



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 28 May 2014

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE
16th Meeting 2014, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Cameron Buchanan (Lothian) (Con)

*Mark McDonald (Aberdeen Donside) (SNP)

*Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

*Alex Rowley (Cowdenbeath) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Sandra Black (Renfrewshire Council)

Rosemary Brochie (Shelter Scotland)

Sue Bruce (City of Edinburgh Council)

John Dickie (Child Poverty Action Group)

Keith Dryburgh (Citizens Advice Scotland)

Bill Gray (Community Food and Health Scotland)

Dawson Lamont (Highland Council)

Elma Murray (North Ayrshire Council)

Dermot O'Neill (Scottish League of Credit Unions)

Francis Stuart (Oxfam Scotland)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

The David Livingstone Room

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 28 May 2014

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (Kevin Stewart): Good morning, and welcome to the 16th meeting in 2014 of the Local Government and Regeneration Committee. I ask everyone to switch off mobile phones and other electronic devices because they interfere with the broadcasting system. Some committee members may consult tablets during the meeting, because we provide papers in digital format.

Agenda item 1 is to decide whether to take items 4 and 5 in private. Do members agree to do so?

Members indicated agreement.

Budget Strategy Phase 2015-16

09:45

The Convener: Agenda item 2 is oral evidence in our inquiry into local government funding and welfare reform. We will hear from one panel and we will have a round-table session. I welcome the panel: Sue Bruce is the chief executive of the City of Edinburgh Council; Elma Murray is the chief executive of North Ayrshire Council; Dawson Lamont is the head of exchequer and revenues at Highland Council; and Sandra Black is the director of finance and corporate services at Renfrewshire Council. Do panel members wish to make opening remarks?

Elma Murray (North Ayrshire Council): The North Ayrshire Council submission outlines the issues that the council has been experiencing in relation to welfare reform. I am sure that the committee will be interested in the discretionary housing payments situation. Applications for DHPs have increased from 500 in 2012-13 to 4,500 in 2013-14.

I also draw the committee's attention to the increased support and guidance that have been given to council tenants over the past year, with more than 5,000 visits to tenants from housing services staff. That has had a positive impact on our relationship with our tenants, which is improving because of the amount of day-to-day contact that we are having with them. We have also put in place a dedicated welfare reform team to help with the housing situation; the committee may want to look at that later.

Over the past year, homelessness has increased by about 10 per cent. Our homelessness assessment, prevention and advice service, which is very much about preventing homelessness, has seen a big increase in the number of households approaching it about financial and underoccupation issues.

In relation to social services, we have seen a big increase—unsurprisingly—in welfare rights inquiries and we have also seen, unfortunately, a big increase in destitution presentations, which we have been managing very carefully over the past year.

On a positive note, because of the push to implement the digital by default strategy, our library computer bookings have increased by about 15 per cent over the past year, which is the biggest uptake that we have had since 2007-08. We are quite pleased to see that, but we are not pleased about the background to that increase.

Sue Bruce (City of Edinburgh Council): I have similar comments to those that have been

made by Elma Murray. One noteworthy point, which is recognised in Edinburgh—as it is in other councils—is about partnership working across agencies, which can work together to try to assist individuals who are finding welfare reform challenging.

In Edinburgh, we are concerned that our crisis grant allocation at the end of the last full financial year was slightly higher than the Scottish average—we allocated 73.2 per cent of the budget. We also had a significantly larger amount of rent arrears compared with what we had previously experienced. However, due to a wide-ranging homelessness prevention exercise, in conjunction with partners, we managed to maintain a downward trend in homelessness presentations—notwithstanding the fact that if we go out and have a look around, there appear to be more people who are presenting with elements of destitution on the streets of Edinburgh. We are addressing that issue with other partners.

The strategy in the round is targeted at prevention of hardship and preventing worsening inequality. We are looking at effective responses to crisis need for housing, heat and food, and at effective support for vulnerable individuals and families. Our social services colleagues have raised concerns about the higher number of presentations of mental health issues. In the wider context of pressure on health and social care resources, that is something that we are concerned about. That kind of pressure, coupled with pressures in other policy areas—for example, unscheduled care presentations—is beginning to create a budget bottleneck.

Dawson Lamont (Highland Council): I agree with the comments that have been made, but Highland Council's position is unique in that we are the only Scottish council that is implementing universal credit at the moment. Because of that, you might expect us to know all the ins and outs of it, but I sound the caveat that implementation has been so slow—and the volumes so far so low—that it is difficult to draw any firm conclusions with regard to the longer term. It is only when the scope and complexity of the cases that are being dealt with increase—we know that couples will be brought into the net in June, and families later in the year—and when those cases start to bite that we will have firm evidence on which to base the requirements.

We have corporate measures in place covering issues such as homelessness, and money advice has been a big issue, but my council's concern is really the cumulative effect of all the measures on the local economy, rather than just universal credit, which is just one strand of the whole thing.

The Convener: I would like to start with a brief question about areas of social care in which as yet

we have little hard evidence, but a lot of anecdotal evidence, about the impacts of welfare reform. Elma Murray talked about more people coming forward destitute, and a rise in homelessness. Do your councils have any way of analysing the impacts of welfare reform on other budgets that are not seen as being directly affected? Sue Bruce mentioned mental health, for example. It can sometimes be difficult to track such things. Are you going to analyse them as you move towards the budgetary period, in order to ensure that the right amounts of money are in place to deal with those matters?

Sue Bruce: We are trying to understand the correlation between demands on services, which emphasises the need for us to work in a collegiate way with other agencies. We have colleagues here from Citizens Advice Scotland and similar agencies who can help to provide a more complete picture. As we go forward with the council's budget preparations for the next round of decisions later this year, we are trying to understand in more detail the links between the demands on services such as mental health and the pressures that we are seeing.

Of the publicly rented houses that are run by the City of Edinburgh Council, 44 per cent of those with underoccupancy have rental arrears. That is a substantial rise on the previous situation in Edinburgh, and it brings with it worries and strains for families that are dealing with that pressure. That pressure reads across to elsewhere, so we will be doing more detailed work with colleagues in social services and the national health service to ensure that we understand where the common trends are.

The Convener: Some of the arrears will be dealt with by the mitigation measures that the Scottish Government is putting in place for increasing DHP. However, is it correct that arrears have an effect on all tenants, in that you are less able to invest in the housing stock?

Sue Bruce: That is right. The last series of policy and strategy committees had deputations from the Lothian anti-bedroom tax federation, which is bringing us cases of individuals who are, the organisation says, not managing to cope with the demands on them. The federation is having to find people who can advocate for them. There is concern that individuals who do not make themselves known to public services or to groups that can assist are at risk of taking all the pressures on themselves. We need to be careful about that.

The level of crisis grant payments in Edinburgh has been high; I mentioned earlier that it has been slightly ahead of the national average. We will have to keep an eye on our ability to fund that, and we must understand the drivers of those numbers.

The Convener: Is there a similar picture in North Ayrshire Council? Would it be fair to say that the UK Government's welfare reforms are impacting not only on folks who rely on some benefit payments, but on others, too, including council house tenants? Is there less money for capital budgets?

Elma Murray: Yes—absolutely. There are changes in how our properties—our housing stock—are being let, and there has been a clear increase in difficulty in letting houses with three bedrooms, for instance. We are undertaking work on that now.

The reforms are impacting not just on benefit claimants, but on people in lower-paid jobs, who are not quite reaching the thresholds for being able to claim benefits. They are finding things difficult.

The committee is also likely to be interested in how food banks are working locally. There have been very significant increases in the number of vouchers that have been provided for people to make use of food banks. I do not have absolute numbers for the committee today, but we have reports of people who have been getting support from food banks, but have been struggling to afford the energy to cook the food. In some cases, they have returned it. That is proving to be a difficulty, locally.

You asked about social services. I am mindful of the issues around child protection. Over the years of the recession, there has been an increase in the number of child protection referrals, which is not lessening much. We do not have hard evidence on that yet, but we are starting to collect it. The hardships that people are facing through welfare reform have consequences in relation to child protection, in particular regarding cases of neglect.

The Convener: Do you have anything to add, Mr Lamont? Highland Council has the universal credit pilot, as you mentioned. Is it adding to the woes of rent arrears?

Dawson Lamont: It is probably too early to draw from the pilot a material point on that.

I have considered food bank uptake in the Highlands. Back in 2012, 3,458 adults and 1,035 children were being fed by food banks. In the year ending 31 March 2014, the figures were 4,025 adults and 1,094 children. That is an increase of 14 per cent—I presume for reasons other than the universal credit.

On rent arrears, we have been fortunate in the Highland Council area in that our housing revenue account tenants have largely been protected through discretionary housing payments. However, that is to ignore the cases of other social

tenants, for whom there is probably scope for further payments being made.

Measures such as discretionary housing payments are very welcome, but they are certainly not a long-term solution to the problem. They have had a beneficial effect on the council's housing stock, however. We are continuing to work with other agencies, and we are in close contact with other social landlords and landlords generally to make known what assistance can be made available, especially for vulnerable people.

10:00

The Convener: Could we have the Renfrewshire experience, please?

Sandra Black (Renfrewshire Council): In Renfrewshire, we are experiencing similar symptoms to those that the other councils have described. One of our major concerns is that in dealing with many of the short-term impacts we are spending a lot of resource and time. I can quote statistics from a Renfrewshire perspective, but we view some things as being symptoms of a much bigger and longer-term problem for the citizens of Renfrewshire, which will bring with it significant cost pressures for the future.

For example, because of welfare changes and other employment issues, a 20 per cent increase in child poverty is forecast across Scotland. Renfrewshire Council is very concerned about that. We have established in Renfrewshire a poverty commission with a range of community planning partners. They include Linda de Caestecker, who is the director of public health, and Sir Harry Burns, who has a wealth of experience in dealing with such issues.

While we have been resourcing and trying to deal with many of the short-term pressures around increases in advice services contracts and in food bank presentations, as well as significant increases in DHP applications and associated rent arrears, the council has spent all the welfare fund resources that were given to it by the Scottish Government, and has supplemented that with £150,000 of its own resources. We feel that we are doing everything we can in the short term to deal with the immediate issues that Renfrewshire Council faces, but we are very concerned about the prospects for the future and the pressures on the public purse in the years to come.

The Convener: You mentioned the public purse. The UK Government's intention with welfare reform was to save the Westminster Government money. Does what is happening—even with the mitigations that have been put in place by the Scottish Government, which is a form of cost shunting—mean further cost shunting, because you, as a local authority, must also put in

extra resources to deal with the pressures arising from welfare reforms?

Sandra Black: There have, at local level, certainly been significant additional cost pressures as a result of welfare reform. I acknowledge the additional resources that the Scottish Government has put in. The issues that we are currently dealing with include maintenance of the council tax reduction scheme, which is to replace council tax benefit, and the welfare fund top-up, at both national and local levels.

There are further issues, which have not yet been mentioned, around support for job-search activity resulting from the application of sanctions to benefit claimants. The benefit administration subsidy at local level has been cut by 25 per cent over the past three years, at the same time as there has been a twentyfold increase in the level of benefit changes locally. Therefore, while our administration subsidy has been reduced by the UK Government, we have been expected to carry the burden and to implement all the changes locally.

