



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### WELFARE REFORM COMMITTEE

Tuesday 3 February 2015

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**Tuesday 3 February 2015**

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**WELFARE REFORM COMMITTEE**

**3<sup>rd</sup> Meeting 2015, Session 4**

**CONVENER**

\*Michael McMahon (Uddingston and Bellshill) (Lab)

**DEPUTY CONVENER**

\*Clare Adamson (Central Scotland) (SNP)

**COMMITTEE MEMBERS**

\*Annabel Goldie (West Scotland) (Con)

\*Joan McAlpine (South Scotland) (SNP)

\*Margaret McDougall (West Scotland) (Lab)

\*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

\*Kevin Stewart (Aberdeen Central) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Richard Cornish (Department for Work and Pensions)

Rt Hon David Mundell MP (Parliamentary Under-Secretary of State for Scotland)

Pete Searle (Department for Work and Pensions)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Welfare Reform Committee

*Tuesday 3 February 2015*

*[The Convener opened the meeting at 10:03]*

### Decision on Taking Business in Private

**The Convener (Michael McMahon):** Good morning and welcome to the Welfare Reform Committee's third meeting in 2015. I ask everyone to please make sure that their mobile phones and other electronic devices are silent or at least switched to airplane mode.

The first item of business is a decision on whether to take in private agenda item 3, which is consideration of the evidence that we are about to receive from the Rt Hon David Mundell MP. Do members agree to take item 3 in private?

**Members** *indicated agreement.*

## Parliamentary Under-Secretary of State for Scotland

10:03

**The Convener:** Agenda item 2 is a discussion with the Parliamentary Under-Secretary of State for Scotland, David Mundell MP. With him is Richard Cornish, devolution director, and Pete Searle, strategy director of working-age benefits, Department for Work and Pensions. Welcome to you all.

This is the second time that we have welcomed David Mundell before us. He previously appeared at the committee on 26 June 2014 to discuss food banks and sanctions. Today we will discuss the welfare proposals contained in the Smith commission report and the draft clauses, then the meeting that Mr Mundell had with our previous witnesses from food banks.

We have about one and a half hours for both topics. As convener, I will judge how best we can meet that target. I invite David Mundell to make opening comments on the first subject.

**Rt Hon David Mundell MP (Parliamentary Under-Secretary of State for Scotland):** I am pleased to be in the Scottish Parliament this morning. You have introduced my colleagues Richard Cornish, who is the devolution director in the Department for Work and Pensions, and Pete Searle, who is the strategy director of working-age benefits. They will support me and will probably be able to give you more detailed responses on technical issues. I will confine my initial remarks to the Smith commission and make remarks on the second topic later.

Quite a lot has happened since I last appeared before the committee on behalf of the Secretary of State for Scotland, who was unavailable in June. We have had the referendum, the Smith commission, the publication of the clauses and even an old firm game. It is timely to discuss the Smith commission proposals, which I will start with.

On 22 January, the United Kingdom Government published the draft clauses to deliver the agreement reached by Scotland's five main political parties on the future of devolution in the UK, as set out in the Smith commission report. That major milestone was reached in just 37 working days from the publication of the report, but the work has only just begun. The task now is to get on with finalising the clauses and to have a full draft bill ready for introduction at the start of the new parliamentary session after the next general election.

In parallel with that, we need to continue the work that has started on the non-legislative changes set out in the Smith commission report. We have committed to doing that while engaging with stakeholders who want to contribute to the draft clauses and the next steps on the non-legislative side. The Prime Minister and the First Minister have made it clear that such engagement is critical ahead of the introduction of any legislation. As members of the Parliament to which the powers will be devolved and of the committee to which the welfare clauses will be of particular interest, I am sure that members here will want to play a full part in that process.

As I set out in my letter to you last week, convener, following the inaugural meeting between the Prime Minister and the First Minister, a joint ministerial welfare group has been established. The committee has already taken evidence from Alex Neil, who will co-chair that group with me. The group will consider practical implementation and transitional issues for DWP programmes and will be a forum for dialogue and resolution of welfare reform-related issues.

In working together with the Scottish Government in that way, my objective is to achieve a smooth transition of the new responsibilities identified by the Smith commission, by reaching a better understanding of our respective policy positions following publication of the draft clauses. We hope that the joint ministerial group's first meeting will take place next week and I hope that the group will engage proactively with the committee.

**The Convener:** On the technical aspects of how we move things forward, it is important that we remember that we are talking about draft proposals. How quickly will we start to see some crystallisation of changes or technical clarification that might be required on the proposals? There has been concern that, although the spirit of the Smith commission might have been kept to, some technical matters might not be as tight as some people would like them to be. When will we start to see how your thinking will be shaped on that?

**David Mundell:** The First Minister and the Prime Minister agreed that the legislative priority coming out of the Smith commission process was enabling 16 and 17-year-olds to vote in next year's Scottish Parliament elections. I know that that matter is separate from those that the committee is looking at.

The time window that was available to allow that to happen is being used. It is the tightest window for getting the necessary legislation through. You might have seen that an order on that was before the Westminster Parliament last night. By the time we reach our dissolution on 30 March, the

necessary legislation to allow that to happen will have gone through.

It is absolutely clear that it is not possible to put forward any of the other proposals in that way on that timescale. There is simply not the time or resource window to allow that to happen. The Scottish Government and others have suggested that other aspects of the Smith commission recommendations could be fast tracked; that can be debated, but the UK Government's view remains that it would be better to proceed with a single piece of legislation that would be introduced in the Queen's speech and would meet the legislative requirements.

However, there are many other things that are not legislative requirements that can start right now and have started as a result of direct engagement between DWP and Scottish Government officials. Richard Cornish has been involved in a number of those discussions over the past few days, so he might want to elaborate on that.

**Richard Cornish (Department for Work and Pensions):** We are discussing a number of topics with the Scottish Government. For example, we have had sessions with officials on personal independence payments and unemployment programmes, and shortly we will have a session on universal credit, with the aim of helping Scottish Government officials to understand a lot of the detail in those areas. The UK Government also plans to hold between now and the general election a number of events in Scotland to engage with civic Scotland on the draft clauses and get further comments on them.

**The Convener:** As David Mundell said, we have discussed with the cabinet secretary, Alex Neil, how we can shape the implementation of the new powers. As we know, a commitment has been made to continuing the work programme for a further period, but a consensus has emerged that people would like to shape that here in Scotland as quickly as possible. When such suggestions are made and when there is apparent agreement that such powers could come more swiftly to the Scottish Parliament, could a section 30 order be made? That would allow the work programme to be devolved before the bigger piece of legislation is introduced to deliver the Smith agreement.

**David Mundell:** The work programme is on the agenda for the first meeting of the joint group, but part of the discussion must focus not just on the transfer of responsibilities for the work programme but on the understanding that all of us in both Parliaments and both Governments must have about what those responsibilities are being transferred to. At the moment, I am not clear—and DWP officials are not clear—about the proposed alternative to the work programme that will be

transitioned to, and we need to discuss that as well as when the transition will happen, to see how that can be best achieved.

**The Convener:** But you are not closing your mind to the possibility of something coming sooner than the legislation that we are talking about.

**David Mundell:** It is not possible to introduce a section 30 order ahead of the UK general election—there is just not enough time left in the parliamentary system—but my mind is not closed to that possibility in the post-election delivery of the Smith commission proposals.

**The Convener:** I open up the questioning to colleagues.

**Kevin Stewart (Aberdeen Central) (SNP):** Good morning, minister. The Secretary of State for Scotland told the BBC's "Sunday Politics Scotland" that

"A duty to consult is in no way, shape or form a veto. Having had their consultation ... if the two Governments take different views at the end of the day, then the Scottish Government is still entitled to go ahead with what they want to do."

Do you agree with that statement as far as dealing with new benefits is concerned?

10:15

**David Mundell:** I do. We have evidence of that being the case over the past few months, when power was transferred to set the cap for discretionary housing payments. The decision was made in the Scottish Parliament to allocate funds to discretionary housing payments. I felt that there were other ways in which that could have been brought about, but the Scottish Government identified raising the cap as the best way to achieve it. We had a discussion and I agreed with the then Deputy First Minister that that would go forward, even though it was not the UK Government's policy.

We implemented that very quickly—the committee was part of that process—and the Scottish Government now has responsibility for setting the cap, which will be different from the one in England and will have a different policy objective from the UK Government's. We did not veto that and say that the Scottish Government could not do it because it was not our policy; we respected the decisions that had been made.

That is the approach that we will take. It is the one that the Smith commission's report sets out, of the two Governments needing to work together more closely in areas in which they have joint responsibility. However, the commission decided that universal credit would remain reserved, so there must be a role for the secretary of state and

the DWP in the process with the Scottish Government.

**Kevin Stewart:** Will you give us some clarity on how long a consultation between the two Governments could go on for?

**David Mundell:** In my period in the Scotland Office, I have found that such matters can sometimes be resolved in hours and sometimes take considerably longer. I make it clear that there is good will on our part to bring the objectives about. I was heartened by the meeting that I and my officials had the week before last with Mr Neil and his officials. There was a collective view that we should make this work.

**Kevin Stewart:** Will you confirm to the committee that one of those consultations would not be dragged out over many years?

