



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 19 May 2015

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WELFARE REFORM COMMITTEE

9th 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:

Lorna Campbell (Dumfries and Galloway Council)

Cliff Dryburgh (City of Edinburgh Council)

Professor Diane Elson (UK Women's Budget Group)

Annette Finnan (South Lanarkshire Council)

Kenneth Gibson (Cunninghame North) (SNP) (Committee Substitute)

Morag Gillespie (Glasgow Caledonian University)

Dr Helen Graham (Edinburgh Napier University)

Jeremy Hower (Scottish Federation of Housing Associations)

Alex Johnstone (North East Scotland) (Con) (Committee Substitute)

Hanna McCulloch (Child Poverty Action Group in Scotland)

Howard Reed (Landman Economics)

Scott Wilson

Alan Wyllie (No2bedroomtax Campaign)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Welfare Reform Committee

Tuesday 19 May 2015

[The Convener opened the meeting at 10:00]

Interests

The Convener (Michael McMahon): Good morning, and welcome to the ninth meeting in 2015 of the Welfare Reform Committee. We are joined by Kenneth Gibson, who is substituting for Joan McAlpine, and Alex Johnstone, who is substituting for Annabel Goldie. Although Alex Johnstone was previously a member of the committee, we have to go through the formalities and establish whether he has any interests to declare.

Alex Johnstone (North East Scotland) (Con): As far as I am aware, I have no relevant interests that require to be declared, other than that I have previously been a member of the committee.

The Convener: Thanks, Alex.

I ask everyone please to ensure that mobile phones and other electronic devices are switched off.

Bedroom Tax Mitigation

10:00

The Convener: Agenda item 1 is an oral evidence session on the so-called bedroom tax. The committee has done a substantial amount of high-profile work on the bedroom tax and its mitigation through discretionary housing payments. The aim of today's session is to take stock of how the mitigation is working in practice and whether it is having the desired effect on the ground.

For our discussions today, we will use a round-table format, which allows us to hear from a wider range of witnesses in a short time. It has worked well for us in the past and I hope that it will work again today. For the benefit of those in the public gallery or viewing online, I point out that the round-table format not only allows members to ask questions directly of those who have kindly given their time to come along but encourages interaction between everyone round the table. If witnesses want to ask questions, make comments or bring points to the committee's attention, I would welcome that. We will keep the discussion as fluid as possible in the time that we have available, but I ask for all contributions from members and witnesses to be made one at a time and through me, to ensure that everyone gets an opportunity to have their say. That will also allow our broadcasting and official report staff to record the discussion.

I welcome the witnesses. Alan Wyllie is not yet with us, but we know that he is on his way. He is a previous petitioner to the committee as part of the no2bedroomtax campaign. We have with us Scott Wilson, who was a your say witness to the committee and who has been helpful to us in the past; Hanna McCulloch, policy and parliamentary officer at the Child Poverty Action Group in Scotland; Jeremy Hower, policy adviser with the Scottish Federation of Housing Associations; Cliff Dryburgh, benefits manager at the City of Edinburgh Council; Annette Finnan, head of area services for housing at South Lanarkshire Council; and Lorna Campbell, service manager for revenues and benefits at Dumfries and Galloway Council. I thank you all for giving your time this morning.

I will get the ball rolling and get us into some of the issues. Yesterday, a few members of the committee attended an event at a community centre in Niddrie in Edinburgh, at which we considered a range of welfare issues. We sat at different tables, and at the table where I was, two people mentioned concerns about the way in which the DHP system is operating. The Scottish Federation of Housing Associations mentioned the

same issue in its written submission, at paragraph 2.15. Basically, we were told that a situation appears to be developing in which DHP is diverted away from people who might previously have received it because officials who administer the process are so focused on getting payments to people who are affected by the bedroom tax.

I will start with Jeremy Hewer. Is that your experience and, if it is becoming a problem, how difficult a problem is it? After Jeremy has answered, anyone else who has experience of the issue could let us know what the position is from their perspective.

Jeremy Hewer (Scottish Federation of Housing Associations): We have one or two cases in which that concern has been raised. Although the SFHA welcomes and appreciates the intervention of the Scottish Government and local authorities in fully mitigating the bedroom tax through DHPs, other areas of the DHP system give rise to concern. To give some background, the Department for Work and Pensions allocates a contribution towards DHPs, which it does under four headings: the traditional core issues for which DHPs have always been there; the local housing allowance; the benefit cap; and the bedroom tax, or removal of the spare room subsidy. The DWP has maintained its notional allocation for the spare room subsidy at £60 million but cut considerably the allocations for the other areas so, overall, the 2014-15 budget of about £165 million has been reduced nationally to, I think, £125 million.

In addition, the DWP has recalculated the way in which some of the allocation is distributed. The net result is that a couple of authorities in Scotland have done slightly better but some authorities have done worse. Most notably, Glasgow has been hit by a reduction of more than £1 million in the DWP contribution. Obviously, the desire is to fully mitigate the bedroom tax, but the other areas that have traditionally been supported by the DHP, particularly the local housing allowance, which relates to private sector tenants, and the core issues might be losing out. As I said in our submission, in the feedback that we got from associations after we made inquiries, a couple said that claimants who had previously been awarded a DHP had had their application for an award turned down or the amount reduced.

The Convener: Does anyone else have any experience of the issue?

Annette Finnan (South Lanarkshire Council): Last year, South Lanarkshire Council made more than 5,000 DHP awards for the underoccupancy element, but we also made more than 1,600 awards for other categories. There is a divide between the two elements, and benefit agencies and departments in councils are having to judge on that. However, awards are still being made in

that other group. In South Lanarkshire, we have streamlined the process of DHP awards for underoccupancy but, with awards for other matters such as the benefit cap or other forms of hardship, we still have to look at the criteria. We have to apply a test or criteria for those other categories, but we have still made awards in them. However, this year, our DWP allowance for DHP has gone down by more than £100,000, which is 16 per cent. We will have to see how far that goes.

Kevin Stewart (Aberdeen Central) (SNP): Mr Hewer, can you tell us where the housing associations that have experienced difficulties are? There might be a difficulty in certain parts of the country but not others, so it would be useful for us to know that.

Jeremy Hewer: If my memory serves me well, I think that it was housing associations in the north. I cannot remember exactly, but it was either Aberdeen or Aberdeenshire.

Kevin Stewart: It would be useful for the committee if we wrote to local authorities to find out how the elements are split. It is useful to hear from Ms Finnan, but it would be much better if we heard from every authority on what is happening in that regard.

The Convener: Absolutely.

One of the commitments that we gave to people who attended the event yesterday was that they would remain anonymous, so I do not want to identify anybody but, given that the event was based in Edinburgh, it is safe to say that we were talking about issues relating to Edinburgh. Therefore, it is fair to ask Cliff Dryburgh whether he has a take on the issue.

Cliff Dryburgh (City of Edinburgh Council): I echo Annette Finnan's points about South Lanarkshire. In 2014-15, we saw no degradation in the numbers of awards of core DHP. In fact, if anything, the number was up slightly on previous years. However, for 2015-16, like South Lanarkshire, we have a cut of £165,000 around the core DHP. Our approach to that will be similar to the one that Annette Finnan talked about—we will see how it goes. We are motoring through the underoccupancy and benefit cap awards at the moment. After that, we will see what we have left, and we might have to do some policy tailoring, depending on what we have left. However, as I said, in 2014-15, I did not see any degradation in Edinburgh.

Clare Adamson (Central Scotland) (SNP): My understanding is that the bedroom tax has been completely mitigated and the payment is there for that. Is it people's understanding that there would have been pressures on discretionary housing payments regardless because of the cuts from the DWP?

Jeremy Hewer: I am afraid that it is a bit more complex than that. Although the DWP allocates a certain amount for discretionary payments under various headings, there is no hard-and-fast rule that those headings have to be rigidly followed. One of the headings is the benefit cap, and that is not such a big issue in Scotland as it is within the M25, where well over half of all benefit cap cases are located. The real concern is the recalculation of the core element of discretionary housing payments, and that has changed to a fairly basic pro rata per head basis. That is why authorities such as Glasgow lost out very badly.

Clare Adamson: Am I right in saying that that was going to happen anyway whether or not the bedroom tax element had been mitigated by the Scottish Government?

Jeremy Hewer: I cannot say for certain. One of the arguments is that the Westminster Government was going to reduce its overall allocation for DHPs anyway. It was seen to be a transitional arrangement. In cases that came up before the higher courts the argument was made that the bedroom tax is an infringement of human rights. The decision of the courts was that—I am paraphrasing—the tax might have been discriminatory but discretionary housing payments existed to mitigate its effects, so the appellants lost and the Government won. The quid pro quo is that, to avoid litigation, the Government has to maintain a higher allocation of DHP than it might originally have wanted.

Lorna Campbell (Dumfries and Galloway Council): Like colleagues from other local authorities, we have seen an increase in demand for DHP because of other welfare cuts. I would not say that we have fully mitigated the bedroom tax, but we have for 97 per cent. We tried to contact the remaining 3 per cent but the fall-down is a result of lack of contact and claimants not coming to us. We have made DHPs to another 1,000 tenants outwith the bedroom tax, but the demand is high.

Dumfries and Galloway had an uplift in DHP because of our rural element. I would not say that we had a generous allocation of DHP, but it was sufficient to meet the demand in 2013 and 2014. Demand is still high and it is likely to get higher with the implementation of universal credit from April this year. We expect demand for DHP to remain high and our ability to meet it with our reduced funds to come under pressure.

The Convener: One of the other issues that were raised yesterday and in the submissions from witnesses today is the fact that the cost of going through an application process can be problematic and can draw resources away from other budgets. Why is that happening?

10:15

Annette Finnan: In South Lanarkshire, the processing of the DHP and the enhanced level of engagement and contact with our tenants that we are trying to effect has impacted on our budgets. The commitment to fully mitigate the bedroom tax through additional funds from the Scottish Government certainly helped us to streamline our processes; there is no doubt about that.

We changed our policy and our processes for administering DHP, but we still have to process the massive increase in DHP claims as well as try to contact the almost 5,000 people who are affected. Again, we are being very proactive in how we contact our affected tenants and are working closely with our housing association partners. We have brought on a local team that is known as the benefits are changing team, which has 10 officers who have now been in post for a year and a half to two years. We added three staff to our staff who process DHPs and we have provided additional staff to local housing offices to help manage rent arrears, which increased initially.

A burden has been placed on local authorities to try to administer the process and contact tenants to provide the necessary help and support for hardship issues from welfare reform or elsewhere. There is a pressure on budgets at a time when they are being cut.

Kevin Stewart: Obviously, there are some pressures, but we have the mitigation from the Scottish Government, which I think we are all grateful for. Certainly, having been round the doors quite a bit of late, I think that some families would not have been able to cope without that mitigation. However, we are about to face a budget in July from a Government that has said that it is looking for £12 billion-worth of further welfare cuts. What would happen to you guys and to the folks out there if the Westminster Government withdrew its funding for DHP? What would be the cost if it was decided that the funding for DHP is one of the cuts within the £12 billion?