We are also dealing with rent arrears, which is an additional cost pressure. Both locally and nationally, the financial sustainability of social housing over the long term must be a major concern. The discretionary housing payments are an additional pressure. One may or may not describe that as “cost shunting”, but we have experienced significant additional cost pressures as a direct result of the welfare changes.

The Convener: Has there been any contact with the UK Government about those additional cost pressures? Has the UK Government been in touch to see what impacts its welfare reform policies are having on the ground?

Sue Bruce: There has been periodic dialogue between the council's leadership and Lord Freud, so the issues that are experienced continue to be noted. It is important that the facts on the ground are conveyed to the policy decision makers. I should add that we do our best to implement the law of the land but, in this case, we are mitigating the impact of the policy.

I will broaden out my comments to cover a matter that is aligned to something that Elma Murray mentioned. We have noticed a bit of pressure on kinship carers, with just over an additional 250,000 people looking for more support. The issue goes beyond those who are directly impacted by the policy to people in their caring network and so on.

All councils are making a huge effort on employability, as Sandra Black mentioned, and on ensuring that the right amount of housing is provided for our population. That requires a really different approach to funding and finding land and

so on and so forth to assemble the right resources to create the housing that we need.

We have made big inroads in youth unemployment in Edinburgh, but I appreciate that our economy is well suited to meet some of the challenges. It is crucial to look at welfare reform in the round with all the associated policy areas.

Elma Murray: I absolutely agree with everything that Sue Bruce has said; were I to comment, I would just be saying the same thing.

Dawson Lamont: We have had quite a lot of contact and lobbying at officer and member level, including meetings, with Lord Freud. We have a corporate welfare reform group, which comprises officers and members. That group regularly meets a number of members of Parliament. Danny Alexander, John Thurso and Charles Kennedy have been regulars at those meetings.

We have also been involved in the Convention of Scottish Local Authorities' lobbying, including at meetings in London about local support services. We have a live universal credit site, so we have in place a service delivery agreement covering the two years up to March 2015. I am pleased to say that, only this morning, we reached agreement with the Department for Work and Pensions on the funding for that after some fairly protracted negotiation. The funding is not overgenerous, but it is sufficient to deal with the marginal costs, if you like, of the additional work that the council is required to carry out for the support services that we provide for the department.

The Convener: Is it fair to say that Highland Council is getting a little bit of extra attention because it is a universal credit pilot area?

Dawson Lamont: We are even more than a pilot; we are a live site, so the UK Government is keen for that to be a success.

Alex Rowley (Cowdenbeath) (Lab): Good morning. Can you confirm that your council is stating very clearly to people that, if they apply for DHP, they will not be liable to pay bedroom tax and that the cost will be mitigated?

I note that the written evidence mentions some of the measures that are being taken to increase uptake—my understanding is that people have to apply. I wonder whether you can give an update on progress so far and on the number of people who are applying—or, perhaps more important, not applying.

Sandra Black: Renfrewshire Council has been working hard through our housing services teams to ensure maximum uptake of our discretionary housing payments. However, for our own council tenancies, we have experienced a level of 40 per cent for no applications to the discretionary housing payments budget, and our local registered

social landlords are experiencing a level of 34 per cent for no uptake of discretionary housing payments. Therefore, those tenants have made no application to the council despite significant levels of engagement by our housing services staff and the fact that they tend to be in the most deprived areas of Renfrewshire.

Renfrewshire's discretionary housing payments budget was fully expended in 2013-14—I would not want to give the impression that we did not spend the resources that were available to us to their fullest level. DHP budgets are also there to support non-bedroom tax cases, and they have been used to meet other financial needs when tenants have required support with rent. In 2013-14, 22 per cent of our DHP expenditure was on non-bedroom tax cases.

Under the current arrangements, there is still a need for all tenants to make an application and for a financial assessment to be made before we make an award of discretionary housing payments. One of the issues that we face is a perception that the bedroom tax problem has been removed for all tenants, and our experience in Renfrewshire is that that is not the case because of the process that we are required to use to make DHPs.

Alex Rowley: My understanding from talking to Fife Council is that, for people who are liable for bedroom tax, the process has been very much simplified. The form has been simplified and they just complete it and it is automatically approved, so that the person is not then liable for bedroom tax. Is that how you see it?

Sandra Black: We have simplified the process in similar ways. Our problem is that we have difficulty getting tenants to apply, and in such cases we are unable to make a payment.

Dawson Lamont: My comments are similar to Sandra Black's. Highland Council has spent something like 78 per cent of our total. In effect, we neutralised the bedroom tax for our own council tenants, and we continue to work with others. We have a shortened application process and we are prepared to backdate where appropriate—we have done a fair bit of that. We continue to increase publicity about DHPs in the area and to work with our customers.

Elma Murray: North Ayrshire Council has fully expended its DHP and has added to it. We have streamlined the process as far as we possibly can. However, we are still awaiting final confirmation of the funding available in 2014-15 to ensure that we can in fact mitigate the full costs for the likely claimants. A small number of claimants do not engage with us and we are working very hard on that issue. As at the last report that I received, in the past day or so, we have got that number down

to just below 100. We are very pleased about that. However, it is very much a work in progress for us and we are doing everything that we possibly can to support people.

10:15

Sue Bruce: The regulations require that an application must be made if a person is to be considered for DHP. We are taking that to mean that an application does not necessarily have to be a written application. For example, if we are contacted verbally by telephone by an advocate, we will take that to be an application. In addition, if we detect people in the system who we think are eligible but who have not made an application, we will contact them to seek their permission for us to speak to them about applying for discretionary housing payment. Furthermore, if someone applies during the course of 2014-15, we will seek to backdate the payment to 1 April 2014, so that they are not disadvantaged because they were not quick in making their application.

Alex Rowley: The evidence clearly shows that local government is at the front line of welfare reform. It would be impossible to go through all the issues today, so I will home in on housing. I suspect that you will not be able to give me the figures now, but will you provide to the committee some detail on your housing waiting lists, including the numbers of homeless and those waiting for transfers and medical assessments, and on the house-building programmes that you have in place?

I was interested to hear Mrs Black talk about the financial sustainability of social housing, but I was not sure what she meant by that, so perhaps she could say a bit more about that. Shelter Scotland argues that we need a programme to build 10,000 houses a year for social and rented housing. What pressures are you under? Is housing tenure leading to an increase in inequality and poverty in your areas?

Sandra Black: I can pick up on the financial sustainability issue. We are concerned that the level of non-payment of rent in the past financial year has been masked to a certain extent by the application of discretionary housing payments to those rent accounts. The council has also used a device locally—it is referred to in our submission—called the council tenants' assistance fund, which has been the subject of discussion at Scottish Government level. The bottom line is that, between the end of 2012-13 and 2013-14, rent arrears remained relatively stable, with no significant increase, as a result of the application of both those funds.

If those mechanisms were removed—they are seen as short-term fixes—the rent arrears in

Renfrewshire Council's housing revenue account would increase significantly. When you add that to the potential introduction of direct payments under universal credit—the credit, which includes housing benefit, would be paid directly to the tenant rather than to the landlord as under the current system—rent arrears would potentially increase to such a level as to impact on the financial sustainability of social housing. The rent account is ring fenced in local government and must stand on its own two feet financially. However, that would become extremely difficult if expenditure were to exceed income as a result of arrears. That would impact on our ability not only to invest in our future housing stock, but to repay the debt as a result of past investment, which would become a problem for the housing revenue account. That is what I was talking about.

I would imagine, based on our discussions with local RSLs, that they would face similar problems, particularly housing associations that are extremely small and whose capacity to deal with that in the short term is an issue.

The Convener: Does anyone else have anything to add on that point?

Dawson Lamont: In the rural environment, we, too, are concerned to increase the number of one and two-bedroom houses as a response to universal credit. It might not be ideal for the flexibility of family circumstances and so on but it is an important issue. Basically, we need a healthy housing revenue account in order to have the funds to invest in that stock as well as in the general stock.

Alex Rowley: Does anyone else want to comment on housing?

Sue Bruce: We can certainly provide you with the information that you are looking for and we will try to provide some kind of analysis of the situation of the transient population. We have 100,000 students in Edinburgh, and there is quite an active RSL environment. Issues with the levels of rent in the private rented sector mean that the average price for householders is high in Edinburgh.

The council has just under 20,000 properties. Just over 3,000 properties are impacted by underoccupancy and 44 per cent of those are in arrears. That percentage rises in RSL properties. In one example, out of 448 properties, 49 are underoccupied, and 100 per cent of those underoccupied properties are in arrears. Different landlords are facing a wide range of different factors.

We can also provide you with information on our house-building plans. For example, two areas in Edinburgh—Muirhouse and Craigmillar—were cleared for new housing, but in 2007 we were hit by the recession, so those large areas are still due

to be built on. We are now seeking partnerships to build on them. I imagine that the picture is similar across the country. As a result of the change in policy since those clearances were carried out, we will need to ensure that we have enough houses that match the occupancy needs of our population. We need to understand those and build in barrier-free housing—which links back to my earlier comment about pressure on the health and social care budget—so that more people can live in the right size of home in the right conditions. We will bring as much of that information as we can to the committee.

Elma Murray: We can certainly give the committee the information that Mr Rowley has asked for. On the council's work on house building, we had a 10-year plan to build 500 houses over 10 years, which was to be funded through a range of measures—not least through Government support as well as the council's own house-building support. That plan is definitely coming under pressure and we are undertaking a piece of work to consider what our house-building plans can be, the shape of that house building and what our future stock should look like. I am very happy to give that information to the committee once we have finished that research.

John Wilson (Central Scotland) (SNP): Following Alex Rowley's questions, I am particularly interested in Sue Bruce's response that mentioned 100 per cent of an RSL's underoccupied properties being in arrears, as well as there being arrears on your underoccupied council housing stock. Why are we seeing such levels of arrears, when discretionary housing payments are supposed to be available? Surely, if DHPs are being applied as they should be, we should not be seeing such arrears. I accept that some people who are entitled to DHPs have not applied for them—Sandra Black said that in Renfrewshire Council's area, almost 40 per cent of those who may be entitled to DHPs have not applied for them. Is it about pressures that are additional to the underoccupancy issue?

Sue Bruce: We are working on our understanding of that. I emphasise that there is a range of situations, from an RSL with 22 per cent of underoccupied properties being in arrears right up to the one that has 100 per cent of underoccupied properties in arrears. There are different patterns that we need to understand.

The City of Edinburgh Council has a no-evictions policy for underoccupancy, and we have had to be careful to ensure that the policy is indeed related to underoccupancy, rather than its being considered as a blanket no-evictions policy. We are working as closely as possible with our RSLs to understand why there are differences, and to ensure that they are supported in rolling out

discretionary housing payments. We could bring you more information on that.

Elma Murray: As part of their DHP funding, councils make payments not just to RSLs but to the private sector, from which applications are also coming through. It is not the case that none of the money is getting out there.