**David Mundell:** If it has anything to do with me, Mr Stewart—which, of course, I cannot guarantee—it would not be a matter of years.

**Kevin Stewart:** That would be the case if it had anything to do with you but, as you say, you cannot guarantee that. Will you confirm that one of the consultations will not go on indefinitely, which is a veto in itself?

**David Mundell:** Nobody wants that to happen. Everybody understands the politics of Scotland. The UK Government has demonstrated respect for the Scottish Government and Scottish Parliament and would not engage in that sort of subversive delay, because it would simply not be feasible in the political reality. I am sure that you and others would make that point.

The relationship between DWP officials and Scottish Government officials is important. It is about understanding the computer systems, the processes and what timescales are realistic for making changes. There is no intention to veto up front or in some behind-the-scenes way proposals that the Scottish Government makes.

**Kevin Stewart:** So it would be better if the language in the draft clauses was different.

**David Mundell:** The draft clauses are out for discussion and consideration. The committee, individual members and the Scottish Government have the opportunity to comment on them. We are in close dialogue with John Swinney, who is leading for the Scottish Government on matters that relate to the draft clauses. If people have feedback on them, they can give it.

**Kevin Stewart:** You can categorically say that, although the language of the draft clauses implies that there will be a veto, there will not be a veto.

**David Mundell:** I would not have taken that implication. My position is that the two Governments will work together. There is no veto.

**The Convener:** Joan McAlpine has a short supplementary.

**Joan McAlpine (South Scotland) (SNP):** The Smith commission recommended that a number of disability benefits be devolved, but the command paper makes it clear that the UK Government still plans to roll out the PIP in Scotland. The PIP has been criticised by a great many of the disability groups that contributed to the Smith commission consultation. Does not that decision contradict the desire to prepare for devolution in good faith?

**David Mundell:** No, I do not think that it does. The PIP is on the agenda for next week's meeting of the joint ministerial group. At that meeting, we will seek to understand what it is that the Scottish Government wants to transition to. That is a very important part of the preparations for the devolution process. We have made it clear that we will work with the Scottish Government on that.

It is not simply a case of switching off the PIP. There are no new disability living allowance claimants. Some of the people who are on DLA are receiving less than they should be because they have not had a recent assessment, and some of those who are on DLA might be receiving more than they should be because they have not had a recent assessment. The process cannot simply stop.

There are critics of the PIP, but there are also groups that are supportive of it. As soon as we know what it is that the Scottish Government wants to transition to, we can work with it to deliver its aspirations. As Richard Cornish said earlier, we have had very good discussions with Scottish Government officials about the mechanics of the PIP. When we know what it is that the Scottish Government wants to transition to, that will put us all in a better position to make that transition happen as effectively as possible.

**Clare Adamson (Central Scotland) (SNP):** Good morning, minister. I apologise for my weak voice. I have a sore throat.

We welcome the devolution of the powers that the Smith commission identified, but we anticipated that not just the letter but the spirit of the proposals would be delivered. On publication of the draft clauses, Baroness Goldie welcomed the fact that a list of things would be devolved in welfare, including the ability to top up existing benefits and to create new ones, but the command paper says that the Scottish Government

"will not have the power to create permanent entitlement to any new payments beyond the scope of the devolved benefits described earlier."

Why has what was described as an exciting choice been removed from the Scottish Government?

**David Mundell:** We are in the process of discussing the draft clauses and whether they reflect the spirit and the letter of the Smith commission's recommendations. If there are examples of benefits that you think should fall within that area, I would be quite happy to take them away and look at them as part of the process.

**Clare Adamson:** Are you suggesting that the relevant clause could be amended to open up the choice that the Scottish Government will have? At this point, we might not be able to anticipate a benefit that will be required in the future.

**David Mundell:** I think that it would be helpful to the discussion if we had some substantive suggestions about benefits that might be progressed in Scotland. That would give us a better understanding of what is sought and whether amendment of the clauses as set out is appropriate.

**Annabel Goldie (West Scotland) (Con):** The impression of the joint ministerial working group that I get from you and from the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights, Mr Neil, is one of positive vibes, I am happy to say. Given the scope of what is to be transferred as a result of the proposals of the Smith commission and as a consequence of the draft clauses, I am interested in how you see the character of the joint ministerial working group. Obviously, it has an immediate and important job in considering how to deliver the transfer of power as anticipated in the draft clauses. However, there might be a future job for it, given the need for Scottish and UK Governments of whatever hue or complexion to continue to speak to each other. Universal credit, which is a core benefit, and the state pension will remain reserved, while the Scottish Government might have a mind to do something supplementary in Scotland that does not apply in the rest of the UK. Do you envisage the joint ministerial working group becoming almost a quasi standing committee just to help with the continuing dialogue between the Governments?

**David Mundell:** That dialogue is important. As I have said to Mr Neil, I cannot speak for any future Government post the election, but I am committed to the process, as are the current coalition parties. The working group is a helpful opportunity to air issues, to look at things that might not have been anticipated, to take forward the transitional arrangements and just to speak directly and openly. Without disrespect to my colleagues sitting beside me, the DWP is, necessarily, an enormous department that does a large number of complex things. It is important that we have a direct line of communication so that if an issue arises for the Scottish ministers, they can speak directly to me



or my counterparts on the group and we can try to take things forward. Not everything that happens is a conspiracy, you know; sometimes, honest mistakes are made or things are not considered in the widest context. It is important that we have that conduit, and I think that it will continue.

At the first meeting of the joint ministerial group, we agreed that benefit recipients are obviously of prime importance. With the powers that have been transferred to the Scottish Parliament and Scottish Government on stamp duty, for example, if the Scottish Government had not set up a system to collect stamp duty, in effect, it would have been the loser. However, if the Scottish Government does not set up a system that allows people to be paid their benefit, that will prejudice vulnerable individuals. Therefore, this is a different sort of transition, so we have to be clear that the new systems are in place as the transitions are made. I expect the group to be an effective way of dealing with the issues.

**Annabel Goldie:** Clare Adamson investigated the clauses on the new powers. I think there is an area for exploration here, minister, if I may say so. We understand that the Scottish Government might have the flexibility to create a new benefit or to top up a benefit, but I wonder how that will work in practice in the existing devolved areas of responsibility. For example, justice is devolved. If an individual comes out of prison and secures a part-time job and the Scottish Government wants to help them to pursue training or whatever, would it be competent for the Scottish Government to do that under existing powers or would any attempt to do that be ultra vires of the draft clauses?

**David Mundell:** There is always the potential for debate about what is a payment in a devolved area and what falls within the reserved social security system. That takes me back to the point that I made in response to Ms Adamson. By setting out examples, I think that we can provide clarity and consider whether what the Smith commission was looking to achieve is reflected in the draft clauses.

10:30

**Annabel Goldie:** Let me expand a little on the example that I gave. I am thinking about a similar scenario, in which someone—perhaps a young person—is going into work for the first time. They might not be on benefits but they might have an identified need for further help with training or access to training.

Again, it is not clear to me that the Scottish Government would have the power to help such a person, or to set up a scheme to help such people. We can set up bursaries for students, for example. There is a legitimate debate to be had about what

responsibility and power the Scottish Government has under the existing devolved settlement. There might need to be clarification on that.

**David Mundell:** I am certainly willing to take that point back. If the committee or individual members want to make that contribution to the discussion about the clauses, that will be very welcome.

**Annabel Goldie:** Thank you.

**The Convener:** Does anyone else want to comment?

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** My question is on a new topic, convener, if that is okay.

**The Convener:** That is up to you. This is your opportunity to ask questions.

**Christina McKelvie:** Thank you for coming to the committee. I think that in the past few months members of the committee—perhaps, you, too—will have had a number of cases in their mailbags about the impact of benefit sanctions.

**The Convener:** Are you moving on to sanctions? I said that—

**Christina McKelvie:** That is why I said—

**The Convener:** I thought that you meant that you were going on to a new topic about the Smith commission. We are still focusing on Smith. The minister will comment separately on sanctions and food banks when we come on to those issues.

**Christina McKelvie:** I will wait, in that case.

**The Convener:** I think Margaret McDougall has a question about Smith.

**Margaret McDougall (West Scotland) (Lab):** Yes—it is on the work programme. I apologise for my late arrival this morning. I cannot apologise for ScotRail.

Work trials and mandatory work activity and experience that run for less than a year will not be devolved. The reference to section 17B of the Jobseekers Act 1995 needs to be clarified in that regard, because it says in the command paper:

“conditionality and sanctions will remain reserved, including the ability to make mandatory referrals to Scottish Government programmes. The Scottish Government may also choose to offer support to those who are eligible to take part in any scheme of their making.”

Will you clarify what that means?

**David Mundell:** I am happy to take away the specific point about section 17B. The intention is that conditionality and sanctions will remain at UK level, so that there is fairness across the UK, in that the same conditions will apply to recipients of universal credit wherever they are in the UK.

**Margaret McDougall:** Will you come back to the committee on that?

**David Mundell:** I will come back to you on the section of the 1995 act to which you referred. I was making the wider point about conditionality and sanctions.