Annette Finnan: One of the biggest impacts would be on people's ability to meet the shortfall. The DHP is allowing the shortfall in housing benefit to be made up but, if that finance is not available, the burden will fall back on the local authority to increase the budget and/or have increased bad debt provision for potential rent arrears and people's inability to meet their housing costs.

Kevin Stewart: Would it also be detrimental to your ability to invest in the housing stock and maybe build even more council houses?

Annette Finnan: We articulated in our submission that the pressure on council budgets

will impact on service provision, whether it be staffing, our ability to invest in and repair our stock, or our ability to finance a capital programme from our housing account for new build and other major investments to meet the new housing standards in terms of the energy efficiency standard for social housing—EESH—and so on. There will be an impact on those areas if councils face further pressures, particularly on the housing department's budget.

Kevin Stewart: It would be fair to say that if the United Kingdom Government chose to take that route, it would have an effect not only on those folks who are currently in receipt of DHPs for various reasons but on everyone who relies on council services.

Annette Finnan: As we articulated in our submission, there is no doubt that there would be an impact on council services.

Kevin Stewart: Thank you. Can Mr Hewer respond from a housing association viewpoint?

Jeremy Hewer: Obviously, there would be a very detrimental impact on our tenants. The real concern, which was highlighted in some of the written submissions, is about bedroom tax mitigation through DHPs, which is a great expedient that has done a lot. However, there is a group of folk who are not entitled to housing benefit and DHPs. One of the cuts that the Westminster Government is thinking of is the removal of the entitlement of young people under 25 to housing benefit. Obviously, if they were not entitled to housing benefit, technically they would not be entitled to discretionary housing payments, so the impact on them would be even more acute.

Kevin Stewart: Could Mr Dryburgh respond regarding Edinburgh?

Cliff Dryburgh: It depends on the scale of the cut to the DHP pot. If I turn the clock back two years, to before we had the mitigation funding and the top-ups, to 1 April 2013, I was sitting in Edinburgh with a pot from the DWP of around £1.3 or £1.4 million. Our policy reflected that ability to spend. In other words, the City of Edinburgh Council was not going to top up that pot, so that was all we had. Our policy included looking at luxuries. Basically, a DHP would have been awarded for six months through an income and expenditure statement, and perhaps at the end of that six months, under review, if certain standards of living had not changed as shown in the income and expenditure statement, we might not have awarded any further DHP, because we did not have further funds to award.

The luxuries paragraph is still in our policy today. If funds were cut back to a large extent, we may have to fall back to that policy in the first instance as a way of saying "That is all the money

we have; therefore, if you do not reduce some of the luxuries, potentially your award will stop." I am not saying that that approach would be widespread, but that is where we were two years ago, and it would be our first port of call.

If the cuts were bigger than that and the pot was absolutely decimated, the council would have to have a hard think about whether it had any funds at all or what other services would suffer—infrastructure, staffing, any other services—in order to fill that hole in DHP.

Hanna McCulloch (Child Poverty Action Group in Scotland): I want to note that even without additional welfare cuts, welfare cuts are already happening. Changes in the way that family benefits are uprated from year to year will have a cumulative effect. Even though those are not housing-specific benefits, they will affect family budgets and, in turn, the ability to cover housing costs. The issue is not just additional cuts or changes to local housing allowance, changes to non-dependant deductions or other housing-related reforms. The general fall in the value of benefits will affect low-income families and lead to more pressure on DHPs as people cannot cover their housing costs.

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): I want to follow up on a point that Kevin Stewart raised and some of the points that local authorities have raised; it ties in to where Hanna McCulloch is going in her submission, too. It concerns changes to support for people under 25. In my constituency, a lot of people who are under 25 are struggling and have young families as well. Recently I had a meeting with an executive director of social work in South Lanarkshire, who told me that there was great worry about the consequential impact on services such as child protection, the child poverty strategy, housing allocation and people's ability to pay rent.

It is early days, but have any local authorities done tentative modelling on that and, if so, what is the modelling telling them? I know that the Child Poverty Action Group has done some modelling. What impact can we expect from those changes? What are the consequential impacts on any housing benefit payment, universal credit or benefit payment that goes to the family?

Lorna Campbell: We have not done any specific modelling on under-25s, but we are aware of our housing benefit case load and that could be extracted. What you say is obviously correct. We have had conversations with our social work services department, which faces increased pressures with families who are already feeling the impacts of the welfare cuts.

We have also spoken to our registered social landlords. As a stock transfer authority, we do not

have our own housing stock. Our main RSL has already expressed concerns to us that its rent arrears for last year, despite the increased DHP awards that it had overall, have increased by £300,000; it is particularly vulnerable to changes in its debts, so it has significant concerns about its future if there are further impacts from welfare cuts.

Jeremy Hewer: If there was any reduction in housing benefit payments and a consequent increase in arrears, that would create specific challenges for housing associations because the borrowing that they have used to invest in their housing and to build housing is based on assumptions of rental income streams and, if they could not match those assumptions, the lenders would say that they would have to renegotiate their covenant, which would probably mean an increased cost. That increased cost would probably be reflected in increased rents throughout the stock. Not only tenants who are dependent on housing benefit or universal credit, but any tenant of the association would be adversely affected.

Kenneth Gibson (Cunninghame North) (SNP): To follow on from that point, South Lanarkshire Council's submission says:

"the complex arrangements involved in identifying and managing rent arrears for households affected by the under occupancy rules had also adversely impacted upon rent arrears more generally."

I ask Jeremy Hewer and Annette Finnan to comment on the general effect on rent arrears.

Annette Finnan: Initially—almost two years ago—the impact on rent arrears was significant. We saw an immediate rise in rent arrears for households that were affected by the welfare reforms that had been introduced, but we have been able to reverse some of that trend.

When I gave evidence in November 2013, more than 70 per cent of our tenants who were affected by the bedroom tax had some form of arrears. That has significantly reduced to just over 30 per cent, and the proportion of tenants who have arrears that relate solely to the reduction in their housing benefit as a result of the bedroom tax is now 7 per cent, so there has been a significant reduction in arrears that relate to that change.

However, we have still experienced increased arrears overall, as households are affected by other changes to their income and benefits and are experiencing hardship, so arrears remain a challenge. Only through the increased funding for DHP have we been able to reverse that significant trend in arrears by putting in the resources to engage with the tenants who are affected and ensure that they apply in a simplified way for DHP, and that we get it into people's accounts.

Jeremy Hewer: We are still waiting for the Scottish Housing Regulator data for the financial year just gone but there was an overall increase in rent arrears between 2012-13 and 2013-14—the year before the introduction of the bedroom tax and the year after. I think that it went up from 3.3 to 4.3 per cent overall.

The impression that we get from associations is that they have coped with the arrears situation. Certainly, when the full mitigation was introduced in the financial year just gone, there was a collective sigh of relief and folk felt much more positive. However, we have not really assessed the increased resources that landlords have put into rent collection and other mitigation work.

A number of associations have been very lucky to get money from the making advice work project that the Scottish Legal Aid Board administered to improve the quality of advice for tenants and their access to it and to help them to make the best of the resources that they have. That has had a positive impact, but you always wonder at the back of your mind how long that can last. People are being stretched. If they have got into debt, they might have borrowed from friends and family and those resources might no longer be available. They have reached the limit and the real worry is that it will all come crashing down on a personal level.

10:30

The Convener: Margaret McDougall has a related point.

Margaret McDougall (West Scotland) (Lab): Yes, it is around allocations, which Christina McKelvie touched on briefly. We have had evidence that housing providers are reluctant to allocate properties that would be underoccupied. Is there any evidence of that from the local authorities or from the SFHA?

We have had evidence from Scottish Women's Aid that women are being held longer in refuges because there are no one-bedroom properties for them to be offered. The shortage of one-bedroom properties is causing the problem. Some local authorities seem to be using discretionary housing payments to allow single women to get a two-bedroom property, but that approach is not consistent across all local authorities. What is your feedback on the situation?

Jeremy Hewer: We have had anecdotal evidence on the turnover of properties. The housing associations have not necessarily been saying, "No, we don't want to let this to you because you may be liable for the bedroom tax." It is more a case of the applicant saying, "I'd prefer not to have such a large property in case I'm hit with the bedroom tax in the future." There has

been a slowing down of throughput, if you like. Some associations have reported that they have found it more difficult to allocate and to let their larger properties, and that it has taken more time.

Margaret McDougall: Their void figures are going up.

Jeremy Hewer: I am not sure whether they are going up, but turnover time is certainly lengthening on the larger properties. There is an overall housing shortfall, but people are being much more thoughtful about the commitments that they take on.

Margaret McDougall: Is that the same for local authorities?

Annette Finnan: We have not made any change to our allocation policy on the occupancy standard that applicants can apply for. There is a choice. Single people and couples can apply for and wait for a one or two-bedroom property. We have not changed that because of the bedroom tax. However, applicants are choosing to wait for the property size that best matches their household in terms of the benefit that they qualify for. I cannot say how many there are, but there is a trend.

We have not seen any detrimental effect on our void-management processes on how long it takes to allocate a property, but we have seen pressure on our smaller properties. In the past 12 months, we have experienced an 18 per cent drop in turnover generally. Only 25 per cent of our stock is one-bedroom properties, so that drop makes a big cut in the number of properties of that size that are available for those who are on our waiting lists. Couples and single people form more than 60 per cent of those on our housing list, so there is pressure for small properties.

As I say, we have not changed our policy, and couples and single people can access a one or a two-bedroom property.

Lorna Campbell: Our four main RSLs have a common allocations policy, which has been adapted to reflect a family's size needs. The RSLs report that they allocate a larger property if that is what the tenant is looking for. If there is a shortfall, we are covering that with discretionary housing payments.

Our main RSL reports that it has a build-up of large three-bedroom properties, especially in the remote and rural areas. They are finding those properties difficult to let; people are wary of taking on properties that are larger than their needs, because of the potential of being hit with a bedroom tax somewhere down the line. The situation is beginning to cause a problem in some of our areas.

Margaret McDougall: In our letter to local authorities, it may be prudent to ask them about the effect on allocations.

The Convener: That is a fair point.

Cliff Dryburgh: There are things going on in Edinburgh to try to make people move to mainly smaller properties. There is a council tenant incentive scheme package to incentivise people to downsize but, conversely, it can work up the way if required. We have a housing exchange policy that includes council houses and housing associations. The housing layout plans are being amended in the future build programme to include more one-bedroom properties that are flexible and can be converted to two-bedroom properties if required. I am guessing that that is not much different from what a lot of the other local authorities are doing to gain more flexibility.