Sandra Black: I stress that we have, because of Renfrewshire Council's local device, reduced the rent arrears on our housing revenue account; DHP funding would not on its own have been sufficient to cover that. There has been a significant contribution from the council's housing revenue account reserves, which has reduced arrears in Renfrewshire.

Dawson Lamont: At the end of April, 588 of our council tenants who had been affected by the bedroom tax were in arrears. That figure is down 2.6 per cent on the equivalent figure for the previous year. The combination of DHPs, the work that is being done to advise tenants and the work that is being done by our housing colleagues is having an impact.

John Wilson: Sandra Black explained that 100 per cent of the allocated DHP funding has been used for applicants in her area. I think that Elma Murray gave a figure of 78 per cent of DHP funding being used in her area. If the figures that you have quoted are correct, and there is underclaiming of DHP, what financial pressures does that put on local authorities to ensure that every tenant who is entitled to a discretionary housing payment receives it, considering that you have already maximised the amount of money that is currently available?

The Convener: I think you said that last financial year Renfrewshire Council used all the money.

Sandra Black: Yes, we did. I understand that there are still some resources at Scottish Government level that must be distributed. The representations that my council has been making are to the effect that distribution of that resource should be directly linked to the underoccupancy level in each council. We hope to receive a higher level of discretionary housing payment budget in 2014-15 than we had in 2013-14.

If we could come to an agreement throughout Scotland about removing the need to get an application from every tenant, that would go a substantial way towards alleviating not just the pressure on councils through administration of the process, but the pressure and distress that is put on individuals when they are contacted by the council to make an application. If we could remove the need for that on an all-Scotland basis, it would be a substantial step forward.

Dawson Lamont: I agree with my colleague Sandra Black on that.

I want also to make the point that during 2013-14 we received the DHP funds incrementally. There is a natural caution in local authorities; if there could be certainty about receiving the funds at the earliest possible date, that would probably create the best chance of spending the funds.

John Wilson: What are the views of the panel on the original formula that was used by Westminster to calculate the level of DHP funding that would be required by local authorities?

Sandra Black: The formula has changed slightly between 2013-14 and 2014-15; there is more recognition of the benefit changes and slightly greater recognition of underoccupancy in the distribution of the UK resources.

Renfrewshire Council thinks that the distribution could be improved further. It is based on historical statistics, and it does not take enough account of the demands in our communities for discretionary housing payments. We would like things to shift, in that regard—we want to take another step forward.

10:30

Dawson Lamont: The rural dimension is clearly important to Highland Council and to similarly placed councils. I ask for that to continue to be taken into account.

John Wilson: We have heard about some of the work that has been done by the voluntary sector—by the advice services, and in particular by the food banks that have been created throughout Scotland. If those services were not in place, what additional financial pressures would that place on local authorities?

Sue Bruce: As I said at the outset, we have found the collegiate work with the voluntary sector and other agencies to be extremely helpful. We have noticed an increase in the demand on advice services. We have worked collegiately with Citizens Advice Scotland, housing associations, private landlords and parts of the voluntary sector, and they have been extremely helpful. We have not quantified what the difference would have been, but the aggregate value of the voluntary sector here is indisputable. We would seek to continue those partnerships.

Elma Murray: As well as the voluntary agencies and the food banks, there are credit unions, which a number of us will be trying to push a lot harder than we have been. If people do not have enough money, even a credit union will not be able to deal with the situation, but it can at least help them to manage the money that they have in the most effective way, which is hugely important.

A number of councils, including mine, have provided additional support by way of funding to citizens advice services, to help them to cope with increased demand. That, too, is hugely important for the future.

It is pretty difficult to say what things would be like if we did not have the voluntary sector. We have it, and we are probably making much better use of it than we did in the past. The voluntary sector is definitely stepping up to the plate in working with us.

Dawson Lamont: Do not underestimate the role of community planning in all this, particularly at local level. In Highland, we work very closely with our citizens advice bureau colleagues and with all of the third sector. That is the only way forward in the present situation.

Sandra Black: I have nothing to add to that. I agree with the comments that have been made about the role of the voluntary sector.

Anne McTaggart (Glasgow) (Lab): Good morning, panel—it is still morning, although it feels like the afternoon.

One of the charities has brought out a report today about the impact on children. There is obviously a poverty aspect to that. What measures have you put in place to try to eradicate the impacts of poverty on children?

Sandra Black: I mentioned earlier that one of the bigger initiatives that Renfrewshire Council has pursued is its tackling poverty commission, whose focus is on child poverty levels in Renfrewshire, which we are very concerned about. It is still in its early stages—its second meeting is this Friday. We are starting to examine the links between poverty and health. We anticipate that a range of actions and recommendations will come out of that, which the council and its community planning partners will develop over the longer term.

Over the past two years, Renfrewshire Council has invested heavily in early years services. We have two pilots running, in Ferguslie Park and Linwood, which are two of the most deprived areas in our constituency, and the early signs are that they are proving to be successful. The service, which is a wraparound one for families and children who live in poverty, tries to pull together services from the council, the community planning partners and the voluntary sector to ensure a more holistic approach to supporting families, whether that is through childcare arrangements, kinship care, debt advice or employability services. All the services are available in the one place at the one time at a school. I would be happy to provide further information on that, if it is required.

Anne McTaggart: I want to drill down further into that. Will evaluation of that approach be taken to the group that you mentioned? How long will it take before you start to evaluate it, take the good from it, and move it elsewhere?

Sandra Black: Representatives of the pilots will attend the commission meeting on Friday, so we are very much linking the two initiatives together. We are very aware that the impacts of poverty start at a very early age, and we are obviously determined to prevent that wherever possible. The results of the pilots are constantly being evaluated, and that evaluation is being led by our director of education and convener of education. We are confident that we will be able to use that to inform the commission's findings.

Sue Bruce: The City of Edinburgh Council has a welfare reform core group, which is developing a strategy that is similar to that in Renfrewshire. The objectives are to prevent hardship and worsening equality; to look at effective responses to meet crisis needs for housing, heat and food; to support vulnerable children, families and extended families; and to work as a partnership across the agencies to sustain Edinburgh's social economy. That is work in progress on which I can certainly send information.

We also have, through the Edinburgh partnership, which is a community planning partnership, a poverty and equality-themed working group. It recently did a very detailed analysis of poverty and inequality in Edinburgh and projected trends over the next several years. I am separated from my iPad, which has the details of that. I will not quote any numbers from memory, but I would be happy to send the committee that analysis, as well. From memory, it shows an increase in the number of children who are expected to be living in officially designated poverty in Edinburgh by 2020, which is a concerning trend.

Elma Murray: I have a couple of points to add to what has already been said.

It is clear that North Ayrshire Council is as concerned as any other about a potential increase in child poverty. Our starting position is that 25 per cent of the children who live in North Ayrshire live in poverty. Across the community planning partnership, we are in the middle of re-evaluating our inequality strategy so that we can take the latest information more into account in our work, and so that we can direct our actions appropriately on the back of that. That is work in progress.

Some 69 households were affected by the benefits cap, which started to kick in last year for us. Unfortunately, those households contained 166 children. We have done a lot of work to mitigate the impact on those children. In North

Ayrshire, the minute we know that the benefits cap has been applied, there is an automatic referral to our social services—the children and families service and the money matters service—to ensure that there is immediate and appropriate support for those families and children.

As Renfrewshire Council has, we have done a lot of work in our early years service; we now have welfare advice officers who sit as part of the early years service staff. They provide support to parents and carers in our early years service. At a practical level, one of the initiatives that we pinched from Renfrewshire Council this year—I am not ashamed to say that—was starting to provide school meals during the school holidays.

The Convener: That is not pinching; it is exporting best practice, is it not?

Dawson Lamont: Our head of children's services is represented on our corporate welfare reform group, which meets regularly. As the other councils are, we are committed to the early years.

Highland Council is concerned that children are requiring to be fed by food banks. That feels entirely wrong. It is interesting that, at the end of December 2013, according to the information that I have, the reason for 49 per cent of family referrals to food banks was delays in or changes to benefits. That is a big item.

Stuart McMillan (West Scotland) (SNP): I will pose a question on food banks. We have figures from Mr Lamont about the Highland Council area; I would be grateful if the other local authorities could send information about the number of people who are using food banks, because there is no such information within the submissions. Of course, if you have that information to hand now, that would be helpful.

Sandra Black: I happen to have that information here, if you would like me to provide it.

The Convener: That would be useful.

Sandra Black: During 2013-14, 4,590 people were fed from the Paisley food bank, which was a 700 per cent increase on the previous year. Early indications from the first two months of 2014-15 suggest that the 2013-14 figures will be doubled during 2014-15.

The Convener: Does anyone else have figures to hand?

Elma Murray: Between December 2012 and April 2014, which is a 15-month period, 4,345 food bank vouchers were issued by North Ayrshire Council. Of those, 2,677 have been redeemed, and 3,354 adults and 1,558 children received food. Analysis of the figures shows that those people tend to be in the areas of most significant deprivation in North Ayrshire.

Sue Bruce: I do not have a figure to hand.

The Convener: If we could get it from you, it would be extremely useful. John Wilson has a brief supplementary question.

John Wilson: It is good to get figures on the number of food banks and referrals to food banks. Have any of the local authorities identified gaps in provision of food banks? Not every area is covered by a food bank and I know that significant costs can be incurred for individuals who are referred to food banks.

The Convener: Mr Lamont, is the situation with gaps in provision worse in rural areas?

Dawson Lamont: I know that, during the past 12 months or so, some of the gaps have been filled. In particular, Blythswood Care opened four new food banks—in Aviemore, Kyle, Fort William, and Thurso. Supply has been put in place to meet demand. Most recently, a food bank centre has been opened in Nairn. If that is happening in one authority area, it must be being replicated across the board.

Sandra Black: I do not have information about gaps in provision with me, but I am aware that opening hours is an issue in our existing food bank because it is run by volunteers.

Sue Bruce: I do not have the exact numbers. I do know that two new food banks have opened recently in different parts of Edinburgh, which brings the total to four stand-alone food banks. However, other agencies, including the Cyrenians, provide a wide range of services including distribution of food, so they are not stand-alone food banks. We will get that information for the committee.

The Convener: That would be extremely useful. Some of that information has already been supplied to the Parliament's Welfare Reform Committee, so it will not take a great deal of work.

Stuart McMillan: A number of months ago, I had a members' business debate on food banks. However, from what you have said today, the situation seems to have moved on and, unfortunately, become worse. It also sounds as if there has been a further negative impact on your councils' budgets. Is that assessment correct?

10:45

Sue Bruce: Loss of rental income is a concern if we take housing alone; the pressure across the board is tangible. In Edinburgh, we are working on a plan to remove £326 million from our revenue turnover by 2018, just to stand still. Officers are making recommendations to create headroom and space for new investment.

There is pressure on all budget areas, and it is difficult to say what percentage is attributable to welfare reform. However, as I have said, there are definitely impacts on health and social services and mental health services. We have talked about kinship care, housing rental income and so on. It is easy to see how the impact can spread.

Elma Murray: I have nothing to add to what Sue Bruce has said.

Sandra Black: My council is keen to invest in the prevention agenda, but the pressures on our budget as a result of reductions in public expenditure and the need to deal with the issue that Mr McMillan raised make it incredibly difficult to invest in prevention.