**Margaret McDougall:** I have nothing further to ask.

**The Convener:** I have been happy to hear that you are willing to continue to discuss the scope of some aspects of the command paper. For clarification, it would be good to know whether there is anything that you are not prepared to discuss. Is there anything about which you will say, "This is absolutely never going to be on the table for discussion"?

**David Mundell:** We—the five political parties that took part—have reached agreement on the proposals in the Smith commission process. That was the agreement to which everyone signed up. The UK Government's position is that it will implement that agreement. We are open to a discussion on whether the clauses reflect the commission, both in word and spirit.

I do not want to get into a discussion about matters that do not fall under the Smith commission. Those are issues for the UK general election, which will be held in about 90 days. That will be the forum for debate in which people can make proposals that are different to those that have been set out by the Smith commission. We will have a general election and then we will move forward according to the will of the Scottish people and their counterparts across the rest of the UK.

**Kevin Stewart:** You said that the five political parties were listened to in the Smith commission. What about civic Scotland? The third sector has particular concerns about the roll-out of personal independence payments, as my colleague Joan McAlpine said. Will you listen to them in relation to changing the draft clauses to bring about legislation that not only the Scottish Parliament wants to control, but that civic Scotland wants to see in the hands of this Parliament rather than in those of the Westminster Parliament?

**David Mundell:** We want to engage with civic Scotland and I welcome the establishment of the Scottish leaders welfare and benefits group. We are in discussions with Margaret Lynch about how that group could interact with the joint ministerial group. There has to date been extensive engagement with stakeholders. A very ambitious timetable was set as part of the Smith commission process, but all those who wanted to contribute were able to do so. Now, we must take forward what is set out in the commission's report.

I commit to engaging with civic Scotland. As I said, the leaders group is a good step forward, but I cannot give an undertaking to be in agreement with every element of civic Scotland. Clearly, we will not agree on some matters.

**Kevin Stewart:** There will always be things that folks disagree on—that is the way of the world. However, even in the areas that are to be devolved, we have seen that we are unable to shape things; for example, in the work programme—on which the third sector has clear views—because the contract has already been awarded for the next number of years.

On personal independence payments, as Joan McAlpine pointed out, you said that roll-out will continue even though we could shape something different and better for folks here in Scotland. Would not it be wise to halt roll-out of some programmes that are currently set by the coalition government in Westminster, in order to allow devolution of the powers such that we can shape such things ourselves to ensure that they are best for the people of Scotland?

**David Mundell:** I want the Scottish Parliament to be able to shape those things for the people of Scotland, but I would like to see what that shape would be. I respect the fact that the shape will, under the new arrangements, be a decision for the Scottish Parliament. I welcome hearing you say that you want more local devolution in Scotland, because that is an important element in relation to many of the programmes: it is important that they are delivered in a bespoke way to meet the needs of particular parts of Scotland. In order to transition from where we are now to where you want to go you must set out the shape of what you want to transition to. It is not a case of simply switching it off today without there being anything to replace it.

**Kevin Stewart:** Are you denying us the opportunity to shape some of the services at an early stage by entering into contracts that we will have to adhere to in future? The best example of that is the work programme. You have recently signed a contract for that when, in all honesty, it would have been easy for you to say, "Right, we'll sign the contract for England and Wales but caveat it for Scotland, because when the matter is devolved the Scottish Parliament may choose to take a different direction from the one that we're taking."

**David Mundell:** Indeed it may. We will discuss that at the joint ministerial working group—

**Kevin Stewart:** But the contract has been signed, minister.

**David Mundell:** We will discuss the issue next week. We are saying, "Let us see what you want to transition to and we will work with you to try and achieve that."

**Kevin Stewart:** But you have already signed a contract for the work programme for a number of years. That will put us into a corner when we try to deal with it when it is devolved.

**David Mundell:** That would not be my interpretation of the situation, Mr Stewart. Let us see the Scottish Government bring forward proposals for what it wants to do in relation to the work programme. Mr Murphy has indicated that he has some proposals. Let us see the proposals and let us see how we could best transition to them. That is what we will work towards in the joint ministerial working group.

As I said in my previous remarks, our approach is not to say, "You can't do this; you can't do that." Our approach is to ask, "What do you want to do? How can we best achieve a transition to that?"

**Kevin Stewart:** You are saying that there is a caveat in the contract that the UK Government has signed that will allow us, when the power is transferred, to get out of it without penalty.

**David Mundell:** I am saying that the Scottish Government should bring forward proposals for what it wants to do in relation to the work programme in Scotland and that we will work to try to achieve that.

**Kevin Stewart:** I notice that you are not answering the question; I think that the UK Government has signed up to something that it would be very difficult for us to get out of, no matter how we want to shape the programme. Am I right in thinking that?

**David Mundell:** Based on the range of questions that you have asked me today and previously, you appear always to adopt that mindset in these discussions. I have adopted a positive mindset. We want the Scottish Government to be able, as you say, to set out and shape its work programme. We want to do everything that we can to allow that to happen, but a fundamental part of that is for the Scottish Government to come forward with its proposals for the work programme and we can see how we can transition to them.

**Kevin Stewart:** Within the contract that you have already signed.

**David Mundell:** I will not get into a discussion in public about Government contracts. I am saying—I do not think that it could be clearer—that we want to understand what the Scottish Government wants to achieve and how we can best work towards making that happen. I do not see that in terms of always identifying every obstacle that might be pulled out of the air; it is about looking at the possibilities. The absolute fundamental is to establish the shape of the new work programme in Scotland and how we can move to that from where

we are now. In the meantime, while there is not something on the table, the existing work programme will continue.

**Kevin Stewart:** Would it not be easier to have a moratorium on the signing of such contracts until the powers are devolved, so that we can shape the services ourselves?

**David Mundell:** We are using the joint ministerial working group to discuss what will happen in the interim, but I look forward to seeing the Scottish Government's proposals and to working to achieve their implementation, as we have done on a range of other issues—not least discretionary housing payments, which I spoke about previously.

10:45

**Margaret McDougall:** I will be brief. My question is on how expenditure will be adjusted. For public services in year 1 there will be a block grant adjustment for everything in the departmental expenditure limit. In subsequent years, Scotland would receive a population share of any change in spending at UK level, for example through the Barnett formula. What difference do you see in the Barnett formula for that?

On welfare, in year 1 there will be a block grant adjustment and then the UK and Scottish Governments will have to work together to agree how the adjustment would be indexed in the future. Given the conversations that we have had round the table this morning, I am sure that that will not be easy. My concern is around the time that it could take to come up with the new index. My real concern is for the people who are dependent on welfare benefits and what that will mean for them. Perhaps you could expand on that.

**David Mundell:** As an overall point, we are in agreement with the Scottish Government that, as we move forward with this process, the absolute objective is that there should be no detriment to individual claimants during the process of transition. We will set that as an absolute.

Obviously the Barnett formula is to continue on the basis of the commitments of the Prime Minister, the leader of the Opposition and the leader of the Liberal Democrats. We will continue to operate the Barnett formula, which then delivers the block grant. That block grant will be adjusted in terms of the income raised by the tax powers that are being devolved to the Scottish Parliament.

There is to be a financial framework, which will sit alongside the new Scotland act. That is now the subject of discussions between John Swinney and the chancellor and the Chief Secretary to the Treasury. At some point, as the legislation begins

to go through the parliamentary process, that framework will be set out. Again, it will be very much something that has been agreed between the respective Governments.

**Margaret McDougall:** Is there a timescale for that?

**David Mundell:** The timescale would be within the next few months. Obviously, we have the UK general election. Whitehall will go into purdah at midnight on 30 March. There is some purdah that reflects into the Scottish Government. The outcome of the general election will determine who is the Government. There will be a degree of hiatus. I anticipate that it will be done relatively shortly; it will need to be, to meet the timescale of the bill going through Parliament.

**Margaret McDougall:** Okay. Thank you.

**The Convener:** Joan, you have one short supplementary before we move on.

**Joan McAlpine:** Actually, I have had a short supplementary but I have not had a question session.

**The Convener:** I am sorry. Carry on.

**Joan McAlpine:** Thank you very much.

Mr Mundell, you mentioned Margaret Lynch, the chief executive of Citizens Advice Scotland, and said that you wanted to reach agreement with the leaders group. Ms Lynch has been very clear that she was deeply disappointed that the migration from disability living allowance to personal independence payments would continue. We touched on this earlier. If you are so keen to reach agreement with groups such as CAS, why will you not consider halting the migration?

**David Mundell:** I think that I said in my answer to Mr Stewart that we wanted to engage with groups throughout Scotland, but that did not necessarily mean that ultimately we would reach agreement with them.

Margaret Lynch and Citizens Advice Scotland have some very interesting things to say, particularly about shaping a new benefits system in Scotland. However, the fundamental point remains that we need to understand what the Scottish Government wants to move to, to allow us to achieve the most effective transition in relation to personal independence payments. It would not be right that existing recipients of DLA who are receiving too little or perhaps too much do not get a reassessment. Some people have not had an assessment for a very long time. There are no new DLA recipients—there have not been any for well over a year—so everyone who is new to the system has gone on to personal independence payments.

The quicker that we can understand what the Scottish Government wants to transition to, the quicker we can achieve that transition. However, we cannot just switch off mid-point; we have to understand what we are transitioning to.