Kenneth Gibson: Annette Finnan touched on something very similar in her submission. What numbers are we talking about? The South Lanarkshire submission talks about

"a letting initiative to help tenants move to smaller properties ... promotion of our on-line mutual exchange service"

and

"inclusion within our new house building programme of 1 bedroom properties"

What scale are we talking about, and what has been the impact relative to the number of households that are affected by the bedroom tax in each of your local authorities?

Annette Finnan: In South Lanarkshire's submission, we referenced our letting initiative to support anyone who wished to move to a smaller property, whether it be from a three-bedroom property to a two-bedroom property, or from a two-bedroom property to a one-bedroom property; it did not matter. We gave priority to those who applied. At the end of December last year, the priority list contained only 50 applicants who wanted to move to a smaller property. Of those who were offered smaller properties, only nine accepted. Although almost 5,000 people in South Lanarkshire are affected, a small number have chosen to move, probably because their costs would have been met through DHP. Of those who are on the list as a safeguard, only a small number are choosing to make the move when they can.

DHP is certainly helping households to remain in their homes—they are not being forced to move—but we have the initiative in place.

Kenneth Gibson: Is that the experience in Edinburgh?

Cliff Dryburgh: I do not have exact figures with me. My submission says that our spend on

underoccupancy increased in 2014-15, so a significant downshift is not clearly identifiable from the schemes, probably because, as Annette Finnan said, their costs are being met.

Kenneth Gibson: Were things different before the costs were being met? Was there more interest in moving before there was full mitigation, or was it still the case that many people just did not want to move?

Cliff Dryburgh: The majority of cases are within the council stock. I cannot comment on what happened previously.

Clare Adamson: Something that Mr Dryburgh said earlier concerned me; I think that it was the use of language that jumped out at me. From my eight years as an elected representative, I know that people who claim discretionary housing payment live about as far away as possible from the idea of luxury. What sort of things are being looked at for families?

Cliff Dryburgh: I was trying to say that we are not yet at the point of looking at luxuries, but we might have to get to that point in the future if DHP allocations are cut by 50 or 100 per cent and the council cannot find the money. If there is no money left, that is what we will have to do but we have not had to do it yet.

Clare Adamson: Can I have some examples of what a luxury would be? Would it be a pet, for example?

Cliff Dryburgh: I guess that we would be looking at an income and expenditure statement. An example might be television provision or Sky or something like that. It could be any aspect of an income and expenditure statement. We are talking about lifestyle statements.

Hanna McCulloch: It is worth highlighting a case in our submission that involves a family with four children who had been moved to temporary accommodation because they were fleeing domestic violence. In essence, they hit the benefit cap and their housing benefit was reduced substantially. They applied for discretionary housing payment and were given an award for three months, but they were told that it was unlikely to be extended because their spending on electricity was higher than average. Bear in mind that there were four children in the family. One of the children was being counselled as a result of their experience of fleeing violence and the cost of that, too, was seen as excessive.

That is a one-off case, but it has some worrying implications.

Kevin Stewart: You mentioned someone being counselled because they had seen and been part of a situation that involved domestic violence. Surely counselling is a necessity in that instance.

Were they paying for that counselling because they could not get it from the local authority or others? I do not understand that. It is ridiculous if that counselling was seen as a luxury.

Hanna McCulloch: I only have the small note of the case that is in the written submission, but I can get further details for you. As far as I remember, the fact that the mother was paying privately for counselling for her child was taken into account. However, as I said, DHP was awarded for three months.

The Convener: Hanna McCulloch alluded to the fact that her submission included some cases that we could have a look at, but we have a live case sitting with us—Scott Wilson, who has been through the process. Scott, do you want to give us your experience and tell us how you feel about the process?

Scott Wilson: I gave evidence to the Welfare Reform Committee in September 2013 in relation to the bedroom tax.

Three years ago, I was diagnosed with younger onset Parkinson's disease. As most of you know, it is a degenerative disease, so I am never going to get better; I will only get worse. My very uncomfortable and sometimes painful symptoms are aggravated by stress, anxiety and so on. If I have to worry about trying to pay £40.76 from my benefits just now, I hate to think how my health will be affected in the future.

Since I last gave evidence, I have contacted South Lanarkshire Council regarding help with DHP. I have nothing but praise for the way in which the staff handled my queries. They dealt with everything, and I was awarded £10.19 a week of DHP.

I would like the Government to take notice of the needy, poor and disabled people on whom this mediaeval tax is forced, and I would like to see it abolished before the Scottish Government can no longer afford to subsidise it, and people fall into debt through no fault of their own.

The Convener: That is a very strong comment, and it certainly reflects what we heard yesterday when we took evidence in Niddrie. One of the people who spoke to us had gone through the process, too, and although they had nothing but praise for the local authority staff who had supported them they were concerned about the fact that they were still in arrears and were having to work with the local authority to try to resolve that problem. Is that your experience? Do you know of other people who are in that position? Do other members of the panel have a view about how wide the problem is of the residual arrears from the first year of the new system, before the mitigation was in place?

Scott Wilson: I think that there will be a lot of people who have had to deal with arrears from before the point at which they got DHP sorted out. I did not know much about DHP until I came here to give evidence. It was not public knowledge. It was sort of in the background, and if people did not know about it they would not know to ask for it.

The Convener: Does that represent the view of local authorities? Are arrears still an on-going problem? How are you dealing with that?

Annette Finnan: Since funding for DHP was increased last year, as it was again for this year, we have fully mitigated the bedroom tax through DHP for all of our tenants who have engaged with us. We think that 99 per cent of it has been mitigated. For the very small number of people who do not have DHP, that is either because they are a relatively new applicant—we are trying to process applications as quickly as we can, and we aim to contact the people affected within five working days—or because they are tenants who, despite multiple contacts, have still not engaged with us.

10:45

Only a very small number of people in South Lanarkshire now have arrears relating to the bedroom tax. Some households have small arrears relating to the bedroom tax, but none of them has other arrears, and we are managing those cases sensitively through our rent arrears processes.

On arrears that might have accrued prior to the increase in funding, our local authority has effectively backdated DHP to cover any shortfall through the bedroom tax and, as I said, it has fully mitigated any shortfall for those who have engaged with us.

The Convener: Has that been possible for every other local authority, or are there still sizeable numbers of people affected? Is it only a small number of cases that need to be addressed?

Cliff Dryburgh: In Edinburgh, we are at about 97 per cent. There are about 150 people who have just not engaged, albeit we have tried all the different mediums of engagement—email, phone calls and a visiting team. We have continued to try and contact them. We even engaged with the Lothian anti-bedroom tax federation. We had representatives of the federation come in, and we spoke to them, encouraging them to make contact.

We have spoken about widening eligibility and the speed of award. We have very much moved to an intent-to-apply approach. If somebody contacts us and says that they would like to apply for DHP for underoccupancy, that is all that they have to do. We need that, at least, to be able to award, but

it is simply that one sentence. We have put that message out.

In my experience, not everybody will respond when the local authority gets in touch, because some people might think that it is about rent arrears. By trying to engage through a third party from the third sector, we have got our percentage up a bit.

The Convener: Anecdotally, I have heard people saying that, too. You are the landlord, and people do not like to deal with their landlord when there is an issue with arrears. Is that the case?

Jeremy Hewer: The arrears situation has been kept well under control through strenuous efforts at engagement, ensuring that there is maximum take-up and income maximisation. Some associations have reported that they were fortunate enough to get full mitigation in the previous financial year, which was 2013-14, before the actual full mitigation, because some local authorities had resources available. However, some were not so lucky.

As time has gone on, the distinction between bedroom tax arrears and other arrears has become blurred. It depends on how sophisticated the individual housing associations and housing management systems are. Those systems were not originally designed to distinguish between one kind of arrears and another.

The Convener: There have been submissions on the next issue that I want to raise, and I heard people mention it again yesterday. It was also in some of the submissions that we have received this morning. It has been suggested that a non-application system would be more effective and would reduce some of the bureaucracy. Is there something about DHP that prevents it from being dealt with through a non-application system? Do you have to go through the bureaucracy—and miss out on 150 or so people—in order to use DHP? Is there another way to use DHP that does not require an application?

Jeremy Hewer: I have heard some housing associations say that, if they apply for DHP, consideration is given to that but, technically, it has to be the claimant who applies. Some tenant claimants, even if they are told that there is free money, are very reluctant to engage for one reason or another, whether it is because of fear or because they are taking a principled stand against the idea of the bedroom tax, or whatever. They do not want to engage with the housing association or local authority.

The Convener: I have certainly raised that issue with the minister, because it has been brought to my attention by local authorities. Local authorities have said that they would prefer a non-application system. They all know who is affected

by the bedroom tax—there is 100 per cent knowledge of those who are impacted—but even a 99 or 97 per cent level of distribution of the funds to those who have applied still means that some people are missing out. Although authorities know who those people are, they have to get them to apply.

We need to look seriously at having a non-application system so that, if someone is identified as falling foul of the underoccupancy rule, they receive support. The finances have been put in place to cover that individual, but they are not receiving the money. There seems to be a bureaucratic obstacle that must be addressed. Do you have any views on how that can be done?

Jeremy Hewer: Discretionary housing payments were always seen as an expedient—if you like, they were about making the best of a bad job. Ideally, we would have a system in which we did not have the business around the removal of the spare-room subsidy. We would have a system in which we could actually intervene.

With the roll-out of universal credit, things will be much more complicated. At present, those who calculate the housing benefit and those who calculate the DHPs are at least from the same organisation, so the process is relatively seamless. When universal credit comes in, the challenge for housing associations will be that they will have to deal with the DWP on the core housing costs as well as applying to the local authority for the discretionary housing payment. They will also have to apply to the tenant for any contribution that the tenant has to make in his or her own right. It will be a crazy system, particularly in terms of reconciling the rent.

If I am right, local authorities may be working on a fortnightly or four-weekly basis, and the DWP will be working on a calendar-month basis. Ensuring that all the rent is being paid and has been reconciled will be quite a headache.

In addition, the manual systems that are coming in with universal credit and the infrastructure that the DWP is having to use are a grave concern. I do not know whether the committee has seen the report on the issue by the Public Accounts Committee, which came out fairly recently. It states:

“The Department has used 100% manual checking of live service payments at various points in the past, and it had to reintroduce 100% checks in June 2014 because of problems created by a software update. The Department told us that if it had to carry out full manual checking on every case as live service expands across the country, the programme would be almost unaffordable.”

To have 100 per cent live checking of what was, at that time, probably about 12,000 cases was a task. Now, the DWP is boasting that it has well over 50,000—coming up to 60,000—cases. If the

national expansion completes in April next year, there may be a couple of hundred thousand single claimants on universal credit nationally. If the DWP has to check all those cases manually, I really do not know what is going to happen.

Obviously, the knock-on effect in terms of housing costs, benefit delays and things like that will cause huge problems for local authorities, landlords and the private rented sector.

Kevin Stewart: On that point, convener—

The Convener: There are people who have not had the chance to come in yet, Kevin. I will come back to you though.