Dawson Lamont: On food bank coverage, I think that there are plans to launch further food bank projects in Alness, Dingwall and Tain, and that will mop up the Highlands. There are pressures on my council's budget too, and in some respects, welfare reform must be given priority treatment.

Stuart McMillan: Did councils have enough time to plan and adjust their budgets to deal with the consequences of welfare reform?

The Convener: We are happy to take one-word answers.

Sue Bruce: Local government is good at responding to things at short notice. We have adjusted as we have gone along. There was an immediate response, which has been followed by incremental adjustment.

Elma Murray: I agree with Sue Bruce. North Ayrshire Council set up an officer working group to deal with the issue, because we had an indication of the welfare reform that was coming down the line. I guess that when people have worked in local government for a number of years they can make assumptions about likely impacts, which can be altered accordingly as things happen in practice. Some impacts might not be as bad as we envisaged; others might be worse.

The officer working group has been operating for more than two years. I imagine that most councils are in a similar position of constantly amending and adjusting. It is important to recognise that local elected members in most if not all councils receive regular reports to help them hone their approach to managing the issue and mitigating the effects in their local areas.

Dawson Lamont: My council resources committee is meeting today to consider creating a welfare fund that pulls together the different strands of our spending on welfare issues.

We think that currently we are experiencing the calm before the storm. Universal credit will start to

bite, and it will probably bite first in the Inverness area.

Sandra Black: Given the significant cuts in our budget, the timing of the additional cost pressures at local level has been most unhelpful. We are very concerned that universal credit, if it is implemented in 2016, will create much more significant cost pressures, which local government will have to deal with.

Stuart McMillan: Have the local authorities that are represented here made direct representation to the UK Government on the welfare reform agenda and its impact on your budgets?

Sandra Black: There have been meetings with UK ministers to emphasise the difficulties that we are having as well as correspondence between the council leader and the UK Government, but I do not have the details of that with me.

The Convener: Mr Lamont, you have mentioned some details.

Dawson Lamont: Yes. As I have indicated, we met Lord Freud face to face at member and officer level, and we have also made representations through COSLA.

Elma Murray: In addition to the meetings with Lord Freud and David Mundell, we have used our local MPs to lobby proactively on behalf of the council area. It is not the leader who has been writing to Lord Freud and David Mundell; instead, I have been writing on behalf of the council administration to ensure that they are kept fully up to date. As a result, they get a report almost every quarter about what is happening in North Ayrshire.

Sue Bruce: The picture in our area is similar. We maintain contact with Lord Freud and Mr Mundell.

Cameron Buchanan (Lothian) (Con): Good morning. I want to return to councils' no-evictions policy. I am well aware that the City of Edinburgh Council has such a policy, but do any other councils have the same? Do you impose any other sanctions on people who are substantially in arrears? What is your policy in that regard?

Elma Murray: We have a no-evictions policy as long as tenants engage with us. The policy was updated at the beginning of May so that we could take other actions to try to mitigate the impact of arrears, particularly in relation to underoccupancy.

What was the other part of your question?

Cameron Buchanan: Do you impose any other sanctions on people who are substantially in arrears?

Elma Murray: Prior to having to deal with underoccupancy, the council had a policy for dealing with evictions, and we use that in cases in

which the cause might be something other than underoccupancy.

Dawson Lamont: We take the same approach as North Ayrshire.

Sandra Black: Our approach is similar to that of the other councils. We try to support and help people pay their rent arrears because any sanctions applied will present themselves elsewhere in the council, either in social work services or in our homelessness unit.

Sue Bruce: We are in a similar position, and our approach is exactly the same.

Cameron Buchanan: Thank you very much.

Mark McDonald (Aberdeen Donside) (SNP): Under universal credit, tenants will become responsible for paying rent directly to councils. Have you done any analysis on the likely impact of that on levels of rent arrears? The Scottish Government can put in place additional DHPs to meet some of the shortfall, but direct payments will be a secondary blow that is coming on the horizon.

The Convener: I believe that you are beginning to experience that now, Mr Lamont.

Dawson Lamont: Yes. Frankly, the numbers are so low that it is difficult to draw any conclusions, but there is absolutely no doubt that there will be an impact. The emphasis in our council is very much on giving people money advice when they need it, although I should also mention financial education, which is the stage before that.

We are discussing with the DWP the likely impact of direct payments. We know that it is revising its projections on take-up and how the transfer of case load will go in our council, and we would be very happy to share that information with the committee when it becomes available.

The Convener: That would be very useful, sir.

Dawson Lamont: In fact, civil servants are represented on our local groups. That is quite useful, too.

The Convener: As civil servants do not always feed information to the committee, we would be very grateful to receive that information from Highland Council.

Sandra Black: I do not have the exact figures, but well over half of our rental income—and certainly the council's housing revenue account—is paid directly through housing benefit, either in full or in part. Tenants do not have to make rental payments to the council; that is done directly. Our experience of the impact of the underoccupancy charge is that if there were direct payments, the council would immediately have a significant issue

with the collection of rent. It would be much more difficult for tenants to pay their rent on time and in full in the way that is guaranteed at the moment through the housing benefit regulations.

Mark McDonald: I have a supplementary about that, which perhaps Mrs Murray and Mrs Bruce could elaborate on as well. Given that you can see this coming on the horizon, what proactive steps are you taking to engage with these tenants to ensure that measures are in place to allow them to be able to make the rental payments, so that you do not reach the point where universal credit is applied, direct payments are not made and you have to take action after the event?

Sandra Black: Our council has already invested in advice services provision. We have moved away from a predominantly welfare rights focus, which was about maximising benefit uptake, to trying to introduce much more financial awareness among our tenants through budgeting training and such like.

There is a timing issue. Many tenants are currently dealing with underoccupancy, and there is an issue about the best time to start the process of preparing tenants. There is also uncertainty from the UK Government about the introduction of universal credit. We know that it is meant to be introduced in 2016, but councils have no indication of what their go-live date is and when it will affect their tenants directly.

Sue Bruce: I do not have an analysis of our forecast of the impact to hand, but I will send you anything that we have about that. I can say that we are increasing our contact with tenants, and we are also working with tenants federations representatives, who have detailed local knowledge of the families in their blocks or the areas where they work. Our approach is that tenants who are facing these challenges are also customers, and we are interested in customer satisfaction levels with regard to the roundness of the service that we provide. We do not provide a one-dimensional service, and we have to ensure that tenants are happy with other aspects of their tenancy.

There is an increased focus on providing support to tenants and working with tenants representative organisations to ensure that, as well as our expecting income from them, we understand that they are also demanding a service from us. There are two sides to the story.

Elma Murray: Early on, councils made representations to ministers on the impact of the introduction of universal credit on the payment of rent. There was a bit of early movement in relation to how quickly you could move to automatic payment to landlords. That has changed since the initial reforms were introduced.

As more than 60 per cent of our tenants in North Ayrshire receive benefit payments either in full or in part, we expect a significant impact on our rent levels, but as yet we have not estimated that. To prepare for that, we have undertaken a very strong campaign of engagement with tenants in order to work closely with them. As Sandra Black said, it is better to try to get people to work with you instead of using sanctions a wee bit further down the line. We want to try to build up a strong relationship in which people value their housing tenancy and their relationship with the local council.

As Sandra Black has said, timing—in other words, when we discuss this issue with tenants—is, as ever, crucial. After all, the people who have been affected by the welfare reforms will also be affected by universal credit.

Across Scotland, we do a lot of sharing through our communications work and communications campaigns. I think that that approach has been quite effective in helping tenants understand what is happening to them and where to go for help and assistance, and in giving them the confidence of knowing that we are there to help them.

I also want to touch on the Scottish Government's programme to build resilience for welfare reform. The programme contains some initiatives, for which councils are bidding to receive funding, and a number of us are considering employability programmes. For a number of us, the ultimate aim will be to help as many people as possible who are not managing to cope with the welfare reforms as well as they might to get into employment. The endgame is more about employability.

11:00

Mark McDonald: The landscape might have changed somewhat come 2016, but we will leave that for another day.

There is a focus in the submissions on the impact on social care budgets. Many councils have said that they are not experiencing a noticeable impact on such budgets compared with housing budgets, but have you noticed any impact on eligibility for services as a result of a change in individuals' welfare entitlements? Many of the submissions consider whether there has been an increase in the pressure on social care budgets, but any alteration in individuals' entitlements and eligibility would have the reverse effect, in that those people might no longer be eligible to have money spent on them. Has that been picked up?

Sue Bruce: I do not have information on that, but I will certainly go back and look at the issue. We are experiencing substantially higher demand in areas such as unscheduled care, and we are exploring the causes of that. For example, we

have not had a hard winter, and there are other factors that we would have expected to have had an impact on unscheduled care. As recently as yesterday, we had a discussion in which we considered the question of the ability of families to look after their extended family and older family members. We are doing a piece of work to understand the root causes, the findings of which we will be happy to share with the committee.

The Convener: We would be grateful for that.

Sandra Black: I am sorry—I do not have information on the issue that Mr McDonald asked about.

The Convener: If you could find any such information, that would be useful.

Dawson Lamont: I am aware of an increase in demand, but we would have to get back to you on the details of that.

I am sorry to go back a bit, but I want to make a point about the impact of universal credit. According to the figures that we have at the moment—I caution the committee that this figure relates only to claimants with housing costs who are known to the council, because under universal credit we are not entitled to know who is claiming it—seven out of nine people are in arrears with their rent. From the council's point of view, there are two issues: first, how quickly switchback payments are processed and, secondly, how quickly we can get people on to what are called personal budgeting support referrals. The DWP has a gatekeeper role to play in that process; it will pay only if it has made a formal referral. That process has been particularly slow, although I point out that there has been a good deal of co-operation in Inverness and that the DWP is prepared to consider some local referral arrangement that will speed things up. I know that that will be an issue more widely.

Elma Murray: I do not have the figures with me, but I can clearly state that demand for our children and families services has increased. I have already mentioned the benefit cap, and we are also experiencing increased demand in relation to mental health. I will get some figures and have them sent to the committee.

Mark McDonald: If I may, convener, I would like to ask one final question.

The Convener: Please be very brief.

Mark McDonald: We have focused on social care and housing budgets, but in the course of the evidence I have been struck by the need for a wider look at other budgets. The one that springs immediately to mind is the education budget, given the likely impact of welfare reform on children and the need for additional educational support that could arise as a result. Have your councils

undertaken such an analysis? If so, could you provide us with the figures later? Education is obviously a significant budget that would be affected.

The Convener: Has anyone carried out such analysis?

Sandra Black: We have not carried out any specific analysis as such, but in its last budget the council put about £4.5 million of its own resources into the families first programme to which I referred and wraparound services in two schools in its area for children and families who are living in poverty. If that proves to be successful, it will indicate the level of resource needed to support children in such circumstances.

Sue Bruce: I do not have the information to hand, but what Sandra Black has said ties in with the information that the poverty and inequality group has gathered on the additional demand that we expect. I am happy to send that information to the committee.

Dawson Lamont: I believe that recommendations on financial education will arise from the national money advice outcomes project in which we have participated.