**Joan McAlpine:** Is it not the case that the roll-out—the continued migration from DLA to PIP—will save 20 per cent from the bill? Is that not the real reason why you are continuing with the migration—to save money?

**David Mundell:** It is not simply to save money; it is to achieve a practical objective of transitioning to what the Scottish Government wants as an alternative. This is the opportunity for the Scottish Government to come forward with whatever the alternatives might be. That will be on the agenda next week at our joint ministerial working group. The undertaking that I gave on the work programme is the same as my undertaking on PIP: tell us what you want to do and we will work to achieve that as expeditiously as we can.

**Joan McAlpine:** If that was the case, we would inherit the current budget. We would not get that 20 per cent cut if you could reach agreement at that meeting.

**David Mundell:** The Smith commission proceeded on the basis of the funding proposals that were in place at the time. That is what happened. The Scottish Government is working on that and I would imagine that as we see the financial framework develop, the Scottish Government will have a clear understanding of what funding will be available to it.

**Joan McAlpine:** The First Minister has made it very clear that she does not want that 20 per cent cut. Can you reassure us that we will not get that 20 per cent cut in these benefits?

**David Mundell:** I am saying that we want to transition to what the Scottish Government wants to achieve as expeditiously as we can. That should be the focus—

**Joan McAlpine:** So—a 20 per cent cut, or no 20 per cent cut?

**David Mundell:** That is characterising the debate in a way that wants to portray bad faith on the part of the UK Government, which does not exist. The Scottish Government is well aware of the funding projections in relation to these benefits and what it has available to work with. Rather than getting drawn into that emotive language, the best use of time and resource would be to come forward with your alternative. That is what we need and at this moment we do not have it.

**The Convener:** Thank you, minister. That has exhausted that element of our discussion. Would you like a couple of minutes to have a break or would you prefer to move on?

**David Mundell:** I would not mind another cup of coffee, if that is possible.

**The Convener:** In that case I suspend the meeting for a few minutes, to allow people to refresh themselves before the next session.

10:54

*Meeting suspended.*

10:58

*On resuming—*

**The Convener:** I invite the minister to open up the second part of our discussion this morning by giving us some opening comments.

**David Mundell:** As we said earlier, when I last appeared at the committee, I undertook to engage with organisations that had given evidence to your committee in respect of food bank usage. One clear message that came out of the discussions that I had with food bank providers and other organisations that are involved in this field was a wish to see an end to politicking on this issue and to instead see reasoned debate and cross-party, cross-border and cross-Government approaches to tackling the issues that are leading people to use food banks. I certainly agree with that approach, as I think I said when I last saw you.

My view has not changed since the previous session. I believe that the reasons for the use of food banks are varied and complex. I also remain of the view that the most effective anti-poverty measure is a successful economy. That is a sentiment that your colleague Jackie Baillie expressed recently, convener.

That said, I want to touch on three areas that are most often discussed around this subject: sanctions, delays in benefits and low incomes. I would not describe those issues as welfare reform, although that is clearly the topic that is sometimes bandied around by those who have particular agendas.

11:00

Sanctions are not new. They were brought forward by the previous Labour Government and, of course, Labour did not oppose the changes that this coalition Government made. At my last appearance, Scottish National Party members confirmed that they, too, supported conditionality on jobseekers' benefits and some requirement to produce evidence that work is being sought. That was also set out in the Scottish Government's welfare commission report, which said that there had to be hard edges.

We need to ensure that we have a fair and reasonable system in place that is understood by claimants and is consistently applied by DWP staff.

Sanctions were the subject of the Oakley review, which is currently the subject of an inquiry by Westminster's Work and Pensions Committee. I am sure that Dame Anne Begg, who chairs that committee, would welcome a submission from this committee, if you chose to make one.

At my previous appearance before you, I stated that there were no targets for sanctions. Indeed, in my experience, jobcentre staff have no wish to sanction individuals. They want to help people into work. I put on the record the fact that jobcentre staff are much maligned and are identified with sanctions when, in fact, they are people who are trying to help people into work. They should not be the focus of any of these comments.

I also asked the committee—as I did all those who I met, and every council in Scotland—to pass on details of people who have been unjustly sanctioned. I am not saying that there are no such people, but we have not received many examples. Of course, there is a review and appeal process in place, but I will undertake to investigate any case that you or any elected representatives have of someone being unjustly sanctioned, because that is not what we are looking to achieve.

One issue that I take on board is housing benefit and sanctions, and the misperception that, when someone is sanctioned, they lose housing benefit. That is not the case. Housing benefit is passported to jobseekers allowance. Therefore, when the jobseekers allowance stops, the housing benefit stops. However, if the local authority is contacted and advised of a change of circumstances, housing benefit should continue in most cases. It is quite clear that there is a lack of awareness of that, and we need to do more to ensure that those people who are subject to sanctions understand that, and that the flow of information between the DWP and local authorities in that regard is also improved.

We take on board the issues that were raised in the Oakley report in relation to making it clear that a short-term benefit advance is available, and DWP staff have been further briefed to ensure that it is understood that that is available, along with hardship payments for those people who are in the most difficult circumstances.

I would welcome a decision from the committee on where you see the balance on conditionality applying. If there is agreement that there should be conditionality, we have to understand how the balance is struck. I would be interested to hear your views on that.

On delays in benefit, 93 per cent of benefits relating to jobseekers allowance and employment and support allowance have been processed in 16 days. That is a 7 per cent improvement on 2010. Benefits have always been paid in arrears and I am not aware of any significant proposal to change that. Again, the use of the short-term benefit advance or hardship payments can have an impact on the process. It is a two-way process with the applicant.

In my meeting with the British Medical Association, I was struck by the concept of trying to bring together benefit support with national health service provision for those with mental health issues. There is some really good work out there, which could lead to an improvement in that area.

Finally, on the issue of low income, I think that everyone round the table is signed up to support the living wage. We need to do more to encourage it. I was heartened when I spoke to South Lanarkshire Council about an initiative that it is pursuing to bring employers together to spread the word to other employers of the benefit of paying the living wage. My colleague in the Scottish Parliament Ruth Davidson has called on the Scottish Government to incentivise the paying of the living wage through the small business bonus, which is similar to a scheme that operates in some boroughs in London that is proving successful. More widely, the Government has sought to raise the personal allowance to take as many people out of tax as possible.

Those are my thoughts following the discussions. I thank everyone whom I met—I listed them in my letter to the committee. I found the discussions to be frank and useful. I come back to the point that I made earlier, which is that all the organisations that I spoke to found that the politicking on the issue was getting in the way of trying to resolve it.

**The Convener:** Thank you. I have a couple of points to make on your comments. We have already made a submission to the work of the House of Commons Work and Pensions Committee, chaired by Dame Anne Begg. We sent our report and we invited Anne Begg to meet the committee. There is on-going dialogue on that work.

**David Mundell:** Excellent.

**The Convener:** You commented on the discussions that you had with organisations following our last meeting. You suggested that there has been a lack of examples given to you, although we had discussed pursuing that with you. Again, I want to clarify that the committee clerks and your officials have been in dialogue since then, and we have several examples to send to

you. Those will be on the way. We have not managed to get communications between the committee and your officials in order and we have been disappointed that things have not gone forward in the constructive manner that we left our discussions. We will not dwell on that. Let us engage positively. You will be in receipt of the collated responses in due course.

Personally, I agree about taking the politics out of the discussion. I, too, hear that clear message when I talk to organisations, churches, third sector bodies and charities that are engaged in the area. You are right to say that they have a clear message that they do not want politicking involved in the discussion.

Although there may be varied and complex explanations as to why we have had such an exponential increase in the use of food banks, to take the politics out of it, will your Government join the consensus and concede—finally—that there is a causal link between your sanctions regime and the welfare reforms that you have introduced, and the increase in the use of food banks? If you agree that, we are all on the same page, because all the evidence suggests that causal link. The only people who will not recognise that, and the only politicians who will not concede that, are you and your Government.

**David Mundell:** What I am asking you to do—given that you support the idea of there being sanctions and that, as I understand it, the Scottish Government supports conditionality—is to come forward with views and suggestions on how and why the sanctions regime is not as you would want it to be.

**The Convener:** I will answer you directly, because it was one of the conclusions of our report that sanctions should be a last resort. Purely and simply, people should not find out that they have been sanctioned for something that they know nothing about on the day that they expect to receive their benefits, which do not arrive. We have examples of that. I could give you examples from my own experience. The reality is that people are sanctioned and discover that they have been sanctioned without having been spoken to, worked with or given an opportunity to explain their situation. They are sanctioned by the DWP as a first action, not as a last resort.

Can we get agreement that a sanctions regime and conditionality should apply only at the end of a process in which the recipient of the benefit has continually shown evidence of a refusal to work within the system, and that sanctions should not be imposed as a first action?

**David Mundell:** Let us get all those examples on to the table. That is the approach that I want to pursue. There is no point in me saying that that

does not happen if you have examples of cases in which it has happened. That is not how things should happen. I know from speaking to DWP jobcentre advisers that that is not the outcome that they are looking to achieve. That is not what the new welfare system is about. If that is happening, we must look at the examples and ensure that it does not happen. There is no situation involving the DWP in which sanctions should be the first resort. That is not the position. If that has happened, it should not have happened and we need to do something about it.