Alex Johnstone: We are aware that there is a genuine problem of non-engagement with the benefits system across the board. Particular people will not engage, and they can get into serious hardship as a result. Is the issue of non-engagement in relation to the underoccupancy charge greater, or is the proportion of non-engagement that is experienced across the benefits system simply the same?

Jeremy Hewer: I do not have information on whether the proportion is the same or different, but I imagine that it is on a similar scale. Non-engagement is a general issue rather than a DHP-specific issue.

Christina McKelvie: I want to pick up a point that Jeremy Hewer made—he hit the nail on the head, and Scott Wilson hammered it home. As much as we appreciate the mitigation that is put in place, the actual system does not work. It does not support people in need.

Although there has been a great experience at South Lanarkshire Council—indeed, the recent cases on which I have worked closely with the executive director of the council have gone very well—the need to abolish is much more pertinent than the need to mitigate while working within an already damaged and non-functioning system. The Smith commission has offered us some way out on that. However, the Devolution (Further Powers) Committee published a report last week that suggested that the proposals do not go far enough and are not holding to the spirit of the agreement.

How would professionals in the field, who are doing great work to support people such as Mr Wilson, view that? What kind of system would you like to see? Does Smith go far enough? What would you like to see in the Scotland bill that will be introduced in a few weeks' time that might address all of the issues? We are agreed that the system does not work. We either replace the system with something that works, or try to fix the system that we have now. We have been tinkering at fixing it for years with all sorts of mitigation

schemes. As I said, those are welcome, but they do not address the underlying problem, which is that we need to help people in need.

The Convener: Does anybody have the magic bullet?

Lorna Campbell: From my perspective, working at the professional end of the system, DHPs were always intended in the legislation as it was written as a temporary measure to sort a temporary problem; they were never intended to be a long-term solution. Using DHPs to mitigate the impact of the bedroom tax just means more administration. It is about not just the application but the changes and maintenance that are required.

I agree to a degree that the way to mitigate is to get rid of the system at the legislation level. We would then not need the administration on top that involves trying to get in contact with tenants and trying to get people to participate or contact local authorities. We could just remove that altogether, if that was the desired outcome.

Kevin Stewart: I want to go back to a point that Mr Hewer made. I am interested in the letter that the chief executive of the Scottish Federation of Housing Associations received from Neil Couling, who is, as the committee is aware, the director general in charge of universal credit. In his letter, he says that he believes that the system is "safe and secure". Do our witnesses here today believe that the system is safe and secure? I will ask Mr Hewer first, since the letter was addressed to the SFHA.

Jeremy Hewer: Our reaction to reading that letter was, "Aye, right." No, I do not think that the system is safe and secure. There are serious doubts about the system, particularly with regard to the dual approach that the DWP is taking to the introduction of universal credit. A digital system is currently being trialled in Sutton, and I think that it will shortly be expanded to Croydon, but its effectiveness has yet to be proven. The existing system certainly seems to be flaky, and is ever so dependent on manual calculations.

Is the system safe and secure? Bearing in mind that the DWP is using the digital system for only the most straightforward cases at present, it might get away with it. However, when more complex cases come through and the system is introduced for couples and families, we are going to have problems.

In some ways, there may be some benefits. There is some indication that universal credit may be beneficial for those in work who are eligible compared with the existing legacy systems. However, from what I have seen and what I have read, it is not a robust and resilient system.

11:00

Hanna McCulloch: This point does not relate directly to universal credit, but I have one eye on the clock.

When I was looking to submit evidence, I found that there seems to be a group of people for whom the impact of the bedroom tax is not being mitigated at all. Once the bedroom tax is applied to their eligible rent, their rent for the purpose of the housing benefit calculation is reduced and is therefore seen as being affordable. Those people are therefore not eligible for housing benefit as a result of the bedroom tax being applied. As a result of not being eligible for housing benefit, they are not eligible to apply for the discretionary housing payment.

We have a few such cases and it is not about minuscule amounts of money; it can be £10 or £15 a week that people are having to cover out of their own pockets. We have only one or two cases, but I was keen to draw that issue to the committee's attention and to find out from others whether that is a significant problem.

The Convener: Is there any other evidence in relation to that issue? Are local authority colleagues aware of it?

Lorna Campbell: I am aware of at least two or three cases in our local area, but it is not a significant problem. It has had an impact, but it is not huge as far as I am aware.

Margaret McDougall: Christina McKelvie raised the issue of devolved powers. CPAG's submission says:

"Draft Clause 9 currently states that the power can only be used for 'Providing financial assistance to individuals who are entitled to (i) housing benefit, or (ii) any other reserved benefit payable in respect of a liability to make rent payments'".

CPAG continues:

"Unless the drafting of this clause is changed, the Scottish Government will not be able to fully mitigate the impact of the 'bedroom tax' ... until the rollout of universal credit is complete. However, this could take up to four years",

which would be 2019.

The other issue is that no one really knows how long the process to devolve powers will take. That is a real concern and, as Hanna McCulloch has rightly pointed out, we need to be able to help those who find that they no longer qualify for housing benefit because their rent has been lowered. We need to be able to do something about that but, currently, the devolved powers cannot be implemented because of the other issues around universal credit.

Alan Wyllie (No2bedroomtax Campaign): From a tenant's point of view, by and large,

mitigation has worked; the fact is that tenants are getting the help that they need. However, mitigation is only a short-term stop-gap rather than a long-term solution. We may be looking at a situation where housing benefit is devolved to the Scottish Parliament. If that is the case, I would argue that it is not who controls housing benefit that really matters; it is what we do with it.

Housing benefit was introduced in 1982 for two main reasons: the variations in rent and house values and a need to bring rent relief into the welfare state. It was a logical decision to bring housing benefit under the control of the Department for Work and Pensions. However, that was 30 years ago, and I would argue that the housing benefit experiment has failed. It is not meeting the objectives that it should have met. According to the Smith report, it looks as if housing benefit is to be devolved, and I support that transfer of powers. I do not see much merit in the argument that, if it is devolved, it would be under the control of a Scottish welfare minister. It makes more sense for it to be seen not as a benefit but as a state subsidy on the demand side of the housing system, to ensure fairness. Instead of being under the control of the Department for Work and Pensions, it should be under the control of the minister with responsibility for housing.

That would have two main effects. It would transform how we view housing benefit. It would no longer be seen as a subsidy for households on low incomes; it would be seen as a political and economic tool to ensure fairness in the housing system. It would also be good practice for the Government, because 95 per cent of the subsidies in housing are on the demand side, yet the housing minister has no control over that. We need to look for a longer-term solution to the bedroom tax, and that would be an option for us. We can change how we view housing benefit when responsibility for it is devolved to this Parliament.

The Convener: Thank you for an interesting contribution. We are starting to get up against the clock, but if witnesses want to comment on the wider aspect that Mr Wyllie has spoken about, or respond to any points that their colleagues or MSPs have made, they can do so.

Annette Finnan: I echo the point that has been made about the timescale. Until there is some longer-term solution to the challenges that tenants in our communities are facing to meet housing costs, whether through the devolution of power or changes to the housing benefit or welfare systems, we need some shorter-term assurances that mitigation will be in place, so that we can plan for next year with some certainty and give surety to our tenants, who are obviously concerned about

what the changes might mean for them because of the shortfall next year.

We must also consider whether we can lessen the administrative burden that has been placed on local authorities. We can make the system no simpler than we already have. We have to work to the regulations on how people qualify for housing benefit, which is the first hurdle, and the second hurdle is that they must apply or, as Cliff Dryburgh has said, give an intent to apply. That places an administrative burden on the local authorities that deal with the issue. In the short term, we need confirmation, if it can be given, about mitigation in future, as well as an examination of the regulations and administrative process.

The Convener: I promised someone who was at the meeting yesterday that I would ask this next question. There might not be an answer, or we might need to write to local authorities to establish just how much the suggestion would cost. The point that was made to me yesterday was that the Scottish Government and Scottish Parliament have written off the debts of those who refuse to pay the poll tax. If there are any outstanding debts for those who cannot pay the bedroom tax, how much of an impact would it have on local authority budgets if there were to be a write-off of existing debts? Has that been considered? If so, do you have an idea of the number of people that it would impact on and how much it would cost?

I can see that no one has an answer. By the looks of it, we will have to write to local authorities to get that figure. Nevertheless, I have fulfilled my commitment to ask the question that I promised to ask.

Does anyone have any final comments about things that should be addressed before we finish?

Clare Adamson: One thing that emerged quite vociferously from yesterday's Niddrie meeting was people's concerns about digital inclusion. There was one lady whose only contact with the DWP to say that there was money coming was by text message to her mobile phone, and she has yet to understand exactly what payment she is getting and why. Going forward, as more and more pressure is put on the system, digital inclusion has to be seen as a social right and a lifeline for people, rather than being pushed into the category of a luxury. It is vital for people to have access to broadband and mobile phones in the current climate, especially considering the direction in which the DWP has pushed things.

The Convener: Does anyone else have any comments?

Jeremy Hower: On the Smith commission, there is general agreement about shifting administrative powers to Holyrood. Ideally, we would like that done sooner rather than later. If it

can be done ahead of any primary legislation on devolution, through approval of a section 30 order, we would welcome that. Everybody would welcome it if we could just get on and do it, as it would ease the transition.

Hanna McCulloch: In almost 50 per cent of the 900 cases that we collected when looking at the impact of welfare reform on children and families, there was an issue with either misinformation, poor communication or maladministration more broadly. It is a massive issue that should remain the focus of the Welfare Reform Committee. There also needs to be investment in information and advice, so that when there is miscommunication and maladministration people are aware of it and can challenge DWP or local authority decisions.

The Convener: I thank everyone who has come before us this morning. We have paid close attention to the issue in the past and we will continue to monitor it. We will keep a close eye on it as we look forward to the Smith commission impact and we will take on board all the points that have been raised and the questions that have been asked of us this morning.

We will have to contact local authorities for more information on two or three issues that came up this morning. It will be helpful if we get that, so that a clearer picture of what is happening can be discussed as we look at the issues. It has been useful to have this session to update ourselves on how things are moving forward on mitigation and on what remains to be done to address some of the problems that still exist, whether they are bureaucratic, administrative or to do with resource or whatever. We need to be aware of and keep an eye on these things, so thank you all very much for your contributions.

11:12

Meeting suspended.

11:18

On resuming—

Women and Welfare

The Convener: Our second item of business is the first evidence session for our women and welfare inquiry. I welcome to the meeting our first panel on the subject: Howard Reed, the director of Landman Economics and previously the chief economist to the Institute for Public Policy Research; Morag Gillespie, a senior research fellow at Glasgow Caledonian University; Dr Helen Graham, a research fellow at Edinburgh Napier University; and Professor Diane Elson, the chair of the Women's Budget Group and an emeritus professor at the University of Essex.

I welcome you all. Does any of you have a prepared statement to make, or will we just go to questions?

Professor Diane Elson (UK Women's Budget Group): I will say one or two things about women and welfare and why your committee is conducting an inquiry on the subject. I have two issues that I would like to bring up.