The Convener: Finally, there was mention of problems with data sharing between the DWP and local authorities. Is that making it difficult for you to plan and to engage with folks who are badly affected by the welfare reforms?

Sandra Black: We have had some early indications of that with the move from disability living allowance to personal independence payments, which started this year. We were trying to work with DWP colleagues who sit on our welfare reform group in Renfrewshire to identify the individuals who would be affected by the change, so that the council and, in particular, our social work services could make contact with them and support them through the process. Unfortunately, however, that data could not be shared because of data protection legislation. That is an example of the difficulties that we face when two parts of the public sector are involved.

Dawson Lamont: A balance needs to be struck between client confidentiality and operational practicalities. It is fair to say that we are working through some of those issues in Inverness, and I think that there will be some movement by the DWP, but the fact is that certain barriers will not come down. It is probably something that we will have to live with in the fullness of time, as we have to accommodate each other.

Elma Murray: We are experiencing the same problems with the migration to personal independence payments, and they are impacting on our ability to support people properly. In

addition, we are experiencing difficulty in getting information about the reasons for and the rationale behind sanctions, which is impacting on our ability to support people, particularly those who are destitute, who come to us.

The Convener: Does Mrs Bruce have any comments?

Sue Bruce: I have nothing more to add. If there are any other issues, I will bring them up with you.

The Convener: Thank you all very much for your extremely useful evidence. If you can provide us with additional information, that will be great. As we are looking at the budgetary impacts on local government of the cost shunting that results from welfare reform, any help that you can give us in that regard will be useful.

I suspend the meeting for a few minutes for a changeover of witnesses.

11:09

Meeting suspended.

11:14

On resuming—

The Convener: I welcome witnesses to our round-table session on the impacts of welfare reform on local government budgets. We will go round the table and introduce ourselves. Please give a wee description of your organisation. I shall start. I am Kevin Stewart, convener of the committee.

Keith Dryburgh (Citizens Advice Scotland): I am policy manager at Citizens Advice Scotland, which represents the 81 citizens advice bureaux across the country.

Cameron Buchanan: I am Cameron Buchanan MSP.

Bill Gray (Community Food and Health Scotland): I work at Community Food and Health Scotland, which was set up 16 years ago. For most of that time we were part of the Scottish Consumer Council, which became Consumer Focus Scotland, and for the past year we have been part of NHS Health Scotland.

John Wilson: I am the deputy convener of the committee.

Rosemary Brochie (Shelter Scotland): I am policy and research manager at Shelter Scotland, which provides advice and information services to people who are at risk of homelessness, are homeless or are in bad housing.

Alex Rowley: I am the MSP for Cowdenbeath.

John Dickie (Child Poverty Action Group): I head the Child Poverty Action Group in Scotland. There are two aspects to our work: one is influencing policy in the interests of low-income families with a view to preventing and eradicating child poverty, and alongside that is our second-tier welfare rights advice, information and training service, through which we support front-line workers across Scotland to ensure that they have the skills and knowledge to maximise families' incomes.

Anne McTaggart: I am an MSP for the Glasgow region.

Dermot O'Neill (Scottish League of Credit Unions): I am from the Scottish League of Credit Unions. We represent the 31 volunteer-led, community-focused credit unions, which collectively have about 34,000 members, about £32 million in savings and about £21 million in loans.

Mark McDonald: I am a committee member and the MSP for Aberdeen Donside.

Francis Stuart (Oxfam Scotland): I am a research and policy adviser with Oxfam Scotland. We are best known for our international work, but we have also operated a domestic poverty programme in Scotland since 1996, which works in the same way as our international development programme. We do not do front-line service delivery, but we support community groups to tackle poverty in their areas.

Stuart McMillan: I am an MSP for the West of Scotland and a committee member.

The Convener: I shall start the ball rolling by asking our guests what they think the impact of welfare reform on local government funding is. What differences have you found in each of your areas as a result of what I have called cost shunting? Who wants to start?

Dermot O'Neill: I am happy to kick off. We have experienced an increase in membership across all our credit unions, and there has been an interesting move from members joining to save to members joining to borrow. We experienced a similar surge in membership just after the initial credit crunch, but that surge was about people joining to save, and the culture has shifted somewhat.

More accounts were opened last year than in the previous year, and that increase in membership has definitely resulted from the increased media exposure that credit unions have experienced, although the social demographic of new members who are joining appears to be narrowing. We have been nervous about an apparent reinforcement of the notion that credit unions are for poor people, and positioning them

in that way has an insidious effect as credit unions continue to have exposure.

Overall, the level of savings held has increased as a result of the increased number of accounts that have been opened, but there has also been an increase in the value and frequency of savings withdrawals from credit unions, which suggests a lower retention of savings and an increase in the need to access money in a way that was not previously the general pattern of credit union behaviour.

The overall value of lending by credit unions has increased, again as a consequence of the increased number of accounts that have been opened. The number and frequency of loan applications have increased, but there has also been an increase in loan application rejections, which credit unions have historically struggled with. Credit unions are naturally minded to help all people all the time but, in this climate of austerity and of increased capital requirements, credit unions are looking to militate against the risk of bad debt by being more restrictive or more prudent with their lending practices.

I will illustrate that. A £1,000 loan made by a typical community credit union will earn about £64 in interest. If that £1,000 loan requires to be written off, it cancels out 15 other good loans, so there is a small margin for credit unions to operate in sustainably and successfully.

Applications for payday-type loans have also increased. That is causing concern and there is tension in the credit union movement as to how best to react to that and to manage those new requests.

The dilemma concerns the cause of payday loan requests. Kezia Dugdale has often said that the need for payday loans is sometimes a result of there being too much month left at the end of the money. That encapsulates the dilemma that credit unions have. Is the need for credit a result of an unexpected occurrence or of there not being enough money to get through the calendar month? That is a dilemma for credit unions to struggle with.

The Convener: I understand all that and I am glad that you managed to get that over to the committee, but our main focus is on the impact of welfare reform on local government budgets and how it affects your organisations. The Parliament's Welfare Reform Committee is taking a more rounded view of the matter but, today, we are focusing on the local government element. Is there an impact on credit unions from the changes in local government budgets and welfare reform?

Dermot O'Neill: There undoubtedly will be. That is determined by the level of external funding that credit unions require to deliver their services.

There is no one catch-all answer. The activities of credit unions determine the level of external funding that they require. To answer the question in short, there will be an impact, but it will be relative to the location and the credit union in question.

Keith Dryburgh: I will give a bit of background on what Citizens Advice Scotland is seeing. These are just provisional figures, but citizens advice bureaux dealt with 550,000 new issues last year, which is a 9 per cent increase on the previous year. Of those, more than 200,000 were new benefits issues, which is nearly 570 every day.

However, the issue is not only the numbers but the types of cases. We are seeing increasingly complex cases that are hard to deal with. We are also increasingly seeing people who are in crisis and desperation—cases that we would not have seen a couple of years ago, such as people who have not eaten and cannot afford heating. In other words, those people are close to destitution.

On local authorities, the biggest increase that we are seeing is in housing benefit issues, which have increased by 26 per cent over the past year. There has been a 6 per cent increase in council tax arrears issues and a 28 per cent increase in local authority rent arrears issues. We have to deal with those issues on behalf of clients, but they are local authority led.

The main funders of citizens advice bureaux are local authorities, so we have to deal with the cuts and ensure that we continue to work in partnership for their constituents and our clients. The £2.5 million that the Scottish Government has given us has really benefited us and allowed us to see an extra 7,000 clients in the first six months of last year. We dealt with nearly 20,000 issues that we would not have seen had we not had that funding, so it has had a big impact.

The Convener: Is there a fair degree of co-operation between you and local authorities on funding or do some local authorities listen more to your needs than others?

Keith Dryburgh: There are citizens advice bureaux in 30 of the 32 local authority areas and we have 81 members, most of which have individual agreements with local authorities, so the position depends heavily on the local authority that we are talking about. It is noticeable that local authorities have put in place proactive measures to ensure that people are not affected and that rent arrears are dealt with. They are going out to ensure that people get DHPs. Local authorities' approach to working in partnership and ensuring that they help their tenants has been a big help so far.

Cameron Buchanan: Is the citizens advice bureau the first port of call for people who are in trouble?

Keith Dryburgh: It is for many people, and those people often come in crisis. Either they have not managed to get help elsewhere or the CAB is the first port of call. An issue is that we get a lot of referrals from Jobcentre Plus. It is not dealing with people whom it should be dealing with; it is passing them on to citizens advice bureaux.

Alex Rowley: I will pick up a point about credit unions. A number of local authorities are trying to develop an alternative to loan sharks and payday lenders, and the issue is whether credit unions have the capacity for that and whether they are structured in such a way as to deal with that.

My credit union takes 1 per cent interest. I have spoken to a number of companies and I know that, in Manchester, for example, the local authority is involved with a company that provides advice as well as loans, but it charges 40 per cent and argues that it cannot go below that because of the levels of risk.

Sandra Black and Renfrewshire Council have done a fair bit of work and I think that Glasgow City Council has set up its own company. Local authorities are trying to direct money—in my area, Fife Council is trying to direct substantial amounts of money—to develop credit unions. However, the advice that we have got is that credit unions do not have capacity or are not structured properly to meet the demand—or the challenge, if you like.

Dermot O'Neill: That is an interesting point. Before structure and capacity, the issue is almost about inclination and cause and effect. The aim is to tackle the issue of a cheaper alternative to payday lending, but credit unions are looking at what is causing the need for payday lending. Providing a cheaper alternative does not necessarily address the fundamental issue, which is that people have insufficient disposable income to get through a calendar month. Providing the service at a cheaper rate still continues to reduce a credit union member's available disposable income.

Francis Stuart: I will talk about the impact on Oxfam's programme. Two years ago, Oxfam did not work with food banks. We do not want to be in a position where we work with food banks, but we now work with West Dunbartonshire Community Foodshare, which operates three outlets that provide food in West Dunbartonshire. At the UK level, we work with the Trussell Trust, whose figures suggest that the use of food banks has increased fivefold: 14,000 people required food banks in 2012-13, which went up to 71,000 in 2013-14. In West Dunbartonshire, more than

3,000 people have used food banks in the past year.

According to West Dunbartonshire Community Foodshare and the Trussell Trust, the causes of that increase are quite well known and reinforce each other. Benefit delay and benefit changes make up about half of the reasons why people use food banks. Another reason is low income, which is partly because of the 1 per cent uprating in benefits while the cost of living increases. People in work are also having to use food banks, which is an impact of the recession and low wages.

It is absolutely right to say that the UK Government is cost shunting. From our perspective, we are having to pick up the pieces of the UK Government's welfare reforms. We do not want to be in that position, but we are having to do that because people need to be fed.

The Convener: How much do you and local authorities co-operate to deal with the fallout of the situation?

Francis Stuart: Oxfam does not do front-line service delivery; food bank providers are in a better position to talk about that. I know that there is good co-operation with West Dunbartonshire Community Foodshare and that it gets funding from the local authority, so there is collaboration in that area.