**The Convener:** If the DWP analysed how it is operating the sanctions regime, surely it would be able to categorically quantify the work that was done with a benefits recipient before a sanction was imposed. The evidence would be there—it would be in the statistics and the analysis of the work of the DWP.

We will give you examples of cases in which sanctions have been imposed as a first resort—every member will have examples of such situations. Surely the DWP would be able to prove that it had not issued a sanction as a first resort by verifying the work that had been done with a benefits recipient before the sanction was imposed. You would know that, the officials at the DWP would know that and the ministers responsible for the DWP would know that.

**David Mundell:** They would, but there is a process whereby sanctions go to an independent adviser to give a decision. There is a review and appeal process in relation to sanctions. That review and appeal process identifies where the sanction was inappropriately applied, but the majority of cases that go through that process are upheld.

11:15

**The Convener:** Exactly, so the question that I have for you is as follows. When a decision is made to sanction someone, that decision is made at the outset. There is then an investigation—there is an appeal and a decision is made. That sanction may subsequently not be upheld. In the interim, the recipient does not receive their benefit; they have to prove their innocence. They are guilty until they can prove their innocence. They do not receive their benefit and have to resort to using a food bank in the meantime. Is that not the case?

**David Mundell:** I do not accept that analysis because, first, it seems to be predicated on the suggestion that almost as soon as they come through the door, people are sanctioned. That is not the case; sanctions are a last resort. You are shaking your head, but provide us with some details of people who have no history of employment issues with the DWP who are

immediately sanctioned and we will take that information away, because that should not happen.

**The Convener:** With all due respect, we have sent you and your officials our report. That report contains those examples; that report contains the evidence from third sector bodies, churches and recipients. You cannot deny what is in black and white in the evidence from people that this committee and other organisations have looked at. If we are wrong, Oxfam is wrong, the churches are wrong and the Trussell Trust is wrong. Why is everyone else wrong but your Government is right?

**David Mundell:** I am not saying that everyone else is wrong. I am asking you, quite reasonably, to give specific examples of people who have been subject to the scenario that you set out. I do not think that that is an unreasonable thing to do and when I have met Oxfam and the Trussell Trust and other organisations, they have not thought that that was an unreasonable thing to do. We need to investigate what has happened in those individual DWP offices that has allowed those circumstances to come about.

If somebody comes to me, as a member of Parliament, with those circumstances, I will immediately take the case up with the DWP and find out why it has happened and I will look to make sure that such things do not happen again in the particular office concerned. I am not saying that the scenarios that are being set out have not happened to individuals, but we need to have information about the specifics because, otherwise, it is not possible to take the necessary action in the individual offices. It is possible at a high level and through training to set out what should happen in relation to sanctions—it is made clear to staff. When I have met DWP staff, as I said in my initial remarks, they are not there waiting to sanction someone; they are there trying to get someone into work.

As the Oakley report has identified, sometimes there has been miscommunication, and opportunities have been identified to improve that. Certainly, information has not been clear enough about short-term benefit advances and hardship payments. That has been taken on board from the Oakley report.

From the discussions that I have had, I see clearly that there is an issue in relation to housing benefit. Many people have come to the conclusion that housing benefit is automatically lost if someone is sanctioned. That is not the case and we should be making sure that that is not happening.

**The Convener:** I will ask you one more question before I open it up to committee

members. Do you accept that there has been a huge increase in the use of food banks? Do you agree that there has been an increase in the level of sanctions imposed by the DWP?

**David Mundell:** I think that you are inviting me in a different way to respond to your earlier question. In best of faith, we are just not going to agree on this. What we are going to agree is that we need to do something about it, which is best achieved by everyone working together. The committee has a contribution to make to that. I respect the work that you have done, but I suspect that you would not expect me to agree with everything that you have concluded.

**Christina McKelvie:** Thank you for allowing me to come back on this, convener.

Minister, you mentioned sanctions a lot. Do you think that sanctions work?

**David Mundell:** Your own welfare commission, which the Scottish Government set up ahead of the referendum, thinks that there has to be conditionality. The Labour Party, my party and my coalition colleagues think that there has to be conditionality, and that you cannot simply take no action if people do not look for work when on jobseeking benefits.

**Christina McKelvie:** I believe that that is at the end of a process—

**David Mundell:** We have had a discussion about that.

**Christina McKelvie:** Of course. Do you believe that sanctions encourage people into work?

**David Mundell:** I think that you cannot have a process of people receiving jobseeking benefits without there being some condition on that relating to looking for work.

The best way out of poverty is work and a successful economy. That is clearly the objective of the UK Government and I would even acknowledge that it is the objective of the Scottish Government. I very much welcome the fact that there are 1,900 more people in work in my constituency now than there were in 2010. That is something to be very positive about. The objective must be to achieve work and grow our economy. Sanctions are part of the benefit system, but their relation to work is different from the economic one.

**Christina McKelvie:** I am glad that you drew that distinction. How many of the 1,900 more people who are in work in your constituency now compared with 2010 got into work by the use of sanctions?

**David Mundell:** That is a false analysis. I am not saying that we are sanctioning people into work; what I am saying is that, if you are in receipt of a benefit that is being funded by taxpayers—

often people who are not on that high an income—you should look for work. If you do not look for work, there should be some conditionality on that.

**Christina McKelvie:** Last time you were here, you undertook to do some research on the correlation between sanctions and food banks. Did you do that research?

**David Mundell:** A whole host of research has been set out—

**Christina McKelvie:** But have the DWP and your department done any research?

**David Mundell:** I have concluded, since I last appeared before the committee, that any research that we produced would not necessarily command everybody's acceptance. It is therefore very important that we have independent evidence to which we can all subscribe. There have been a number of Government publications, which the committee will have seen. There has also been the excellent report "Feeding Britain", which was pulled together by an all-party group of MPs. A lot of work has been done.

**Christina McKelvie:** From what I can find, no research has been done by the DWP. I have researched many publications, including those that you have spoken about. The University of Oxford published research evidence a few weeks ago, which said that it was unable to detect any impact on employment recovery. It estimates that of 100 people referred for sanction, 46 received adverse sanctions and only 3.5 cases of those who received adverse sanctions and moved off benefits were associated with finding work. So, do sanctions work?

**David Mundell:** I have set out for you the fact that sanctions are not aimed at employment but are aimed at ensuring that people who are in receipt of working benefits look for work. There is a perfectly good argument to be had. We are going into the UK general election and if the SNP wants to adopt a position that, regardless of whether a person looks for work or not, they should still receive unemployment benefit, that is the position that you should adopt—

**Christina McKelvie:** No one is saying that. I am certainly not saying that.

**David Mundell:** That is the position that you should adopt and the public can have its say. I am making it clear that the route out of poverty and the route to work is a successful economy. That is the Government's objective and we have gone a long way to achieving that, although there is a lot more to be done. I invited the convener to give us suggestions, and if the member has specific suggestions as to how the sanctions regime could be improved, be more transparent and be more consistently applied, I would be happy to hear those. I



do not see the purpose of a semantic discussion around whether sanctions get people into work.

**Christina McKelvie:** Okay then, let us look at some of the facts in the research that I have read. Almost a quarter of referrals for sanctions are given to people with disabilities and exacerbating health conditions. Many referrals are of young men between the ages of 18 to 24. The evidence from South Lanarkshire Council shows that the number of young men facing sanctions, destitution and hardship tracks the suicide rate. Of those claimants who have been sanctioned, 21 per cent have had their utilities disconnected. The DWP conducts no research on that. Those are facts.

I have some examples of people who have been sanctioned. For example, a man with heart problems who was on employment and support allowance and who had a heart attack during a work capability assessment was sanctioned for not completing the assessment. In another example, a man who had got a job that was scheduled to begin in a fortnight was sanctioned because he would not look for a job in the fortnight while he was waiting to start his new job. An Army veteran, Stephen Taylor, who is 60 years old, had his jobseekers allowance stopped after he sold poppies in memory of fallen soldiers. Those are terrifying examples of how sanctions are utilised and the impact that they have on human beings.

The Royal National Institute of Blind People has done some work that takes the UK Government to task on the sanction failures. The Government has rejected giving people information in braille, which has then put those people at risk of being sanctioned.

Given all that evidence—it is easy to tap into Google and find all this stuff and the evidence to back it up—why does the DWP not carry out its own analysis on the impact on people?

**David Mundell:** If you have details of individual cases, give them to us.

**The Convener:** With all due respect, the member has just given you the examples.

**David Mundell:** Right. We will take it down, get the person's address and national insurance number after the meeting, take it away and find out what happened. If anybody had come to me, as a member of Parliament, and told me that they had been sanctioned for selling poppies, I would have made sure that something was done about it there and then.

**Christina McKelvie:** That particular story was on the front page of a national newspaper.

**David Mundell:** Yes, but you have to provide us with the details. We will have a look at them and see why those things—which seem, on the face of

it, out of kilter with what the objective should be—have happened.