The first issue is the unpaid work of caring for families and communities. Men and women participate in that, but women do more of it and have more responsibility for it than men, which makes a difference to the way in which women interact with the welfare system.

The second issue is what I call the wallet and the purse issue, which is about the fact that it matters whether payments go into the wallet or the purse. Although the money might be distributed through the family, whose hands it goes through—whether it goes to men's wallets or women's purses—makes a big difference to bargaining relationships within households.

I encourage the committee and the Scottish Parliament to address that, because you have a wonderful opportunity to reframe how we think about the issue. I would like to see it framed in terms of the social security that everybody needs at some phase in their life. A divisive discourse has been building up about those who are on welfare and those who are taxpayers, but we are all taxpayers and we all receive welfare benefits at some phase in our lives. Anything that you can do to develop a vision for social security as part of a decent society in which everyone can live with dignity and we can all contribute in different ways, whether through paid work, through unpaid caring for our families and communities or through volunteering, would be a great service to people in Scotland and the UK in general.

The Convener: You will be aware that the committee has commissioned research. As someone who studied sociology, I am aware of the phrase—I have used it—that sociology is a complex explanation of the patently obvious. We suspected that the research would show us where richer or better-off areas sit in relation to more deprived areas as welfare reform rolls out, so I suppose there were no surprises. What did affect the committee was the scale of the impact on individual people, which is why we are looking specifically at women.

The phrase “a helicopter view” was used in the submissions. I suppose that that is the same idea as the complex explanation of the patently obvious. If we had a helicopter view of the issue, we would expect to see certain things. Could you all give us your perspective on what we would have to look at specifically if we took that helicopter view?

Morag Gillespie (Glasgow Caledonian University): When I looked back at my submission, I was a bit worried because it mostly takes the helicopter view.

I find the term “welfare” unhelpful because of its pejorative nature, particularly in the USA, and because it is confusing. Every one of us benefits hugely from the welfare state, which includes all manner of different, often universal, services such as education, health services, child benefits, having our streets cleaned and public planning. All those services are part of the welfare state. Social security is also part of the welfare state and I am interested in seeing how we can improve people's social security. I sometimes feel as though I am in a minority of one because everyone talks about welfare but we should be aspiring to underpin people's lives with some social security when they need it.

In order to do that, we need to look at the trade-offs between, for example, taxes and benefits. Members will be aware from the submissions that, when there is a recession, we can respond in two ways. We can bring in more money or cut benefits and services. Alternatively, we can do a mixture of the two, which is more common, and the balance between them determines who gains and who loses. In the UK, we have seen men gaining and women losing, because men gain more from gifts through the taxation system while women lose because of the cuts in benefits and do not get so much from the tax gains. Other people can say much more about that, but that is the principle.

The other problem in the system, which has been tinkered with for 60 years, is that there are two areas that I can think of where benefits are part of the problem. Perhaps more in the UK but also in Scotland, we have used housing benefit as our response to unaffordable housing.

Unfortunately, for too many people in ordinary jobs, housing is unaffordable. As one of the witnesses in the previous evidence session said, we need to look at the housing supply and whether the cost of housing can be addressed. Either we must do that or there must be an economic strategy that does not create jobs that pay the minimum wage. In effect, a high-wage economy is needed.

One of those problems must be dealt with—but not through the benefits system—to make housing affordable for ordinary people. It is not sustainable for housing not to be affordable for ordinary working people. Paying benefits will potentially stoke the flames of that. I am not for a second suggesting that the benefits should be stopped; rather, I am suggesting that we work towards a different balance in the system in relation to support for the supply and demand.

There are similar issues in childcare. It may be that support for the supply side such as is provided in Sweden, for example, would be more beneficial in the long run.

All those areas—tax, other social services, childcare, training and minimum wage protection—must be part of the context in which social security decisions are made.

Howard Reed (Landman Economics): The thing about a helicopter view is that, although you miss some of the detail in taking an overall view of the cumulative impact of the cuts to benefits and tax credits over, let us say, the 2010-15 period, it is quite important to measure the relative impact of each of the different reforms.

Landman Economics, in conjunction with the National Institute of Economic and Social Research, carried out a big project for the Equality and Human Rights Commission that looked at the cumulative impact of all the benefit changes over the period 2010 to 2015, and we found that there have been around £21 billion to £22 billion of cuts.

There has been a lot of focus on the bedroom tax—I saw that your previous agenda item was about the bedroom tax. It is important to focus on that, because it is a very damaging cut for the people whom it impacts, as is the benefit cap under which benefits for families are restricted to a maximum of £500 a week. They are nasty cuts, but some of the cuts with the biggest impacts, such as the changes to uprating, have received the least attention. For example, changing from the retail prices index to the consumer prices index cuts benefits by, on average, 0.7 per cent a year and the cumulative impact of that is massive, as is the cumulative impact of all the big cuts to tax credits that were made in 2011, 2012 and 2013.

Even before universal credit is rolled out, there have been quite big cuts to some elements of welfare benefits. Some of those cuts were meant to improve work incentives, such as the disregards. Indeed, the amount that people can earn before they go on to the taper has been cut several times even before the main policy has been rolled out.

The nice thing about taking an overall view is that it allows us to assess all the benefit and tax credit changes that we are able to assess—we cannot quite assess everything because the data is not very good. Some of the disability benefits, such as the personal independence payment, are hard to model with the data that we have, because we do not have enough information about how disabled people are impacted. However, the stuff that we can do shows that there are big impacts, with women bearing the brunt of them. Depending on the precise definitions that we use, the cuts for women constitute a third to two thirds of all the cuts. I have seen analyses showing that 85 per cent of the cuts are impacting women. Whatever methodology is used, women are disproportionately impacted, which is not surprising because women receive the bulk of benefits and family-related benefits and tax credits.

The helicopter view is, if you like, my specialism, but a whole host of things are going on within that view, so it is important to have both views.

11:30

Dr Helen Graham (Edinburgh Napier University): The most successful welfare states across Europe in terms of gender equality and, more broadly, poverty alleviation and general quality of life either support women's caring role or take on some of that responsibility and facilitate women's role as workers and autonomous adults. The problem with the UK welfare system is that it does not do either of those things very effectively. It places quite a strong expectation on people—even those with quite intense caring responsibilities—to work but it does not do enough to facilitate that participation through childcare and active labour market policies. You could look at countries that do that more successfully to see where the UK is lacking.

The Convener: Professor Elson, do you want to comment on that?

Professor Elson: I support the points that have been made. We need a broad overview in which we recognise the distinctive positioning of women and men because of their distinctive responsibilities in relation to care and the way that men and women are still raised according to stereotypes that affect the kind of work that they

go into in the labour market. We also need the detail about how the individual benefits interact with one another and how they impact differentially on different groups, particularly women and men.

The Convener: I have had no indication that colleagues want to ask questions, so I will ask a specific one. Written submissions that we have received refer specifically to the need for greater attention to be paid to employment support and the need to take account of gender barriers. It appears, from the submissions, that zero-hours contracts are regarded as one of those gender barriers. How big is the differential between how men and women are affected by zero-hours contracts? Has any analysis of that been done?

Dr Graham: Yes. Fifty-five per cent of zero-hours contracts are held by women.

The Convener: I will try to be as fair as I can be to the other side—we do not often do that in this committee—and suggest that it could be argued that women predominantly prefer to have the flexibility of zero-hours contracts. I can see that Morag Gillespie is going to come right in on that issue. I am trying to be fair in putting that argument, but an answer to it is already coming towards me.

Morag Gillespie: Like many such issues, it is about balance. Nobody—neither man nor woman—wants to be sitting at home waiting to find out whether they are going to get any work that will allow them to pay the rent or the electricity bill, for example. For zero-hours contracts to work properly, there needs to be a degree of flexibility on both sides, but there has been an accumulation of problems around insecure employment. The Trades Union Congress recently produced information that pointed out that women are also disproportionately likely to be affected by short-hours contracts whereby the employer guarantees only a small number of hours. That practice is becoming more predominant in the retail sector. We therefore need to regard zero-hours contracts almost as a symbol of insecure employment rather than as constituting the whole problem of insecure employment.

It is about balancing the needs of employees and employers and employees having the right to be able to earn a wage, because people on zero-hours contracts face a real problem when they try to claim benefits. A zero-hours contract is really the ultimate route for exploitation if an employer chooses to deal with it in that way. Some people do fine with zero-hours contracts in some circumstances but only because they have employers who behave in a reasonable way. We cannot assume that employers will always behave in a reasonable and measured way, which is why zero-hours contracts are a problem.

Women are disproportionately affected not only by zero-hours contracts but by insecure self-employment. There has been a huge rise in self-employment in Scotland, including self-employment among women, but a fall in income from self-employment. I do not think that those things are unassociated, although I have not actually seen something that draws them together in a full and coherent way. I suspect that, increasingly, people are doing the jobs that they used to do but on a self-employed, contractual basis. For example, they are possibly delivering canteen services for local authorities or health services where they used to be employees.

Howard Reed: I have a couple of points to make on zero-hours contracts. One additional problem that is coming down the line for people on zero-hours contracts who claim universal credit is the start of what is called in-work conditionality. Most people who claim universal credit will be required to look for work of at least 30 hours a week—it could be 35; I cannot remember—on a regular basis, so people who work low numbers of hours could face sanctions for not working enough hours. If someone is on a zero-hours contract, it might be difficult to guarantee that they will have 30 hours a week and, in some circumstances, that might be impossible.

For self-employed people, the situation could be even worse because of the minimum income floor provision in universal credit whereby people will be assessed as though their income is equal to 35 hours a week at the minimum wage even if they are earning way less than that. There will, however, be exemptions—for example, for people who are in the first year of running a business.

Those are two of the most problematic aspects of the new system. The DWP has not really addressed how it will implement those aspects, but we will probably find that out in the next year or two.

Professor Elson: Flexibility is important, but we must distinguish between the flexibility for people to combine earning a living with caring for their family and the flexibility that some employers want, which is the flexibility to vary the size of their labour force according to daily fluctuations in demand. Those are two very different kinds of flexibility.

The flexibility that we want for a decent society in which men and women live in equality and people live less stressed lives is the kind of flexibility that allows people—men and women—to combine earning a living with taking care of their families. A good example is the situation that my son and his partner enjoy. My son works for a big non-governmental organisation that grants parental leave and that allowed him to reduce his working week to four days when he became a

father. My daughter works as a researcher for a parliamentary committee at Westminster, and she had a long paid maternity leave and then the possibility of taking further unpaid leave without loss of seniority. She will recommence her employment at the beginning of June.

That is the decent kind of flexibility, which is what we want. It is the kind of flexibility that is beneficial to employer and employee and that creates the kind of society that we want, in which people can combine caring for their families and earning a living. However, as Howard Reed and Morag Gillespie have pointed out, the kind of flexibilisation that we are seeing in much of the labour market actually makes it difficult to do that. If people do not know what hours they will work in a week, how can they organise their childcare or their care for their elderly frail parents? Zero-hours contracts assume that people have no other responsibilities. Maybe that works for some people, such as young people with no caring responsibilities, but for anybody with caring responsibilities zero-hours contracts are a disaster.