11:30

Bill Gray: There is an understandable focus on food banks but, as we heard in the evidence from local authorities earlier, it is important to see the impact of the much longer-established community responses to food poverty, many of which have been set up for longer than the Scottish Parliament.

Networks of food co-operatives—there is a network of 36 community cafes in Edinburgh—as well as weaning initiatives and lunch clubs are all experiencing the impact. Their long-standing relationship with local authorities in relation to buildings, personnel and funding is being put to use to address the challenges of emergency food aid. It is important that we recognise not only that there is an impact on some of those well-established initiatives but that there is a lot of potential in building responses through them. They have close relationships with local authorities and they often work closely with credit unions and citizens advice bureaux. That local infrastructure has a lot of potential but, as is the case in a lot of the voluntary sector, that infrastructure is fragile in the current economic circumstances.

The Convener: Has co-operation between local government and organisations that have existed for some time been good on talking about

resources, or do local authorities say, "We're doing this and that's that."?

Bill Gray: I think that the relationship is good. In fact, it is so good that many organisations are only too well aware of the difficult situation that local authorities are in. Those organisations are worried because they are aware of the challenges that are faced by local authorities, which they see as a key partner. They are concerned about any deterioration in that relationship at a time when co-operation between the third sector and the local authority is more necessary than ever.

Stuart McMillan: Mr Dryburgh said that not every local authority area has a citizens advice bureau. What are the figures?

Keith Dryburgh: There are offices in 30 of the 32 local authority areas.

Stuart McMillan: In the two areas that have no citizens advice bureaux, what discussions do you enter into with the local authorities and other organisations that deliver services?

Keith Dryburgh: The local authorities in question are Inverclyde Council and South Ayrshire Council. Most citizens advice bureaux are community-led organisations. We do not tend to set them up; they tend to come from the community. In those local authority areas, there could be adequate advice provision already. I know that there are regular discussions with those councils about whether they can access CAB services. We have thought about that.

Rosemary Brochie: When we talk about welfare reform, we are talking about two separate spheres. One is reform of the welfare system, which concerns how benefits are paid and assessed, direct payments, changing to personal independence payments and so on. Alongside all that, the other sphere concerns major and significant cuts to people's entitlement. Those two elements are certainly increasing the demand on services such as ours. People are worried, confused and anxious about the implications for them, and they are struggling to cope with the debt and with the additional pressure that is being put on their budgets.

There is a wider point, which relates particularly to the overall question for the round-table discussion. Shelter Scotland is concerned that the range of cuts is affecting the underlying causes of homelessness and is putting people more at risk of being liable to become homeless. As the committee heard from the previous witnesses, the cuts are also affecting the capacity of local government and other agencies to respond to the threat of homelessness and their ability to deal with it when it happens.

That is a serious and significant concern, particularly in Scotland. Over the past decade, Scotland has made significant progress in tackling homelessness. Scotland has a clear agenda and is a world leader in tackling homelessness. However, we are beginning to see big threats to Scotland's agenda.

We have heard a little from Edinburgh about an increase in rough sleeping. We have not been able to evidence that across Scotland—no information is collected about that. However, anecdotal evidence suggests that, at the sharp end, there is an increase in homelessness.

It is difficult to assess how big a problem that will be, because people will struggle on—that is Shelter's experience. People will continue to try to pay their rent and will access DHPs when they can until they reach a crisis point at which they cannot continue to stay on top of their debt. Homelessness will occur at that point.

I think that I have said before that we see a lot of the problems as still being in the post.

John Dickie: I want to pick up on both points.

Food banks are clearly a crisis response to a crisis situation. The challenge for Government at every level, including local government, is to learn from the experience of food banks, to understand in more detail what causes people to use emergency food provision and to use that to try to fix the bits of welfare and social policy provision that are within their remit.

I suppose that we come at the matter from a different angle, as we are not a food bank provider; we provide second-tier casework support. We are doing a lot of work to analyse and understand the emerging issues as a result of welfare reform and changes in the benefit system. To pick up on Francis Stuart's point, it is interesting that those issues are not necessarily to do with individual benefits or the big, well-known changes; rather, they relate to how benefits are administered and the practical implementation of benefits policy. There are issues around sanctions, their increased use, delays in the payment of benefits and changes in the way that benefit decisions can be reviewed. People can no longer go directly to tribunal to appeal; they have to go back to the DWP or HM Revenue and Customs and ask for a mandatory reconsideration, and there are many delays in that process. All of that leaves individuals and individual families with inadequate resources and incomes. We ask front-line advisers about the implications of that for the families that they deal with. Very often, families have ended up having to use food banks.

There are a few implications of that for local authorities, one of which is to do with ensuring that the Scottish welfare fund is working as effectively

as possible, as it is the other source of potential support for families and individuals when they face benefit problems. It must be ensured that the welfare fund is the first port of call and that people get the crisis grants and community care grants to which they are entitled.

On-going benefit delays and the current guidance on the Scottish welfare fund are issues; I think that the guidance means that people can get only three grants in a 12-month period or one grant in any 28-day period. Benefit delays are leading to people being in repeat crises. We could open up the welfare fund to respond to such situations a bit more, but that would obviously have implications.

The other big implication is to do with advice provision. As a second-tier provider, we have seen a huge increase in the demand for our second-tier support—our advice line support, our training and our information resources. There has been real investment in advice and information, income maximisation, welfare rights and money advice.

The Convener: Do you get a lot of queries from local authorities, as well?

John Dickie: Yes, but I do not have a breakdown of that with me. We support local authorities, independent citizens advice bureaux, local welfare rights services and other services. It is coming through that more than half of the cases that we are looking at in which casework support from us has been needed are to do with misinformation or maladministration. A big chunk of them are to do with the DWP's processing of benefits, but many cases are to do with wrong information having been provided by local advisers and local authority workers. We had the example of a mum of two who was given wrong advice by a local authority social worker and ended up being overpaid by more than £3,000 in tax credits. A financial crisis flowed on from that. Another example involved housing benefits, a local authority and the parents of a severely disabled child. The local authority failed to apply disability premiums to the parents' housing benefit, which cost them £50 per week.

A lot of welcome investment has gone into improving advice and information and supporting non-specialist advisers in local authorities and their partner organisations to develop their awareness and knowledge of the implications of welfare reform for the people with whom they work. Examples such as those that I have given highlight how important that is and how much more might need to be done to ensure that front-line local authority workers have basic knowledge of the implications of the benefit changes for the families whom they work with and can signpost people to specialist advice and information services. Those services should continue to be

funded and supported to deal with such cases, so that we do not reinforce the damage that the changes in the UK benefits system are doing.

Mark McDonald: We heard earlier from local authorities that they are having difficulty in reaching members of their communities who are in what is defined as the hard-to-reach bracket and in making them aware of their eligibility for a DHP, for example. Many of your organisations have regular contact with those individuals and certainly more regular contact than local authorities have. Have local authorities attempted to engage your organisations in work to reach out to those communities and individuals, as many of them might view you as people whom they can be more open with than a local authority?

The Convener: Who wants to have a crack at that?

Bill Gray: My experience is that local authorities have recognised that the voluntary sector is much closer to those who could be called hard to reach, as you say. They are sometimes referred to as the rarely listened to, which might be more appropriate.

I would go further than that, as I know from working in the food sector that local authorities appreciate that food is often an incredibly useful medium for reaching groups, because it has many dimensions and qualities. There is good experience around the country of that way of working.

Mark McDonald: Is that experience widespread? Are some local authorities better than others? If so, what is being done to provide encouragement?

Bill Gray: Some local authorities are always better than others, just as some parts of the voluntary sector are better than others. We and agencies like us try to improve practice and share practice. The voluntary sector is at the forefront of the enthusiasm for sharing learning and developing practice, but we must recognise that the enthusiasm must be maintained in a period when the pressure on budgets is increasing.

Rosemary Brotchie: Our experience of supporting people suggests that they are rarely dealing with only one issue; often, they have a complex array of issues. A disruption to their benefits or their eligibility can have a severe impact on a range of areas. Often, we need to find out which is the right agency and who is already working with the family or individual, and we need to build up that agency's confidence to work with them.

As John Dickie said, provision of second-tier advice is important in such circumstances. We provide second-tier advice to people who work

with families and to advocates in other areas who do not have our housing expertise or money debt advice expertise.

Keith Dryburgh: Citizens advice bureaux are on the front line and they play a role as an intermediary between local authorities and people who need support. Last year, we dealt with nearly 4,000 new issues in relation to DHPs. Most of that will have involved ensuring that people apply for DHPs and helping them to fill in the form.

It is important to connect people who need support with local authorities. That applies not just to DHPs but to the Scottish welfare fund, which has been mentioned. Awareness of the fund as a means of support was lower. That awareness is increasing, but there is still an underspend. It is important for local authorities to reach people who need support to tell them about DHPs and the Scottish welfare fund.

Alex Rowley: Sue Bruce said that it is now acceptable to the City of Edinburgh Council for somebody to phone up to say that they want to apply for a DHP because of the bedroom tax. Are local authorities dealing with that in a mix of ways? The Parliament's view is that the moneys have been made available and should be mitigating all the bedroom tax's impact.

Keith Dryburgh: We have tried to monitor the spend among local authorities that use Scottish Government money and to map that against the experience of citizens advice bureaux in seeing people who have been knocked back. On some occasions, people have been knocked back and have been told that there is not enough money, even though we know that there is money available. On the whole, however, such cases seem to be dying away. Our experience is that the money has been getting out there, but as we have heard from local authorities, they are still struggling to speak to some people, who are just not responding. It is important that intermediaries such as us play a role in ensuring that those people get connected to local authorities.

11:45

Rosemary Brotchie: On the subject of monitoring and tracking the spend, local authorities have found themselves in a difficult position. They had an initial budget and they set policies to administer that budget, but it was massively increased midway through the year, so they have had to revisit some earlier claims and decide whether they can now be paid out.

There is also a problem with how the application process works and whether eligibility tests are required. From examining the policies, we have identified the need for local authorities to learn

from one another and to pick up areas of good practice in how to administer DHPs.

There is a wider point about DHPs. In a way, you are right: the money is there and it should be made available to cancel out the effects of the bedroom tax but, as the committee heard from earlier witnesses, the money is not there just to deal with the bedroom tax; it is there for people in the private rented sector and people who are being hit by a benefit cap. It should be available to help anybody who is struggling to pay their rent.

DHPs are not a long-term fix. They can plug a gap for a few years, but local authorities and other landlords need to take a longer-term view and to think about how they can find more appropriate accommodation for people who are struggling to pay their rent because of the cuts, or how they can get them access to other kinds of benefit or support.

Mark McDonald: I am also wondering about signposting. At Woodside community centre in my constituency, the St Machar Credit Union and the local housing office are both based in the same facility, which allows a degree of joint working to take place. Have you seen other examples in other authority areas where an attempt has been made to bring some of the various services, such as credit unions, CABx or other elements of the voluntary sector, together so that people at the sharp end of welfare reform have almost a one-stop-shop service, or at least a well-linked service? If people are being passed from pillar to post, that can be demoralising and expensive for them.

The Convener: Is there not also a FareShare there, too, through Community Food Initiatives North East—CFINE?

Mark McDonald: Indeed.