I do not know whether you are saying—maybe you are—that no young men between 16 and 24 should be sanctioned. There are difficulties with working with that age group and ensuring that we give them the best support that we can to get them into work—because that is the objective. I am not clear from what you are saying whether your view is that, regardless of whatever approach those young men took in relation to their benefit payment, there should be no conditions.

11:30

**Christina McKelvie:** You mentioned that there is an appeal process. Where do the UK Government and the DWP sit on the proposal in a secret paper released last year that suggested that people would be charged to appeal?

**Pete Searle (Department for Work and Pensions):** The DWP has no plans to charge people for appeal. I am not familiar with that secret paper. We have no plans to introduce such a charge.

**Christina McKelvie:** Okay. I will send you the information on that. It is very easy to find. A number of people, including human rights lawyers, have taken a position on it. Are you aware of a Public and Commercial Services Union survey among staff working in the DWP that suggested that 61 per cent of them said that they had been pressured into referring claimants for sanctions when they believed that it was inappropriate to do so?

**David Mundell:** That is not my experience of speaking to DWP staff across Scotland. I have spoken to—

**Christina McKelvie:** Is the PCS survey wrong?

**David Mundell:** That is a very easy question in the context—

**Kevin Stewart:** It is easily answered.

**David Mundell:** I spoke earlier about politicking—“Oh, let's just corral everybody. Somebody's right. Somebody's wrong.” These are complicated issues that are not dealt with by soundbites.

**Christina McKelvie:** They are complicated because they are human beings. There are people at the end of this.

**David Mundell:** Exactly. Human beings are not dealt with by soundbites. The problem with the approach that some people have to this issue is that their objective is soundbites and newspaper headlines rather than dealing with the underlying issue, which is moving people out of poverty and

into work. That is what I am trying to achieve. That is what our Government is trying to achieve. I want to work with the committee and anyone else to do that.

**Christina McKelvie:** We can work together only if you listen.

**David Mundell:** My track record is one of listening. It does not necessarily mean agreeing with you or doing exactly what you want. I may be criticised for many things but I do not think that not listening is one of them.

**The Convener:** Kevin Stewart, to be followed by Clare Adamson. We need to start watching the clock.

**Kevin Stewart:** In evidence to the committee, Dr David Webster, a research fellow in urban studies at the University of Glasgow, said:

“there is now a deliberate policy ... to drive up the level of sanctions to previously unheard-of levels through managerial pressure on Jobcentre staff. In practice, staff now have very little scope for discretion and are frequently driven to impose sanctions on any excuse.”

Will you comment on what Dr Webster said to the committee?

**David Mundell:** The number of sanctions has stayed roughly the same in the past year. In the previous year, it was 78,670 and in the current year it is 78,709.

**Kevin Stewart:** What was it five years ago?

**David Mundell:** I will get you that—

**Kevin Stewart:** Do your officials have that at hand?

**David Mundell:** We can produce that. The context in which you read out that quote would indicate that there is a current pressure to increase the number of people on sanctions. There is not. There is no target for the number of people on sanctions. It is in nobody's interest for people to be put on sanctions. The objective is to try to get people into work. Ultimately, though, we have to decide whether we want a system that asks whether, if someone is receiving a benefit while out of work, there should be any conditions on that.

**Kevin Stewart:** Bill Scott, of Inclusion Scotland, said in evidence about sanctions and targets:

“Therefore there is a bit of sophistry within DWP when it says that no targets exist, no league tables exist and so on. In fact, that is what is happening in practice.

I have messages on my mobile phone from Public and Commercial Services Union members who have been taken into disciplinary meetings to be told that they are being disciplined because they have not imposed enough sanctions. Other PCS members have been told that they will not be getting their annual uplift in pay—their increment—because they have not sanctioned sufficient

people in the last year.”—[*Official Report, Welfare Reform Committee*, 1 April 2014; c 1391.]

Would you like to comment on that?

**David Mundell:** I do not recognise that statement.

**Kevin Stewart:** You do not recognise that statement.

**David Mundell:** No, but if you bring forward individuals to whom that has happened, I will be happy to meet them on a confidential basis and ensure that there is no detriment to them. I am not familiar with that situation. I have visited most of the jobcentres in central Scotland and have spoken to staff in an open and frank way, and nobody has conveyed that message. You will probably conclude that that is because they are concerned about their management or other things. However, if anybody has had that experience, I want to hear from them.

**Kevin Stewart:** All the information that I have just read out is contained in the report that the committee put a great deal of work into last year, which was sent to you, your officials and others. On the basis of the evidence that we have received from the likes of Mr Scott and Dr Webster, will you carry out an investigation into what is happening on the ground? I know folk who work for the DWP on the front line who feel that they are being pressured into sanctioning more people. Will you agree to carry out an investigation into those practices?

**David Mundell:** I am willing to meet you and those individuals. We could do that on a confidential basis. I have previously undertaken to meet people who have given evidence to the committee. I have also taken evidence myself, through meeting people in DWP offices and speaking openly and frankly with them, and that is not the picture that has been reflected to me.

**Kevin Stewart:** Do you think that, at the meetings that you have attended, some DWP officials on the front line have been scared to say what they think?

**David Mundell:** I hope not.

**Kevin Stewart:** I hope not, too, but I recognise that many of them are scared.

**David Mundell:** I have offered to meet you and the people whom you have identified, and I would have thought that your presence would ensure a safe discussion. I am happy to do that. However, I do not have any evidence that what you have described is happening.

**Kevin Stewart:** Unfortunately, a lot of those folk do not feel safe at the moment, and I do not think that my presence or anybody else's would make them feel any safer.

I ask you again whether you will agree to carry out an independent investigation into what has been stated by many witnesses to the committee, which is that there is a target policy in place at the DWP.

**David Mundell:** There is no target policy in place—I am absolutely clear on that.

**Kevin Stewart:** Let us move on, as we are not going to get a realistic answer to that question.

You have made great play around the situation with housing benefit and sanctions. Why are the Government and the DWP only now signposting folk who have been sanctioned to let them know that they can still get housing benefit? When sanctions are put in place, why do folk have to reapply for housing benefit? Would it not be simpler just to do away with the stopping of housing benefit when a sanction comes into play?

**David Mundell:** There are complicated processes with the passporting of benefits. However, a real positive about universal credit is that, when it is in place, with the package of benefits, there would not be any disruption to housing benefit were someone sanctioned. That is an example of how difficulties can be mitigated when there is a joined-up approach.

We cannot sit here and pretend that the systems, including the computer and delivery systems, are not complex. We are very much looking to get local authorities and the DWP to work more closely together. The fact that that is happening is very much to be welcomed; passported benefits are part of the joined-up approach.

**Kevin Stewart:** What guidance has the UK Government put out through the DWP and to local authorities to ensure that folk are told that they must reapply for their housing benefit when they have been sanctioned?

**David Mundell:** We are in direct dialogue with local authorities. As I have reported back to the committee, we are—

**Kevin Stewart:** What guidance?

**Pete Searle:** We have put out guidance to our staff who are involved in dealing with people who are sanctioned to ensure that they tell them that they need to reapply and to contact the local authority to make sure that their housing benefit is not stopped. I think that many people knew about that process before, but we have put out the guidance in the light of evidence that we have received over the past few months that there was a problem in that area.

**Kevin Stewart:** When did the guidance go out?

**Pete Searle:** I do not have the date to hand, but I can get it to you.

**Kevin Stewart:** Okay. What guidance has been given to local authorities? What has the DWP done in that regard?

**Pete Searle:** On the minister's point about passported benefits, it is much simpler to have a system whereby someone who gets jobseekers allowance and is entitled to housing benefit has their benefits automatically passported. It is very difficult to have a system that is not switched off if someone's jobseekers allowance stops.

The key thing is to get the communication taking place between DWP officials and the local authority, and the individual and the local authority, at the point at which the sanction kicks in. The local authority cannot do that unilaterally; it needs to know what is happening at the DWP end.

**Kevin Stewart:** I understand all that, but what guidance has been given to local authorities and why is the guidance only now being communicated to DWP staff? I am not entirely convinced, by the sound of it, that the guidance has been communicated to local authorities. Why is that happening only now, when the regimes have been in place for a long time?

**Pete Searle:** It has happened recently because we recently became aware of the evidence that there was a problem. In the great majority of cases, there has not been a problem, although in some cases there has been a problem.

As I said, it is key that the DWP staff who are dealing with the customers or claimants make them aware, at the point at which they are sanctioned, of the need to contact the local authority. A local authority cannot do anything without the connection between the DWP and the claimant. It cannot act unilaterally, because there is a passport between the two benefits.

**Kevin Stewart:** It is extremely important that the committee is privy to the dates that the guidance went out and that we know what has gone out to DWP front-line officials and what has or has not gone out to local authorities. I find it a bit bizarre that we are having a huge play of the matter when many of us have recognised that there has been a problem for some time.

**David Mundell:** I find that very interesting, Mr Stewart. We come to the committee and we listen to the concerns that are expressed by the people whom we speak to, but when we do something about it we are criticised for that, too. You cannot have it both ways. You cannot criticise us for not listening and then criticise us for listening and doing something about issues that have been highlighted to us. That is just—

**Kevin Stewart:** My problem with all this is that the UK Government tends to close the stable door after the horse has bolted.

