proudfoot speak this morning but from what you have said, it seems that he is 100 per cent correct. The advantage of having these funds devolved and administered by local authorities is that local authorities are able to join them with the other bits of support that they are able to provide. Instead of being used reactively, as such funds have often been used in the past, community care grants can be used more preventatively to prevent people from having to go into care or from falling into difficulties. Local authorities’ ability to do that and to see the welfare fund not in isolation but as part of the totality of the support that they can provide is infinitely improved by the fact that they now administer it.

Conversely, because we still have the disjoin between what we do and the bulk of the social security system, which is reserved, there are difficult issues such as the interaction between the sanctions regime and what the welfare fund can and cannot do. In a sense, what local authorities are doing day and daily and will continue to do is demonstrate the benefits of the joined-up policy that comes from having powers in one place as opposed to powers that are split between different Governments.

12:15

Linda Fabiani: My question may well have been covered in the Deputy First Minister's answer. There is good intention across local authorities in Scotland to take advantage of the ability to target support where possible, but my concern is that further roll-out from the UK of what is called welfare reform could stymie some of that good work. To me, that is just another reason to push constantly for further devolved powers on welfare, and I seek an assurance that the Deputy First Minister will continue to do that.

Nicola Sturgeon: The member can have an absolutely firm reassurance that I will continue to press for welfare powers, and lots of other powers, to be transferred to this Parliament. That point is probably one of the principal and most fundamental points underpinning the whole debate. We are not perfect, and it is not the case that we cannot do more and get better, but we have a strong commitment in this Parliament to prevention. However, as we try to shift more of the Scottish Government's spend into preventative measures, there is another set of policies from outside being imposed on us, which means that local authorities and the Scottish Government have to divert funds from other places to mitigate the impact of those policies, and have to be reactive about what those funds are used for. As well as the specific impacts, the clash between our preventative approach and being forced to react to policies from Westminster is very frustrating. I would rather use all the money that we are having to use to mitigate the impact of welfare reform in a much more proactive, preventative way than we are able to do because of the circumstances that we are in.

The Convener: No one whom I have heard giving evidence has said that they do not welcome the additional money that has been made available to protect our local authorities from the worst aspects of the changes that are coming in. However, the budgets that have been passed on to them have been fixed budgets with local variation, and we have heard about the degree of variability, the impact of changes on the take-up of the Scottish welfare fund, and the demand on council tax reduction. How can you protect local authorities from that variation within the fixed budget that has been set aside?

Nicola Sturgeon: I do not quite understand. What variation are you talking about?

The Convener: The budgets that have been set aside are fixed, but when circumstances change within each local authority area there are variations.

Nicola Sturgeon: I suppose that the honest answer is that I cannot protect local authorities

completely from that. It goes back to our starting point. We are facing a policy programme that is not of our making and we do not have control over its impact. I am not going to say that what the Scottish Government has done or can do will insulate local authorities any more than it will insulate the health service or individuals against the impact of those changes.

What we can do is work as closely as possible with local authorities. I regularly meet COSLA to discuss welfare reform, as does Margaret Burgess, to ensure that we understand as fully as we can the impact on local authorities, so that we can be as responsive as possible. However, it is not possible for me to mitigate every aspect of the reforms, because—as you were right to say—some of the impacts of welfare reform will hit demand for the schemes, and I do not have the wherewithal in the Scottish Government budget to give local authorities demand-led budgets that will flex as the impact of Tory welfare cuts takes effect in Scotland. I just do not have the ability to do that. If I had the ability to set the policy, I could do so in such a way that those unintended effects would not be so out of sync with the budget that we are able to set. However, I do not have the ability to do that.

The Convener: That is fair enough.

I have one final question. The results of the gender analysis of the impact of the welfare reforms were probably not surprising, but it was certainly helpful to see that analysis produced. Has any work been done on a gender analysis of the impact, or take-up, of the Scottish welfare fund? Are you proposing to do anything in that respect?

Nicola Sturgeon: That work has not yet been done, but it is something that we should, and will, factor into our monitoring and evaluation of the welfare fund. I agree with you that the results were not surprising, but it is nevertheless shocking to see the data laid out in that form. If the impact of the changes is disproportionately felt by women, we obviously want to ensure that women access the support that is available, so we shall certainly factor that into our future plans.

The Convener: Ken Macintosh wants to come back in again.

Ken Macintosh: I do not want to detain the committee or the minister, but I want to raise another issue—it is more one for us than for people who are suffering the impacts of welfare reform. The presentation of the figures and of the budget itself caused the committee some difficulty. For example, there are two values for the Scottish welfare fund and there are unexplained external sources of funding. Can we send our comments to the Deputy First Minister for a written response?

Nicola Sturgeon: Absolutely. In every evidence session I ever do on the budget, I find that such issues arise. John Swinney has answered questions about this as well, and he has gone to great lengths—and continues to do so—to satisfy two aims: to make the budget as clear as possible by bringing together different budgets in one area, such as welfare reform; and to ensure that one year's budget can easily be compared with a previous year's budget. The Government is open-minded and wants to do that as well as we can, and if the committee has any specific suggestions we will be happy to hear them.

On the welfare fund, it is not the case that there are two figures. There is one figure for the welfare fund, but when we talk about the money available to individuals through the welfare fund, we take out the amount used for its administration, because we would probably be accused of trying to inflate or exaggerate the value of the fund if we lumped in the administration costs.

The Convener: Who would do such a thing?

Nicola Sturgeon: Well, this Government would never do so.

The £33 million is what is available for individuals, and the £37 million or £38 million figure includes the administration costs.

The Convener: If there is nothing else that you would like to add, I thank you and your officials for coming this morning. We look forward to receiving the information that you have committed to giving us. If there is anything else that we need to ask of you we will be in touch.

Meeting closed at 12:22.

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