Dermot O'Neill: St Machar is one of our credit unions. It is a good example—

The Convener: I am sorry to interrupt but, as it has been mentioned, I should probably declare an interest as a member of St Machar Credit Union.

Dermot O'Neill: St Machar is a good example of where a joined-up approach or partnership working can be of real benefit to the people who need it most. The problem is that credit unions are often wrongly identified as being a solution to a certain sort of problem. Credit unions can help only when a capacity to save and/or to repay a credit commitment exists. Increasingly, the individuals who present to credit unions lack both capacities. By default, therefore, credit unions have no capacity to help such people. Credit unions can be part of the solution, but only when a member already has the capacity to save and/or to repay their borrowing. Credit unions cannot

generate additional income, which is often what is needed, rather than a capacity to save.

The Convener: But they can help in the long term, if not in a short-term crisis scenario.

Dermot O'Neill: Absolutely. The point that I am trying to make is about the expectation of external stakeholders. Credit unions are often identified as being a solution, to which people are signposted or delivered, but they end up feeling disappointed, because the credit union has not been able to offer an immediate solution to the crisis that they are facing.

The Convener: Is the sharing of offices and various other things useful for the work that you do? Does that help to get folk out of their difficulties?

John Dickie: I am not sure about the sharing of offices, but working in partnership and integrating income maximisation services—we have a particular interest in that—as well as welfare rights and money advice services certainly helps.

A good example of that is the work that Glasgow City Council is doing in partnership with NHS Greater Glasgow and Clyde to integrate an income maximisation service in the health service. The idea is that, in the run-up to having a child, families are referred to income maximisation advice to ensure that they get the financial support to which they are entitled at the point at which they suddenly incur a whole lot of additional costs and come under financial pressure—too often, families in that situation do not get the financial support to which they are entitled. In the first phase of the healthier, wealthier children project, 2,500 households were referred to welfare rights/income maximisation workers for advice, primarily from antenatal and community child health services. As a result of that advice, more than £2 million was added to those 2,500 households' income.

That is an example of a way of working with the health service, but we could think about ways of working with other statutory mainstream services with which most families have contact. There is contact with the health service at the point at which a child is born, but there are other areas, such as education, in relation to which we could think about building in income maximisation and money advice services to ensure that families get what they are entitled to as the system goes through huge changes.

Anne McTaggart: That is a good point. We do not have huge pots of money, so what could local government do better, without needing extra funding, to work with the organisations that provide services directly to people in our communities? For example, Rosemary Brochie said that local authorities should share best practice, which should not take up extra funding.

Keith Dryburgh: I would probably give you pretty much the same answer that I gave to Mark McDonald. Partnership working and good signposting are important. We find that the more signposting there is, the less likely someone is to go to the wrong place. We must ensure that people get to the right place.

We need a preventative approach. In one local authority, someone who gets a notice of eviction is always sent to the citizens advice bureau and their details are always given to the bureau, so that it is not left to them to sort out the issue, with the result that they suddenly turn up at the bureau on the day of the eviction. Any approach that is about prevention and ensuring that someone gets advice at the right moment, rather than when they are in crisis, is to be welcomed. I do not think that such an approach requires a lot of money; it is about having good and efficient systems for signposting and referral.

Rosemary Brothie: Prevention really is the key. It is not a new thing; it is an area in which local government has been learning. In housing and homelessness, prevention is the big story, because it is no good evicting someone for rent arrears if they will just come back to the council and apply as homeless. It costs local authorities thousands and thousands of pounds to deal with someone in that way.

Shelter has a long-standing policy of working with councils and other landlords to encourage them to understand that evicting people for rent arrears is counterproductive and does not help the person to manage their money and their debt better. The best approach is to get in early with debt advice and to support tenants in paying arrears while they remain in the tenancy.

As well as prevention, learning lessons from elsewhere is important. Earlier, we heard that universal credit is being implemented in Inverness, albeit on a very limited basis and in only the simplest cases. Lessons will emerge from that experience.

Direct payment of benefit to tenants—rather than the rent going directly to landlords—is a feature of universal credit that has been trialled in Edinburgh by Dunedin Canmore Housing. Some extremely useful information has emerged from the trial, which I recommend that the committee should look at. For example, Dunedin Canmore found that it took enormous resources to get tenants to pay the rent and that it is not easy to identify the tenants who are more likely to pay. Housing providers get to know and understand their tenants, so they might think that they can identify the people who will have trouble paying, but it is not always those people who do not pay. Dunedin Canmore found that it took vast amounts

of its time and resources to work with tenants to get them to pay rent.

The issue now is how we share the information from that trial with local authorities and landlords across Scotland, so that they can be geared up when direct payments come in, and avoid getting to a crisis point.

The Convener: We will get that information, because I think that the Welfare Reform Committee has already got it.

Francis Stuart: On the point about joint working, I have an example from the voluntary sector. Earlier, I mentioned West Dunbartonshire Community Foodshare. It was born out of the Clydebank Independent Resource Centre, which is a welfare rights and income maximisation centre. There are a lot of cross-referrals between those services, so that is a good example. There are also examples from London. I think that it is in Tower Hamlets that there are welfare rights advisers in Trussell Trust food banks, and there has been some positive evaluation of that. We would need to be careful about institutionalising that and having a one-stop shop that was a food bank. Great work is already being done by citizens advice bureaux and others, so it is a case of linking those partners rather than creating new one-stop shops.

Bill Gray: I just want to reinforce that we are enthusiastic about preventative spend. I noted that at least one of the local authorities clearly stressed that. There is a potential danger, because although we want to collaborate to manage the crisis in which we find ourselves, we do not want that to dent the enthusiasm for a more preventative approach.

To give a small example, yesterday I spoke to someone who manages a range of community initiatives in North Lanarkshire who said that three of their food co-operatives deliberately meet in the same building at the same time as the local credit union. I echo the point about not necessarily wanting a formal one-stop shop, but many informal attempts are being made to join up resources in a very positive way and in a preventative manner.

John Wilson: One of the points that I am picking up is all the good work that is being done by the organisations around the table and others—for example, Francis Stuart mentioned the Clydebank Independent Advice Centre. Keith Dryburgh said earlier that the Scottish Government gave a £2.5 million grant to Citizens Advice Scotland in recognition of the advice services that are being delivered by CABx throughout Scotland.

One of the things that have come out of the review of local government budgets is that cuts are sometimes applied unfairly in some respects

to the voluntary sector, particularly to its advice sector. I seek the views of the individuals around the table on whether there is any indication that local authorities at the present moment are looking to cut back or reduce the amount of funding that your organisations receive for all the work that you do in providing direct front-line advice services and second-tier advice services. Dermot O'Neill referred to some of the work that is done by credit unions and the support that they receive from local authorities. What would be the impact if your organisations received a cut in financial support from local authorities?

Dermot O'Neill: The vast majority of the credit unions in our group are not in receipt of direct local authority funding, so if the general local authority position changes, it might not have as direct an impact on our group of credit unions as it might have on others.

To supplement that, I note that credit unions are being encouraged to be something different. I think that they can be something different and can assist local authorities more with some of their immediate problems but, to do that, the movement needs collectively to upskill, which is partly to do with capacity and partly to do with resource but entirely to do with the people involved in credit unions: the leaders of credit unions and the volunteers. That is the type of advancement that our sector would need to undergo to make a bigger impact on some of the social challenges.

12:00

Keith Dryburgh: The majority of funding for bureaux comes directly from local authorities, so any cut would automatically have a big impact on us. Our funding has, broadly, been protected so far. It is not going up, but it allows us to maintain bureaux at the level that is needed at present. To see a salutary example of what would happen, we have only to look to England, which has had a much worse experience in terms of the impact of cuts on citizens advice bureaux. I believe that Birmingham does not have a CAB any more because the bureau lost more than £1 million in funding as a result of local authority cuts.

In Scotland, CABx are increasingly project funded, which means that they are funded for projects rather than their core work. Many local authorities are moving towards tendering processes rather than automatically giving CABx a grant. A lot of authorities are encouraging partnerships and getting partners to bid as a group rather than individually. Although the monthly funding is holding steady, there is a change as more tendering, projects and partnerships are encouraged.

Rosemary Brothie: As part of the trend that we have experienced in the past while, Shelter is preparing for reduced funding from local government for our services. We are looking at alternative means, in particular at maximising voluntary income—fundraising, in effect—and applying to organisations such as foundations and trusts, to support our work in the future.

Alex Rowley: I want to shift the discussion a bit. In the past few weeks, I have had constituents coming to me who have been sanctioned, and some of the sanctions seem to be quite ridiculous. The appeal process was mentioned earlier, but what sort of work is going on to support individuals, given that the DWP seems almost to be encouraging the use of sanctions?

The Convener: Keith Dryburgh has recently given evidence to the Welfare Reform Committee on sanctioning and its effects.

Keith Dryburgh: Yes—sanctions are probably our number 1 campaigning issue at present, and the number 1 most damaging issue for our clients. I was looking at statistics just yesterday that showed that approximately 80,000 jobseekers allowance sanctions were applied in Scotland last year, which is 220 per day. We have seen the impact on bureaux in the form of a 25 per cent increase in JSA issues coming to us, even though there are fewer people on JSA in Scotland.

As Alex Rowley said, the reasons for sanctions often seem counterproductive. People are fined for applying for too few jobs in a week—for example, 19 instead of 20; for not evidencing their job searching; for not filling in their diary properly; or for failing to attend Jobcentre Plus interviews. If they have an interview with an employer and do not turn up to the jobcentre, they are sanctioned. We have heard about people who are not able to go online and try to make library appointments but are not able to do so. They are trying, but they are getting sanctioned for not being able to do that.

As a response, we are holding a sanctions month during which we will train up the staff of all bureaux so that they are aware of the whole sanctions process and what they can do to help their clients through avenues such as appeals and mandatory reconsideration.

I understand that 23 bureaux are preparing survival guides for local assistance. The guides will map out everywhere that people can go locally to survive if they have a sanction, so they can get food and furniture in an emergency anywhere in a local authority area. That is the level that we have reached. Sanctions are probably the number 1 cause of food parcel referrals, and we are having to produce survival guides to ensure that people can survive when they are sanctioned.

Francis Stuart: A couple of Oxfam's partners do work specifically on welfare reform, but most of them do not. You only need to take a tour of our different partners to see that sanctions are one of the top issues coming through. Even in working with our volunteers, we find that many of them are being sanctioned.

The DWP released the statistics to which I think Keith Dryburgh was referring a couple of weeks ago. They show that, from when the claimant commitment was introduced in late October 2012 to the end of 2013, there were 97,000 sanctions applied in Scotland, which impacted on approximately 60,000 individuals. Those figures do not take account of employment and support allowance sanctions, which numbered approximately 3,000. We are therefore looking at approximately 100,000 sanctions in Scotland in around 14 months.

That raises huge questions about the role of the state in possibly forcing people into destitution and its role in living up to its commitments under, for example, the Universal Declaration of Human Rights and the right to an adequate standard of living and access to food, and the right to security when unemployed. It also raises massive questions about who is being impacted. The UK data on jobseekers allowance sanctions suggests that one in five of those affected has a disability, 71 per cent are young men, and 56 per cent are under 30.