**David Mundell:** If you are making that generalisation, I think that you might find that it applies to all Governments.

**The Convener:** We will move on.

11:45

**Clare Adamson:** You said that you think that the uses of food banks are varied and complex. However, to me, as a parliamentarian, the increase in food bank use shows that poverty and hardship have increased, whatever variety and complexity is involved.

I draw your attention to an article in *The Guardian* last week, entitled "Poorest 'worst hit by reforms'", which quotes a social policy study by academics from the London School of Economics and Manchester and York universities. The study states:

"Our analysis shows that it is poorer population groups who have been most affected by direct tax and benefit changes and in fact that savings made from changes to benefits have been offset by expenditure on direct tax reductions further up the income distribution, meaning that in combination, these changes have made no contribution to reducing the deficit or paying down the debt."

In the face of that evidence, do you agree that austerity has failed and that—regrettably and disgustingly—the poorest in society are the ones who have been disproportionately hit by that process?

**David Mundell:** I do not accept that. However, I recognise that, in the next 90 days, we will have the opportunity to debate that, and the people of Scotland and the United Kingdom will be able to make their judgment on the Government's record and on the proposals that are being put forward by other political parties. It will be for the people—not academics, not *The Guardian* and not third parties—to make their judgment and to show via the ballot box whether they believe that the Government's action on our economy was the right course of action or whether they subscribe to a view of more tax, more spend and more borrowing.

**Clare Adamson:** I find it quite disturbing that, in the face of all the evidence from the committee's work and from independent academic research, you fail to realise that the poorest, most vulnerable people in society are disproportionately affected by your Government's policies. I will give you another example. If the freeze in maternity pay goes ahead and if the health in pregnancy grant, which is worth £190 to vulnerable people, is removed, pregnant women and young families will be £360 worse off because of your Government's policies. Do you not feel that women and young families are disproportionately bearing the brunt of the austerity agenda?

**David Mundell:** I do not accept that women and young families are bearing the brunt of the changes, because other things have been done to support the income of the most vulnerable. These are political arguments for debate when we get to the general election. It is not academics or the committee's report but the people who will decide who is right and who is wrong on these issues when they give their verdict.

**Clare Adamson:** I am disappointed to hear that, given what you said in your opening comments about speaking to the food bank people and their saying that we should keep politics out of this. We should be looking at how we can tackle what is obvious to everyone, including the dogs in the street, which is that there has been an increase in poverty and hardship in this country.

**David Mundell:** It is hardly surprising that there has been an increase in poverty and hardship. We have had the biggest recession in 100 years, and it was inevitably going to cause enormous ramifications. Instead of putting our heads in the sand, the UK Government has faced up to the situation and has taken some very difficult decisions. I would not, for a minute, suggest that some of the decisions that have been taken have not caused difficulty for some individuals. However, we have been willing to take the difficult decisions to get the economy back on the right track because we believe—I believe—that it is evidenced that a successful economy is the best way to take people into work and out of poverty.

**Clare Adamson:** The study that is quoted in the newspaper states that

"these changes have made no contribution to reducing the deficit or paying down the debt."

The policy has failed.

**David Mundell:** I do not accept that. There will be plenty of opportunity for that to be debated in the next 90 days and for the public, rather than *The Guardian*, to give their verdict.

**The Convener:** We need to move on. I remind colleagues that we are here to discuss the reports on food banks and sanctions.

**Annabel Goldie:** I was struck by the last observation, convener, because I think that round the table at this committee there would be unanimity about one thing. We would love to be in a situation in which we were not discussing people having to rely on welfare support, and in which sanctions were not being applied, because the numbers who require welfare had dramatically reduced. However, it seems that there is some hope. My understanding is that the economy in Scotland is growing and that, since 2010, employment is up by 170,000, unemployment is down by 61,000 and, perhaps most encouraging,

workless households are down by 93,000. I think that there is a real prospect of achieving what unanimously round the table we would like to see.

However, we are in a situation in which—as various committee members have identified—we have welfare claimants, who have to work with and deal with the system. You asked earlier whether the committee had any sensible or constructive practical suggestions about how we might manage sanctions better. As far as I can gather, there is political unanimity on the principle of the need for sanctions and conditionality; I have not heard anybody object to that. It seems that the issue under discussion is how we manage the exercise of that policy in a humane and compassionate manner.

In your engagement with the many groups of people to whom you referred, did they make any suggestions—or did the DWP make any suggestions in your meetings with it—about what might be done to improve claimants' awareness that sanctions were a danger that could be looming?

**David Mundell:** When I met Glasgow City Council it gave some examples of work that it does with younger people, not just in supporting them with skills to help them move into work but to give them a clearer understanding of the benefits system. That approach is being pursued by a number of other local authorities. The issue is about local authorities, the Scottish Government and the DWP, to an extent, coming together with the collective purpose of moving people into work.

The impression can be created that the whole purpose of the DWP in Scotland is to sanction as many people as possible and that people in the DWP go to work thinking about how many people they can sanction today. That is absolutely not the case. The purpose of the DWP people, whom I meet regularly, is to get as many people as they can into work, because they know that that is the best way to improve people's lives.

Councils and other agencies can work with voluntary agencies and groups. Food banks or places where meals are provided are very good places to allow an intervention to understand the whole range of issues that an individual might face. We do not want people to get to the food bank before such an intervention takes place, but we must have a better way of understanding the myriad issues and crises that people face. That is clear in the Trussell Trust report and even in Ms Christina McKelvie's questions. People who are sanctioned often have a range of other issues behind that, as do people who may be awaiting benefit payments or who may be short of income. We need to put in place, with all the agencies, support that cuts across that.

**Joan McAlpine:** Mr Mundell, you asked for examples, so I will mention a few from your constituency. More than a year ago you opened the food bank in Peebles, and when you did so you said that you were proud to open the food bank. Why did you say that?

**David Mundell:** I was asked to do that and I commend the efforts of the people who came together—the Trussell Trust and the volunteers in Peebles—to open that food bank. I would be proud to open a hospital, Joan, but I do not want people to be ill. To go back to my earlier comments, it is such glib politics to say, "Oh, he was proud to open a food bank. He must think food banks are a good idea." I do not, but I commend the volunteers, the Trussell Trust and other people who work to help others.

**Joan McAlpine:** I accept that. One such volunteer, who I understand co-ordinates the Peeblesshire food bank, is the Rev Jim Benton-Evans. When the food bank opened, he said that hunger

"is already a problem, and it's going to get worse after April 1, after the government's changes to housing benefits. The rug is going to get pulled out from under a lot of very vulnerable people."

He was clearly linking his food bank to the policies of your Government.

**David Mundell:** I am in regular discussion with Jim Benton-Evans and all the people and agencies in my constituency. I respect the views that they set out, and I listen to them, but—as I think I said—I do not always agree with what everyone else says. I do not think, for example, that changes in relation to housing benefit have had that effect.

**Joan McAlpine:** From your evidence today it sounds as though you do not agree with what anyone else says.

**David Mundell:** That is not the case at all. I am listening, and we take action where we identify actions that are required. For example, we listened in relation to housing benefit payments in rural areas and, as you know, there was a significant increase—before the Scottish Government's change—in the funds for discretionary housing payments for Scottish Borders Council and Dumfries and Galloway Council, to take account of rurality in both council areas.

**Joan McAlpine:** You could listen to another person. Sue Irving, who runs Dumfries and Galloway Citizens Advice Service, said in an email:

"Our experience of referring people for emergency food is in the main around sanctions and low wages. Sanctions are clearly related to welfare reform",

as are

“referrals for emergency food”.

Is Sue Irving wrong?

**David Mundell:** I acknowledged in my opening remarks that the three issues that are most commonly raised in relation to food banks are sanctions, delays in benefit payments and low income. I do not accept that those three issues are welfare reform issues—the term is bandied about a little too much. The three issues are set out in the table in the committee’s briefing from the Scottish Parliament information centre, and we are having a discussion about them—

**Joan McAlpine:** Are you saying that you think that sanctions are related to the increase in food banks?

**David Mundell:** No, I am not saying that. I am saying that the three issues that are most often highlighted in respect of use of food banks are the ones that I set out. However, I have also said that I think that the issue is much more complicated than that, as is evidenced by the Trussell Trust report and other documentation, which show that there can be a lot of complicated issues behind those three headlines.

**Joan McAlpine:** Let us get into some of those complexities. Another organisation that distributes food in your constituency is the First Base Agency, which distributes upwards of 500 food parcels a month across Dumfries and Galloway. One of the areas in your constituency to which it distributes is Kirkconnel and Kelloholm, in upper Nithsdale. Mark Frankland, who runs First Base, has written extensively about his work in the former mining villages of mid and upper Nithsdale. He wrote that there are about 300 unemployed men and women in Kirkconnel and Kelloholm and that although many of those people do not have access to broadband,

“they are expected to”

go online and

“leave digital evidence of 17 job searches each and every week.”

In the village, there are only 15 publicly available computers for the 300 unemployed people who are expected by the Department for Work and Pensions to make those searches. Mark Frankland asks whether it is any wonder that they are failing to make the contacts and are being sanctioned. That is a clear example. He says that, in his work in mid and upper Nithsdale, he has seen an increase in sanctions because of the demands by the Department for Work and Pensions.