Dr Graham: The way in which childcare is subsidised is also problematic for working parents who have irregular employment. People organise their childcare, pay for it and then get tax credits to subsidise a certain proportion of that. That is fine for those who have a steady job and income, but it is problematic for those whose hours and income change a lot. The tax credit system is not very responsive to changes in people's circumstances—it is quite cumbersome. A universal model of childcare that was available to all would accommodate that better than the system that we have at the moment, which operates through the tax credit system.

Kenneth Gibson: My question follows on from the area that the convener began to explore. According to the written submissions from Engender and Barnardo's, innovation is needed to diverge from existing employability models that replicate gender segregation in the labour market. How could that be done?

Morag Gillespie: I know a bit about modern apprenticeship schemes and a little about employability services, and one of the difficulties with those schemes is to do with the complexity of provision. It can even be a challenge to find out who has responsibility for making decisions, particularly with apprenticeships. Modern apprenticeships tend to reinforce existing occupational gender segregation in the labour market, and that needs to be tackled at different levels, including with employers and through careers guidance for young people at school. It is also about raising children's expectations of what they might do in later life. The issues are the same

with employability services—the inevitable journey that people seem to be on is not being challenged.

With regard to Diane Elson's points about the lack of flexibility in care, women can often be left with very little choice about where they work, because they have to do what will accommodate their lives, which are often more complicated because of their care responsibilities. As Helen Graham has said, a different approach to childcare could ease those pressures and allow women to make choices in the freer way that men, who are much less often burdened with unpaid caring roles, often do.

As with many of the problems that we are discussing, the problem needs to be tackled in more than one place, by which I mean not only in education and school, but certainly by careers guidance, Skills Development Scotland and employability services. Such services seem to provide less specialist support for lone parents—Helen Graham might want to say more about that—as well as, for example, women survivors of domestic abuse who want to move towards work at some stage. They will probably need a lot more support than is available in the standard support package, and the system has to be able to accommodate those kinds of things to help people move forward. We should not simply work with the target numbers, which means working with the people who are closest to the labour market. Even financially for the country and for the public purse, it is important that folk who need extra support are helped to move forward.

Clare Adamson: On a point that Professor Elson made in her opening comments, does the panel have a feel for what effect the single household payment will have on women and families?

Professor Elson: Do you mean under the universal credit system?

Clare Adamson: Yes.

Professor Elson: That has been a concern for us in the Women's Budget Group in London. We submitted a lot of evidence to the parliamentary committees in Westminster that considered the various stages of the Welfare Reform Bill, which introduced universal credit. I could see from other submissions that many groups shared our concern about concentrating six benefits into universal credit. At the moment, the benefits can be paid to different people in a couple household, but universal credit will be paid to one person, and there is a particular concern that, if the payment goes primarily to men, women in abusive relationships will be affected, as they will find it harder to leave those relationships.

There is also a question about what the measure will do in general to the caring, sharing

and bargaining that goes on in households. When money comes into men's hands and women's hands—to the wallet and the purse, as I have said—it is, of course, shared in households, but we also get bargaining and different senses of entitlement, as a result of which people often think, "The money came in through me, so I have more say on how it gets spent." There is a lot of concern about the concentration into one payment.

11:45

Another problem is the fact that the payment is made once a month. Going back to our discussion about devolution and what the power responsibilities are going to be, I think that, if the administration of universal credit were to be devolved in some way to Scotland, the number 1 question to consider would be: could you have a system in which all the payments were not made to one person once a month? Could it be possible to designate a person in a household, as is the case with some tax credits? There could be some kind of splitting; some of the payment could go to the main carer, for example, and some of it to another person in the household. If no splitting were possible, the payment could be designated for the main carer. If you could do something different in the way that universal credit was rolled out and administered, that would be very valuable.

The Convener: Do the other witnesses have any comments on that? Is there agreement on that point?

Howard Reed: The only thing that I would underline is that making the payment a month in arrears might be a big problem in some cases, given some people's ability to manage money over that long a period of time. The state's reason for introducing the new system is that it matches up with the way in which most people are paid in the labour market, but that might not be the case for people on zero-hours contracts, who might well be getting paid from week to week. It might be better to have flexibility and allow the claimant to choose how often they want the money to be paid. I do not see why that would be a bad thing.

Morag Gillespie: Lots of people on low incomes pay for things weekly—or, indeed, not even weekly; for example, people with fuel meter cards have to pay for that as and when. That is where the strategies do not join up well. On the one hand, we are looking for people to live on quite a hand-to-mouth basis—lots of people still get paid and live from week to week or fortnight to fortnight—while, on the other, we almost want to pretend that they are white-collar workers with monthly salaries. Lots of people's lives are not quite that tidy, and we need to accommodate the differences.

Professor Elson: There are other problems with the design of universal credit, and Howard Reed has mentioned a couple of them. For all the rhetoric about universal credit encouraging people into paid employment, the disregard for second earners and the design of the tapers will affect second earners in couple households, many of whom will be women. Given the low pay that many women are likely to get, it will not be worth their while financially to take on a job, what with the loss that they will incur.

That is completely at odds with the idea of wanting everybody to be in the labour market, and it contrasts a lot with the regime for women who are lone parents. About 95 per cent of lone parents are women, and there is now every pressure on those parents to take paid employment from when their children are at quite a young age. However, for a woman in a couple household under the universal credit system, the pressure might be in the opposite direction. They might feel pressure not to take on paid work, because there will be no financial gain to speak of. If you had some control over the administration and design of universal credit in Scotland, you could take into account the disregard for second earners—and, indeed, the extent of the cutback in universal credit for second earners who earn more—and perhaps make a difference for people in Scotland.

Kevin Stewart: I want to start with a point that I brought up with the previous panel. In a letter to the Scottish Federation of Housing Associations, Neil Couling, the director general of the universal credit programme, wrote:

“we believe the system is ‘safe and secure’.”

Do you think that universal credit is going to be “safe and secure” for women?

Professor Elson: I am shaking my head, because there are so many question marks over that. It will clearly not be safe and secure for women who are at risk of abuse or who are in abusive relationships, and it will not be secure for many women even if they are not in abusive relationships, given that the money that they had been getting in their hands will be moved away from them. There will have to be more bargaining in households about how that money is spent, and, as Morag Gillespie has pointed out, it will make budgeting that much harder.

On Howard Reed’s point about women who are self-employed, we know that a disproportionate number of women are in low-hours self-employment, in which earnings are very low. I do not think that universal credit is going to be safe and secure for them.

Morag Gillespie: I agree. Everything that all of us have been saying suggests that there are many

issues to address. In essence, universal credit, when we consider its principles, is not a completely bad thing. When we think about how it works and about if, or where, there is a desire to have a system of means-tested benefits, it can be seen that some principles underpinning universal credit are not necessarily bad. Like anything, however, the devil is in the detail, and things such as the taper rates, the specific rules that apply, the treatment of benefits and what is or is not disregarded make the programme just now problematic and fraught with bear traps for women.

As well as the housing benefit issues that have been discussed, I am worried about the long tail before Scotland will be able to have more control over the housing benefit element of universal credit. That is a problem, because it delays the time when it will be possible to deal with the situation.

Kevin Stewart: It would therefore be wiser for us to control all the elements of welfare here so that we could tailor them to our needs and perhaps make them a little bit better than the so-called “safe and secure” universal credit, which seems to me not to be safe and secure for anyone.

Morag Gillespie: When you look at what is being devolved and the limits of the powers to vary and change what is in place, it seems very limited. I feel that there is much more scope for us to do more, because Scotland has powers over other aspects such as housing, childcare and economic strategy—which affects the kinds of jobs that are being created—that are crucial for a good, integrated system that connects the different parts of people’s lives. We have to join all those things up with tax powers and the benefits system. It makes much more sense if they can integrate in an effective way that benefits women, because that, in many senses, is the problem: changes to benefits are happening in a silo and are not taking into account the wider context in which people live their lives. There is at least the potential to do that in Scotland.

Howard Reed: If the guy who said that universal credit was “safe and secure” meant by “safe” that it provided an adequate safety net in the form of a minimum income below which people could not fall, he was completely wrong—and I say that for two reasons. First, with the amounts of benefit under the existing system and after the transfer to universal credit being cut in real terms as a result of the 1 per cent uprating, and with another two-year freeze on working-age benefits, it is becoming increasingly impossible for people in receipt of benefits and tax credits to make ends meet, because the amounts that they are receiving are just too low.

Secondly, a growing number of people are falling through the system because of sanctions. We know from statistics on jobseekers allowance and employment and support allowance that the number of sanctions per month has rocketed since the rules were revised in 2012. Work that I have done for Oxfam on the effectiveness of sanctions shows that they have no real impact in reducing unemployment; indeed, if anything, they increase the level of inactivity in the claimant groups. Given that universal credit will have an even more draconian sanctions regime than the existing JSA and ESA system, I fear that more and more people will fall through the cracks and disappear off the radar of the official statistics. That is very worrying.

Dr Graham: Obviously, I cannot comment on the security of the computer system at the moment, but my understanding is that the information technology system on which universal credit is based is pretty much in disarray. What it is trying to do, which is to bring in real-time information from different sources, is extremely complicated and I suggest that, if the Scottish Government wants to take that on, it should be careful what it wishes for.

Kevin Stewart: I do not think that Mr Couling was suggesting that only the IT system was “safe and secure”. I do not know if you have come across Mr Couling, but I have previously said that he lives in cloud-cuckoo-land and I think that this is another example of the strangeness of his opinions.

The Convener: The witnesses do not have to comment on that. I think that it was a rhetorical point.

Kevin Stewart: Changing tack slightly, I am aware that many women have caring responsibilities for young and old folk at the same time; indeed, a number of people refer to them as “sandwich carers”. I know some folks in that position. They have employment for a fixed number of hours and their employers are flexible about when they work them, so the employer fits in with the employee’s needs. I recognise that that is extremely rare, but has there been any analysis of the benefits to employers of allowing that kind of flexibility so that people can take care of all their responsibilities at the same time?

Professor Elson: The benefits to employers include the retention of staff in whom an employer has invested time, invested in training and so on and of staff with firm-specific skills who know about a particular business. That is an important benefit.

With that kind of approach, staff can be more enthusiastic and committed. When they are in the workplace, they can concentrate on their work,

because they know that they have that flexibility in their hours and can deal with their care commitments. Such an employer strategy creates a highly skilled and productive economy that believes in investing in employees, and I see the flexible hours arrangements that you have described as another way of investing in employees and maintaining productivity, retention and enthusiasm.

Kevin Stewart: Has there been any major analysis of the benefits of such flexibility to the individual and to society as a whole?