It also raises huge issues about the fairness of those sanctions. From the analysis that we have done, it looks as though approximately 48 per cent of people who have questioned their jobseekers allowance sanctions or gone to appeal have had them overturned. About half of those sanctions have been applied wrongly.

The data on sanctions is available for every jobcentre, so we can see, for example, that more than 3,000 people in a specific jobcentre in Aberdeen have been sanctioned. It should be possible to get data from the DWP on the people who have been sanctioned by area. It sounded as if it was difficult for local authorities to access the data; they should be able to do that better.

The Convener: It is difficult for them to access the data even though the greater number of cases of destitution come to them for support.

Rosemary Brothie: From the housing perspective, the knock-on implication is that housing benefit is often stopped or interrupted when someone is sanctioned. There is no reason why that is necessary. People wrongly assume that housing benefit is stopped at the same time as JSA, which is just not the case. However, income needs to be verified as part of the claim handling process, and benefits are often stopped

in that process. On top of the crisis that a person has to go through when their only source of income for food and so on is stopped, they need to go and restart their housing benefit.

That can automatically lead to rent arrears. You have heard about rent arrears figures here. Arrears can build up not because someone is unable to pay but because, as we have talked about, processing delays with benefits mean that someone can be a month or two in arrears before they even get paid. That causes problems, because it means that an individual is carrying the debt and needs to pay it back, and it causes problems for the rent collection processes of local authorities and other landlords.

How benefits are processed, and the cuts coming on top of the cuts, leads to problems for individuals, particularly when they are most vulnerable.

The Convener: Some local authorities used to have very good figures for dealing with housing benefit cases very quickly. Are we seeing any changes on that front? Does it have an effect on folks who are presenting themselves to Shelter?

Rosemary Brothie: That is certainly one of the factors that we want local authorities to look at carefully. However, as a word of caution for the future, universal credit being introduced will, as I am sure you know, be handled centrally from Warrington, so local authorities will no longer have that information. If your landlord is an RSL, they are not going to have that connection with the local authority benefit office that will mean that they can find out what is going on with a claim. The landlord will have to contact Warrington through the applicant themselves, and we anticipate that that will cause problems.

The Convener: That lack of knowledge might cause future difficulties.

Rosemary Brothie: Yes, because of the lack of joined-upness.

John Dickie: I just want to reinforce the point that has been made already. It is important that the first port of call for the local authorities and partners who are working with people who have been sanctioned is to check whether they have been sanctioned correctly. From our case evidence, we see that much of the sanctioning has been wrongly applied, so it is important to appeal decisions. Obviously, the sanctions will get worse and worse the second or third time that an individual is sanctioned. An individual might think that they can put up with it the first time, but they face a real risk if they are sanctioned again.

The other point is that more discretion is being built into the social security system, and that creates more difficulty in how sanctions and

benefits are administered locally. It could also create opportunities at the local level to work with DWP and Jobcentre Plus staff to influence the culture and raise issues when the decisions made are wrong and sanctions are applied wrongly or discretion could have been used in another way to avoid someone being sanctioned.

Dermot O'Neill: The impact of sanctions presents a significant dilemma with which credit unions struggle. When a person finds themselves without money, they often make a request to a credit union to access credit, but how can a credit union responsibly lend to a person who cannot demonstrate the capacity to repay that credit? If that loan were made in good faith but, unfortunately, it goes bad, that further inhibits the capacity of credit unions to help more people and the cycle continues.

Cameron Buchanan: You all mentioned one-stop shops. How do people contact you? Do they come in physically or do they contact you online? Some people may contact you online from a library, for example. Are people treated differently?

Rosemary Brotchie: We are expanding the options available to people who come to us for advice. We run a free national helpline. We also have advice and support hubs in each of the major cities. However, we recognise that not everyone can reach us in those ways, particularly in rural areas. We have excellent online information, too. We are also beginning to roll out a programme of text support, so that people can chat live with an adviser when they are online.

Cameron Buchanan: Are more and more people contacting you online?

Rosemary Brotchie: We track the number of people who read our advice pages and the traffic on those pages that relates to debt and welfare change advice is increasing significantly.

The Convener: Shelter Scotland is to be commended for its web advice. I use that information a lot in my office.

Cameron Buchanan: What about anyone else? Are people who contact you online treated any differently from those who physically go into an office?

Keith Dryburgh: Our approach is similar to that mentioned by Rosemary Brotchie. Our national advice line is accessible to anyone in Scotland. Our advice guide is increasingly used for self-help. It is important that all local services and local authorities are connected in some way, so that if you go to one place you are then connected to the places that are right for you. It is important that that is a one-stop shop because when organisations recognise that they are not the right

place for you to go, they can ensure that you get to the place that is right for you.

Cameron Buchanan: They do not waste time doing that.

Keith Dryburgh: Yes, that is correct.

Francis Stuart: I mentioned that Oxfam does not provide front-line service delivery in Scotland. However, we work with around 10 community groups. Given that they are based in the community, the vast majority of people who use the services come through their doors. Those groups are in the most deprived communities, so although I do not have the statistics to hand, I would be very surprised if many people contact those groups online.

The Convener: We are getting pushed for time. Stuart, please be brief.

Stuart McMillan: What are the major challenges that each of your organisations will face in the future? How will the welfare reforms affect local authority spending?

The Convener: I will add to that and, in doing so, I ask that witnesses answer all the questions at once. You will be aware that UK ministers have refused to come to the Parliament to give evidence on the issue. What would you say to Esther McVey were she here? What would you ask her?

Francis Stuart: Oxfam's global approach is concerned with people's human rights. Therefore, a question to put to Esther McVey would be to ask to what extent many of the UK Government's welfare reforms are compatible with its human rights commitments.

What was the first question?

The Convener: What challenges are placed on local authorities by the welfare reforms?

Francis Stuart: The challenge for our programme—many others have alluded to this—is that the trends are not good. Traditionally, Oxfam's programme has always tried to be more preventative and to tackle issues upstream rather than just making crisis interventions. However, if people need help, they need help. Therefore, balancing those two issues is a challenge for our programme.

12:15

Dermot O'Neill: We would probably make a statement to Esther McVey rather than ask a question. The credit union sector cannot be a distribution channel for a Westminster Government. The essence of credit unions is that they are independent, autonomous organisations that are reflective of their own local community

needs rather than being a national distribution channel for welfare benefits.

Our major challenge as a sector is working out how we adapt to the new challenges. How do we move from—or, indeed, should we move from—a save and borrow philosophy to a deposit and withdraw function? That is an internal dilemma that the credit unions need to resolve themselves.

Keith Dryburgh: We have heard about the administrative burden that the bedroom tax puts on local authorities, which need to identify and communicate with people who are eligible for DHPs. We would prefer proper exemptions to be in place so that the most vulnerable people are not affected at all. Rather than relying on the short-term solution of DHPs, there needs to be a long-term solution for the most vulnerable.

Major changes are needed on sanctions. For sanctions to be a proper deterrent, there has to be a warning first; it should not just go straight to a sanction. There are major administrative problems with sanctions. We briefly mentioned personal independence payments—they could be a disaster waiting to happen. The ESA is by far the biggest issue that people come to bureaux with and, ideally, PIPs will be claimed by even more people. I think that 100,000-odd people will have to be reassessed—I can check that statistic. That is a potential problem, especially considering that people's initial experiences have been so poor, as they have had to wait months and months for an assessment.

The universal credit online applications and direct payments are big potential problems for us. We fill out tens of thousands of forms on behalf of claimants each year. If that process is moving online, what does that mean for CABx? We are urgently trying to come up with local solutions for that. We are concerned about the exemptions process for direct payments and online applications. We are concerned about whether it is too slow and whether it actually helps people who need support.

Jobcentre Plus and the DWP need to provide more support to claimants. We see tens of thousands of claimants who probably should have been supported by Jobcentre Plus but were referred on to CABx. There needs to be a change of culture in the DWP to support people rather than trying to find reasons to impose sanctions.

Bill Gray: In "Recipe for Success—Scotland's National Food and Drink Policy", the third sector is referred to as a "remarkable legacy" and a "current resource" for Scotland. That is very true. However, it is such a remarkable resource that it almost threatens itself with how much it has to contribute.

Many of the community food initiatives that we work with take the line that Francis Stuart referred

to—they see food as a human right. They are very much concerned with promoting social justice but they are equally engaged in tackling health inequalities and pursuing environmental justice. I could be just as likely to appear at a committee that is looking at the contribution of community food initiatives to the food needs of older people in the community as I would be at one that is looking at mental health issues or issues to do with early years.

The richness of what the initiatives offer is also the danger, because a lot of the initiatives tell us that they worry about falling between agencies—including funding agencies—between the various responsibilities of local authorities, health boards and other departments, between outcomes and, most dangerously, between budgets. We have a wonderful resource in those initiatives and the challenge is how we maintain it and recognise it.

Rosemary Brochie: Scotland has a remarkable and unique political consensus around tackling poverty and preventing homelessness. That has been in evidence since the Parliament was created. I opened my remarks by saying that we are beginning to see external threats that potentially challenge the ability to deliver on that consensus at a local level. My main message is that we need to remember what we want to achieve and that there has been no retreat from the objective of preventing homelessness. We need to understand how we can continue to focus on prevention and understand the implications that some of the crisis responses that we have heard about have for that overall agenda.

John Dickie: The key thing that we would like the UK Government to do is to review its approach to social security with a view to the commitments that it continues to have and its legislative duty under the Child Poverty Act 2010 to consider the impact on child poverty. The single biggest driver in driving up child poverty and the single biggest change in benefits is the break between inflation and the uprating of benefits and tax credits, which is sometimes overlooked. That is a key point that we flag up and seek to change.

In Scotland, one of the biggest challenges is to sustain investment in advice and information. We have all said that there has been real investment in such services. That has helped, but there are clearly still gaps: there are still people who get the wrong advice or do not get advice when they could and, as a result, suffer more than they need to because of sanctioning, other benefit changes or benefit delays.

The other key request is to ensure that the Scottish welfare fund is genuinely accessible and helps to address crises and the exceptional pressures that families too often face as a result of benefit changes or for other reasons.

The third area is something that we have not picked up on, so I take the opportunity to raise it. It concerns public transport and the potential role for local government and Government in Scotland. One of the key issues that have come through in the case work that we have analysed is how much inaccessible or unaffordable public transport has been a factor in people being sanctioned because they have been unable to get to jobcentres or to interviews and then having to try to claim hardship payments because they have no money. People have been advised that they should walk 13 miles to the jobcentre and back and have had their interviews shifted to the middle of the day so that they can get to the jobcentre and back again on foot.

There is an issue with public transport that we have not addressed. What measures can be considered in Scotland to ease some of those pressures and ensure that people are able to get themselves to jobcentres?

The Convener: Perhaps I will talk to you more about that afterwards.

I thank the witnesses very much for their time. Many of them have given evidence to the Welfare Reform Committee, but it was good for us to be able to consider the local government aspects and impacts of welfare reform and the obvious cost shunting that is going on.

We now move into private.

12:22

Meeting continued in private until 12:29.

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