12:00

**David Mundell:** It will not surprise you to know that, for reasons that we will not go into in this committee, I take what Mr Frankland says with a pinch of salt. However, the isolation of upper Nithsdale is a serious issue. That is why we have worked with the DWP to ensure that, for example, claimants can go to Cumnock rather than to Dumfries, to which the transport links are much more difficult. That is why the DWP goes to the upper Nithsdale communities on a regular basis to meet applicants and give them all the help and support to get in to work that it can. A lot is being done.

To demonstrate non-partisanship, I pay tribute to the Labour councillor for the Kirkconnel and Kelloholm area, John Syme, because he is a tireless worker on getting people in the community into work and getting them all the help and support that he can. However, if there are any concrete examples of people who have been sanctioned for not having access to broadband, you should let us know and let us deal with that, because that is not acceptable to me.

**Joan McAlpine:** I am surprised that you made that comment about Mr Frankland. He has been working voluntarily for a number of years distributing food and helping veterans. Whatever his political views might be, I am sure that you would give him credit for his charity work.

**David Mundell:** I think that Mark Frankland has done a lot of very good work, particularly with drug users, but with his having been a very prominent yes campaigner, I do not think that we could necessarily take everything that he says as being totally objective, and I do not think that he would hold himself out in that regard. [*Interruption.*]

**Kevin Stewart:** Shame!

**Joan McAlpine:** I take issue with that. People who work in food banks come from all sorts of backgrounds. The people who have contributed evidence to this committee were not all yes campaigners or even yes voters—

**David Mundell:** Indeed.

**Joan McAlpine:** —but they were absolutely adamant that there is a link between food banks and sanctions.

**David Mundell:** I accept that. I have just caveated Mr Frankland’s contribution, but that does not mean that I disrespect the contributions that others have made. I respect his contribution in a whole range of areas of civic life in Dumfries and Galloway, but I do not necessarily accept that everything that he says is wholly objective.

**Joan McAlpine:** I think that many people will be very disappointed to hear you say that.

As a result of my observation of First Base's work in Dumfries and Galloway and the clear link for the people whom I saw collecting food parcels to sanctions, I wrote to your colleague Esther McVey in the Department for Work and Pensions, and she refuted every single one of the points that I made. One of the points that she made was that there is no robust evidence that welfare reforms are linked to increased use of food banks. Do you agree with her? Yes or no?

**David Mundell:** The convener asked the same question, and I think I made it clear that we are not going to agree on that. That is going to be—

**Joan McAlpine:** So, you agree with Esther McVey.

**David Mundell:** That is going to be a matter of political debate.

**Joan McAlpine:** Do you agree with Esther McVey that there is no link between welfare reforms and food banks? Yes or no?

**David Mundell:** If you are using the expression "welfare reforms", then no—I do not accept that. I have set out the issues that I think have been clearly discussed in the context of food bank usage.

We are just not going to agree. We have to take the debates and discussions to the electorate and they will determine the outcome. When we get to that point, you and your colleagues will have to set out your policies. Do you support conditionality or not?

**Margaret McDougall:** It has been an interesting debate, although there have not been many answers.

If you are not prepared to take the evidence that has been given in reports from academics or from the likes of Oxfam, will you take the evidence from your colleagues in the House of Commons in the report "Feeding Britain", which says:

"Benefit-related problems was the single biggest reason given for food bank referrals by almost every food bank that presented evidence to us"?

What has happened since the report?

On housing benefit, you said that you have been making changes, but what is happening? In response to "Feeding Britain", which was published on 8 December 2014, Iain Duncan Smith said that he was looking at how sanctioned claimants who lose jobseekers allowance need not lose housing benefit as well. That was back in December. What has happened in the meantime?

We are asking for clear evidence that action has been taken. People have been losing their housing benefit because they have been sanctioned or taken off jobseekers allowance. It is happening. It

is only fair that you give us evidence to show that you have taken clear action to change that.

You have said that you have met with Oxfam and other organisations, including the BMA and Barnado's. What discussion did you have with Oxfam on its report, which says that half to two thirds of food-bank users who took part in the report were affected by benefits issues, with 28 to 34 per cent waiting for benefit claims that had not been decided on, and 19 to 28 per cent having been sanctioned? Surely Oxfam gave you evidence on those issues.

**David Mundell:** Oxfam gave me evidence. We have spoken about the issues that have been highlighted. We have had a very full discussion about sanctions. We have had a discussion about benefit delay. We have touched on issues that relate more widely to low income. As you would expect from what I have said previously, I made it clear to Oxfam, and to all the people with whom I met, that we will look at any individual case in which someone has been unjustly or unfairly sanctioned. That offer remains on the table.

**Margaret McDougall:** Surely you have had examples?

**David Mundell:** We have had some examples, but not a large number. As I said in my opening remarks, that does not mean that such people do not exist, but we need detailed examples. Let us work through that. I think that it has been established around this table that everyone accepts that there is a need for sanctions; the issue is how the sanctions process is applied. We want a transparent, fair and consistent approach that is understood by claimants and by DWP staff. That is our objective.

As Pete Searle indicated, we have given clarity because we listened to people who told us that there was not enough clarity in relation to short-term benefit advances in terms of hardship payments and the housing benefit process. People do not lose housing benefit by being sanctioned. Everyone has to be clear about that and ensure that it is not happening to individuals.

Actions have been taken, and we are still listening and communicating. As I have said, at the end of the day, we have to accept that we will not reach agreement on some areas, and those areas will then be the subject of political debate at election time.

**Margaret McDougall:** You are politicising the issue by saying that. It is clear from all the evidence that we have heard today and from previous evidence that there is a direct correlation between welfare reform and the rise in the use of food banks.

I will move on to a different aspect. I have a table from the Trussell Trust that gives figures on why people have used food banks this winter. It is interesting to note the huge differences in the figures in relation to benefit delays. In Tain, 47 per cent of people used a food bank because of benefit delays, in Dingwall, the figure was 41 per cent and in Badenoch and Strathspey it was 44 per cent. However, in Aberdeen, the figure was 16 per cent and in south-east Glasgow it was 15 per cent. In Wigtownshire, 74 per cent of people who used food banks this winter have done so because of benefit delays. Why is there such a difference in the percentages? Why does it seem to be that people in more remote areas are having to go to food banks because of such delays? Obviously, it is more difficult for them to reach food banks.

**David Mundell:** Pete Searle will answer that.

**Pete Searle:** I do not have those figures in front of me, but I am happy to look at benefit payment and benefit processing times in those areas. One has to accept that the way in which people come to ascribe referrals to benefit delays is not necessarily the most rigorous process. The individuals who make the referrals—for good reasons, I am sure—will assess the particular reasons for those referrals, and the way in which that is done will vary greatly among individuals. Therefore, the stats could be different in different areas more because of the nature of the people making the referrals than because of an underlying issue.

**Margaret McDougall:** If someone is waiting for their benefit, they are waiting for their benefit. I do not see what is hard about that.

**Pete Searle:** As the minister said, there is a complex range of things going on around food banks and in people's lives that lead to referral to a food bank. There is rarely just one reason; actually, there is a range of things. In some referral processes, the individuals who make the assessment and referral have to put down one reason, when in fact I suspect that, often, there are a lot more reasons.

The minister talked about benefit processing times. As I said, I am happy to look at the stats in those particular areas but, to be honest, benefit processing is done centrally, so I would not expect it to vary much at local level.

**Margaret McDougall:** I am sure that you will get a copy of the table, if you have not got it already. It makes for interesting reading. It seems that it takes longer to process benefits in the more remote areas, but I do not know the reason for that—especially if the system is centralised.

**Richard Cornish:** Perhaps in the rural areas there is an opportunity to do even more awareness raising about the short-term benefit

advance. As we have touched on, when people make a new benefit claim, it is paid in arrears. Perhaps in particular locations we can work in the local community to ensure that people have greater awareness of the ability to request a short-term benefit advance if they do not have money.

**Margaret McDougall:** Will you come back to the committee with the reasons for the disparities?

**David Mundell:** Yes. I give an absolute commitment that there should not be undue delay just because somebody lives in a rural area. That is not acceptable and it cannot be tolerated.

**The Convener:** I thank the minister for staying with us. I appreciate that you have stayed longer than we agreed. We have interrogated the subject fairly intensively. We agreed in advance how long it would take, but you have allowed us to go beyond that.

We have to follow up on a few issues, through communication between the committee and your officials and you. We will discuss that when we go into private session. On behalf of the committee, I thank you for coming and answering the questions that, unfortunately, we remain unable to put to your colleagues Mr Duncan Smith, Ms McVey and Lord Freud. Please convey to them our invitation to sit where you are now at some point and answer questions directly on issues for which they are answerable. We would certainly make them welcome—there would be coffee for them, as well.

**David Mundell:** I thank you. Clearly, there are areas in which we will not agree, but I welcome the opportunity for dialogue. Dialogue between the committee and the joint ministerial working group is a good way forward. We now have a short period until the election process begins, but I welcome a proactive approach from the committee, and I undertake to keep you advised of the UK Government's deliberations and to engage with you.

12:15

*Meeting continued in private until 12:23.*



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