Howard Reed: I am not aware of any although it is possible that some exists. I am currently building a model of the English social care system—we did one for Wales a few years back—that looks at the impact of different funding packages for domiciliary and residential social care on income distribution and employment levels. A little bit of that is about people going into work when they are trying to care for relatives, but the work is not specifically targeted in the way that you have asked about. I agree that it would be good to see more work on that area.

Morag Gillespie: We need to look at the wider implications of tackling that issue. I think that, in recognition of those issues and for other good sociological reasons, Norway actually delivers sandwich care services in which elder and childcare services are integrated. I would look at the wider implications of such an approach and to the Nordic countries for some indication of practice that might make a difference.

12:00

Clare Adamson: I have a quick question on the idea that certain benefits have a push and pull effect on women, depending on the circumstances. Should carers allowance be raised to the same level as jobseekers allowance? Would that help?

Morag Gillespie: Yes.

Dr Graham: That is pretty fundamental. It shows how little the system values care that carers allowance is the lowest of all income replacement benefits. Those who claim carers allowance do so because they are caring for at least 35 hours a week. In effect, they are unable to work because of a disability. It is not their disability, but it is someone’s disability. From the perspective of valuing care, carers allowance should be set at a similar level to employment support allowance, if anything.

Morag Gillespie: It was slightly worrying to read one of the submissions by CPAG to the Devolution (Further Powers) Committee, and Engender’s submission to this committee also raises the

concern that it looks as if the limits on what can be done about carers allowance are going to prevent it from being given to people who are in part-time work or part-time study, which is disappointing. The notion that someone is either a carer or in full-time work or education does not reflect the reality of people's lives, even if it is administratively convenient. It would be disappointing if we were not able to accommodate some flexibility there.

Professor Elson: Variation of the 35-hours-a-week rule is important if that can possibly be done, because there are people who may be students or have part-time jobs who are providing care to people who need it, perhaps as part of a care package, and they cannot get carers allowance under the current rules.

Christina McKelvie: I want to pick up on a number of points that have been raised this morning. First, I want to go back to the issue of lone parents. I want to get your thoughts on the preponderant tendency of the welfare system to put people into silos by saying, for instance, "You are a lone parent", "You are fleeing domestic violence" or "You are a carer." One person in my case load is a lone parent, is fleeing domestic violence, has a disability and has a caring responsibility for a child. Given all of that, it has been very difficult to deal with the complicated miasma of benefits entitlement, and the impact has been a sanction.

I want to get some of your thoughts on sanctions and their impact. It seems to me that, a few years ago, the benefits agency—the DWP—was less likely to apply sanctions to lone parents, but that seems to have reversed. Many more lone parents are facing sanctions and the impacts that sanctions are having on them. Alongside that, there is an increase in children, young people and their parents accessing food banks. We cannot separate those issues.

Professor Elson, you have produced a very interesting document, which I am very supportive of, on "plan F", which is a feminist budget for looking at all those issues. Will you give us an insight into how we should apply some of those intuitive ideas to create a welfare system that, as I said to the previous panel, actually meets the needs of the individuals who access it?

Professor Elson: Thank you for mentioning the plan. We called it "plan F" because people talk about "plan A", which is the Government's plan, and the Opposition talk about "plan B". We called ours "plan F", meaning a feminist plan. It was developed jointly by the Scottish Women's Budget Group, Morag Gillespie and her colleagues and the UK Women's Budget Group in London.

The main thing that is relevant to this committee is that we want to position social security as part of

the broader plan for investment in a caring and sustainable economy and to ensure that the money that is spent on social security, education, health, social housing and so on is seen as an investment in our people and our future.

We want joined-up thinking to be part and parcel of that. The case that you mentioned is one in which there has been no joined-up thinking. The sanctions regime and the drive to reduce the number of people who get jobseekers allowance and the money that is spent on it drive people to food banks. The impact that that is having on the health and wellbeing of children and lone parents—mainly mothers—who are in that situation is not factored in at all, but it will create costs for the health service, the education service and the crime and justice system.

Christina McKelvie: Would you, therefore, suggest that the UK Government should apply a cumulative impact assessment to all the changes to the welfare system?

Professor Elson: Yes. Howard Reed has been one of the pioneers of factoring in all the changes to see what they add up to.

Howard Reed: We have done that, in as much as we are able to, given the data. One of the problems is that it is quite hard to apply to the area of sanctions the kind of techniques that Landman Economics has used to model the cumulative impacts of changes to benefit rates, tax cuts and so on, because we do not have the right information. The survey information that we used to model those changes does not show us whether people have been sanctioned.

There are fairly good statistics on the number of sanctions, and that data is broken down by areas such as lone parents, childless people, age and whether the sanction affects JSA or ESA, but statistics on what happens to people after they are sanctioned are almost non-existent. There seem to be no statistics on the implications of sanctions for people's spending, their use of food banks and so on. The coalition Government did not seem to be interested in producing that kind of data. That is a huge problem.

We are flying blind at the moment. We know that the increased use of sanctions will have an adverse impact, but we do not know the magnitude of that. As we have said, the problem is only going to get worse as universal credit is rolled out, under the current rules.

Christina McKelvie: We have a new Government in place, and yesterday the Prime Minister said that it would be an open Government that would work hard for everybody in the UK. Does there need to be an immediate review of the conditionality aspects of universal credit, and the whole system? Can the committee and the

organisations that are represented on the panel add pressure to a call for that?

Howard Reed: Definitely. That is a really good idea. It is also important to get more clarification of how aspects such as in-work conditionality and the self-employed rules are going to work in practice. A lot of that is being kicked down the road at present. When people started to be put on to universal credit in 2013 or 2014, it was the “easiest cases”—in inverted commas—that were moved over. The self-employed were not moved over, for instance. Now, however, the Government is in a situation in which it will have to confront those operational issues if it is to be able to roll out the benefit en masse. To call for a review at this stage would be a really good idea.

Christina McKelvie: Could this committee take that forward, convener?

The Convener: We will be producing a report, and I think that that could be something that we might include.

Morag Gillespie: I want to make a comment in relation to women. Even if there are marginally more sanctions against men than women, we know from studies of how people spend their money that have been conducted over the years—one or two have been done here, but others have been done by people such as Jan Pahl—that, even if women are not the ones who are being sanctioned, women might end up paying for the sanctions, because everyone who is sanctioned who is not moving into a job, which, as Howard Reed identified, is almost more likely to happen in areas where sanctions are not applied as heavily, is being supported by other people.

Who are those other people? We might need more research, but my guess from the existing research is that it will be mums, siblings, aunties and other people like that who are giving up their own resources. Therefore, there are wider implications, as the deepening of poverty from sanctions will be spread through communities. It will not just affect the individual people who are sanctioned. It is important to understand those wider implications.

That point goes hand in hand with Diane Elson's wider point about costs. There are implications for public services and for the welfare state more widely. The Equality Trust, for example, has highlighted those quite effectively. It has not done that in a very gender-specific way, but it has highlighted the costs to public services of inequality, and that point is a good example.

Professor Elson: I have a further point about conditionality. I think that I am right about this—other people can correct me if I am not. Under universal credit, one payment goes to one bank account in the household per month. If the male

partner fails to comply with conditionality, it will result in the withdrawal of the benefit. That will impact on the living conditions of the woman even though she is not the one who is not complying with conditionality. That is a problem with the design of universal credit.

It is not impossible to revise how the system is designed in relation to conditionality, sanctions, how the payments are made, who they are made to, and how self-employed people are treated. Those things could all be revised and reformed without denying the basic principle—which I think is a good one—of trying to simplify the benefits system.

Those problems will become more apparent as the system starts to roll out. Howard Reed pointed out that there is no follow-up data about what happens to people who have been sanctioned. Perhaps that is something that you could do here in Scotland. The Scottish Government could set up a system of tracking people who have been sanctioned and denied their benefits to find out what happens to them and who is bearing the costs of that—how it is spilling over on to relatives, children and other public services. You could then show clearly all the negative externalities, as the economists would say, of that narrowly focused sanctions regime that has one aim in mind—to reduce the number of people who are getting those benefits and so reduce the benefits bill.

Christina McKelvie: It is a poverty ripple effect, then.

Morag Gillespie: Potentially, yes.

Professor Elson: Yes.

Margaret McDougall: Has any research been done to establish how many women have been sanctioned for missing an appointment because of care responsibilities? Often, women will have their appointment while their child is at school, but the child could be sick and they will then be unable to keep the appointment. Is there any information on that?

Howard Reed: The UK Government statistics on sanctions give some information on why people in different groups were sanctioned, but I do not think that the information in those statistics is detailed enough to enable us to identify people who did not attend an appointment specifically because of caring responsibilities. UK household datasets such as the family resources survey or the labour force survey do not have information on who is being sanctioned, so we cannot use them as alternative sources of data to answer your question.

There is some qualitative research on specific individuals who have been sanctioned, but there is very little information on how big a problem it is—

how many people have that specific sanctioning problem—in the whole of the UK or in Scotland. There is a gap in the empirical evidence; we just do not have the data at present.

Professor Elson: We have the Fawcett Society's recent study on jobseekers allowance and sanctions and the impact on women. Some of the groups that work with lone parents in particular, such as the Single Parent Action Network—

Morag Gillespie: And One Parent Families Scotland.

Professor Elson: —and One Parent Families Scotland and so forth have done quite a bit of work on the impact of the sanctions regime on lone parents.

There are quite a lot of examples of the problem, because the way in which the system is set up takes no account of lone parents' caring responsibilities. We lack what Howard Reed mentioned—a big dataset for the UK as a whole that would allow us to say, "These aren't just isolated cases. This is a typical thing that happens." It is important to press for more information on those dimensions of sanctions regimes.

12:15

Morag Gillespie: Advice agencies are also a good source of information about that. The Child Poverty Action Group is running an early warning system that is picking up on case studies and the citizens advice network systematically records data about inquiries relating to benefits, so they might have potential to gather more specific information. You might need to ask them about that, but they are sources of information.

When we mention a case study, it is terribly easy for it to be dismissed as an anomaly, or as something unusual or rare. However, when significant numbers of people with the same problem are needing advice, that starts to be evidence that is given more weight. As a qualitative researcher, I do not think that large numbers are necessary in order to give weight to evidence, but unfortunately that is often the way in which people look at it. However, advice services might be a good source of information.

Dr Graham: One of the wider impacts of the sanctions regime is that it potentially affects a lot of people through the fear of being sanctioned. Even if lone parents have not actually received a sanction, the threat of being sanctioned every time they go to the jobcentre can affect them. In that sense, the sanctions regime has a wider impact that is maybe not considered enough when we think about the impact of sanctions.

Margaret McDougall: I want to ask about universal credit. I remember when it was at the roll-out stage and consultation was still going on, and I am sure that recommendations were made that, if there was domestic abuse in a household, universal credit should be paid differently—that it should be paid to the woman, or that there should be a different split. Also, on the timing of payments, I am sure that it was said that, if there were extenuating circumstances, universal credit should be paid every two weeks instead of monthly. Is that happening?

Professor Elson: I do not think that we know yet because, so far, the system has been rolled out largely for single adults without children. There is a worry that, although there are phrases about extenuating circumstances and the ability to make claims for changes, the people who might want to claim that there are extenuating circumstances are in a vulnerable situation and are not best placed to deal with the complexities and bureaucracy, especially if they have to go online and fill in a long form about their changed circumstances. There is a lot of worry that that will not prove to be either feasible or adequate.

Margaret McDougall: What about domestic abuse? Is there any evidence about that yet?

Professor Elson: We have not seen the roll-out for many people yet. It has mainly been rolled out for single people without children, so many of the difficulties that we have been talking about will only occur in the future—if no change is made to the design of the system. We cannot say whether such difficulties are happening now, because the system has been rolled out only to a minority of people—to the easiest cases.

Margaret McDougall: I was also in Niddrie yesterday, and it was suggested that if the Scottish Government was to increase a benefit that it has devolved powers over—for example, carers allowance, which has been mentioned—universal credit would be reduced by the same amount, so people would not gain anything. Could that happen?

Morag Gillespie: That is an interesting question. It depends on what exactly is done, but the answer is yes, as there are potentially some areas of difficulty in the division of benefits. That is one of the reasons why we need to take more of a helicopter view rather than just operate within a benefits system in which the UK Government makes all the rules and then potentially benefits from them. Why would the Scottish Government invest in increasing a benefit for someone if the only benefit was that the person's universal credit payment was reduced and the UK Treasury saved some money?

You need to start thinking strategically, and it will be important that this committee talks to the committee that is looking at the devolved powers bill—

The Convener: We are.

Morag Gillespie: Right—I thought that you would be, but I mentioned it just in case.

Housing benefit is one of the areas in which you can—not immediately, but in the long run—actually do something different. However, you might want to look at whether you can reduce the cost of housing in the first place, to make it affordable for ordinary people. We will have a huge problem until we solve that. We have to have a society in which people can afford to live in a home; that assumption is becoming increasingly questionable.

In my early days as director of the Scottish Low Pay Unit in the 1990s, when we campaigned for a national minimum wage, one of the first things that I did was write an article in the *Housing Monitor* for the National Federation of Housing Associations about the seemingly intractable problem of low pay and affordable housing. We have not moved on a jot in the past 30 years in tackling the problem, which is really depressing.

You have to be smart about where you act so as not to have the effect that I have described, and so that people actually get the benefit and the money is not just swallowed up by the UK Government.

Professor Elson: Margaret McDougall has identified a particular issue within a broader problem that we discussed this morning as we waited for the meeting to begin. In the context of the emerging complexity of the devolved system and its interaction with the UK-wide system, you will have to look at the impact of any particular measure on both the Scottish budget and the UK budget.

For example, we might say that there is a lot of in-work poverty and ask whether, if employers paid a living wage, that could be reduced, which would reduce the bill for tax credits and universal credit. If we had a policy in Scotland of paying a living wage throughout the public sector and in public sector procurement, that would be good for people in Scotland. However, as things stand, the benefits bill that would be reduced would not be the Scottish Government's bill, but the UK Government's bill. You will need to look at those issues and ask on whose budgets the costs of and savings from any particular measure will fall.

That is a problem. Although some of the things that you might want to do would be very beneficial for the Scottish people, you would still need to consider whether it was the Scottish budget or the UK budget that bore the costs or got the savings.

The Convener: Clare Adamson wants to ask a supplementary before we finish.

Clare Adamson: The discussion has moved on a wee bit; my point is about sanctions. Forgive me if I picked you up wrongly, Professor Elson, but I think that you suggested that we all know that the sanctions regime is about reducing benefits payments—at least, that that is the general understanding. However, we are told officially by the UK Government that sanctions are nothing to do with targets or reducing the benefits bill, and that they are simply a mechanism for moving people into employment. Do you know of any research that shows that the sanctions regime does anything to improve people's chances of employment?

Howard Reed: I have undertaken research on that point. Last year, I did some research for Oxfam that looked across the 45 or so Jobcentre Plus districts in the UK and whether there was a relationship between the proportion of JSA claimants in each district who were subject to sanctions in a given period and the employment rate. We wanted to see whether the employment rate increased just after the sanctions were applied or whether unemployment fell, or whether something happened to the inactivity rates for people who are neither employed nor unemployed but who are simply not in the labour market.

Our research found that there was essentially no relationship between the employment rate or unemployment rate and sanctions. Areas where sanctions were applied with more gusto, shall we say, seemed to experience no benefit in terms of lower unemployment. Employment rates were, if anything, slightly lower in those areas, and inactivity rates were slightly higher. Those were the main findings.

It seems that, if anything, the wider application of sanctions is driving people out of the system entirely. There was not a very strong correlation, so I would not want to put all my eggs in that basket, but there was certainly no evidence to support the Government's contention that sanctions are a measure that is helping people into work.

As I said, the lack of good individual data on what happens to people after they are sanctioned prevented me from doing a more detailed analysis at the individual level. Ideally, I would like to do that if the data were there; the research was the best that I could do at the area level. As far as I was able to tell, a more draconian sanctions regime has no beneficial impact.

Clare Adamson: Do you agree that any saving to the DWP in benefits costs from a sanction just pushes the societal responsibility on to the third

sector and to local authorities, in terms of making hardship payments?

Howard Reed: I think that that is true. There is some research that has looked at the matter. I am pretty sure that I read something—I cannot remember what it was. I think that the Scottish Parliament commissioned some research that found that there was a knock-on impact on health and social care services, for example, and on hardship payments and the greater use of food banks.

Although there may be a reduction in the overall up-front benefits bill, sanctions are pushing the problem into other areas, which may increase expenditure and need overall.

Morag Gillespie: The sanctions regime is pushing the costs out to a wider network of people. I suspect that the extended family, friends and the community are helping to bear the cost. Certainly, the burden on food banks and their connection with the maladministration of benefits and sanctions shows that the community is trying to pick up the pieces when things go wrong for people, whether through sanctions or through a lack of benefits payments and so on. The wider community is paying for that, and in the long run there is a knock-on effect on services and on wider population health. We cannot tell what the implications for the health of us all will be in any detail until the damage is done.

Professor Elson: On the point about fear, people are afraid of the jobcentre. They do not seek jobseekers allowance as a right, because they are not encouraged to do so, and they are not treated with dignity. I see the contrast with what happened when I was young and unemployed for a period and the way that I was treated in the dole office, as we used to call it, which was very supportive at the time—there was no sense in which going there was a shameful thing to do.

There has been an utter change in the notion of benefits for people who are unemployed. It has moved away from the idea that we should treat people with dignity and that they have rights towards a system that stigmatises them and puts them in fear. That is a very bad development.

If there is anything that you can do in Scotland to change how benefits such as jobseekers allowance and universal credit are administered to make it a less fearful and shaming process and one in which rights and dignity are not denied, and to change the human dimension of how people interact with their social security, that would be good, even if there was no change in the money.

12:30

The Convener: We have heard evidence from people who have told us about their experiences of the system, and they have confirmed exactly what you have said. When they go for an interview, they feel that the official is trying to trip them up, catch them out or get them off the benefit, rather than supporting them back into work or giving them the support that they need in the circumstances in which they find themselves. That chimes exactly with the evidence that we have heard, and we have included it in our reports. We will continue to press the issue, because the major concern is that wider sense that the system is no longer there to support people, but instead exists to catch them out and prevent them from getting the support that they are looking for. That material shift in the whole process is unacceptable to the committee.

We have exhausted members' questions, but it would be helpful if our witnesses concluded by commenting generally on the situation or by directing us to where we should look for further information on the issue that we are investigating, whether that is their own work or other work that has been undertaken. That would be most welcome.

Professor Elson: I speak as an English person who feels very privileged to have been allowed to come and give evidence to the committee. If there is anything that you in Scotland can do to show the way forward for a more humane social security system that recognises that, under human rights treaties, people have a right to social security, and which reverses the changes that shame people and deny them their dignity, that would be wonderful. As we struggle with the issue in England, we could then say, "Look—it's not impossible. They have made these changes in Scotland and they can show that it doesn't have to be like this." My plea to members of the Scottish Parliament is that they point the way forward to a better system in which social security is seen as a right and we are all treated with dignity.

Morag Gillespie: I agree that, in Scotland, we must strive to do that as much as we can. Whatever we do, it will be important to carry out an equality impact assessment before we do it. We must think about things before we do them, so that we do not end up saying, "Oh no—we should have thought of that one. We should have seen it coming." That happens to us all, but if we systematically think about the implications for women, disabled people and people who do not have full citizenship status and all the rest of it, we can start to understand which curve balls could come in and hit whatever it is that we want to do. When you look at women and social security—note, please, that I want people in Scotland to

have social security—I ask that you encourage others to recognise the importance of understanding the gender implications for all the reasons that we have discussed.

I will give a daft example of people gathering data that they do not look at. Scottish welfare reform statistics do not tell us a lot about women, men and gender. That could improve. The one area where there is information about gender relates to the age and sex of children in families who get benefits. It appears that the families who get financial support through the Scottish welfare fund have far more boys than girls—56 or 57 per cent in comparison with 40-odd per cent. There is either something weird going on in Scotland or something wrong with the statistical gathering. My point is that that difference has been repeated in the quarterly statistics for a year and no one has noticed.

There are good reasons for gathering disaggregated information by sex, but the purpose is to consider the gender implications of the issue that you are looking at, whatever that may be. I only noticed the difference when I looked at the stats before coming here. Something weird is going on, but I suspect that it is probably a problem with the statistical gathering. There are marginally more boys than girls in our society, but not that many more.

There is a need to gather data, but the data must be used, too, so that we can say what the implications of an action are. People need to stop and think. They should not just gather the data, but ask what it is telling us.

Howard Reed: I will make one point to underline Morag Gillespie's point about equality impact assessments, which we have not said much about. It is important to assess the threatened reforms, as well as the reforms that have been recently undertaken. It is worth looking at the Equality and Human Rights Commission's guidance. The EHRC has critiqued a lot of what the UK Treasury has done—or has not done—on gender impact assessments. It has some good material, and it would certainly be worth talking to it about best practice and how to improve assessments.

Dr Graham: Much of the differential impact of welfare reform has come through the unequal distribution of care between men and women. In a system that has become polarised between the strivers and the shirkers, there is a danger that those who perform unpaid care work start to be lumped in with the shirker category and are considered not to be striving in the same way as people in work. That is quite dangerous. The system needs to recognise not just the intrinsic value of care, but its instrumental value and the saving to Government that comes from people

providing care that would otherwise have to be paid for.

The Convener: I thank you all very much all for your time and your contributions. We will draw heavily on your suggestions as we move forward.

Our next meeting will be on 2 June, when we will continue to take evidence for our women and social security inquiry.

Meeting closed at 12:37.

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