



OFFICIAL REPORT
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DRAFT

Social Security Committee

Thursday 8 October 2020

Session 5



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SOCIAL SECURITY COMMITTEE

19th Meeting 2020, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*Tom Arthur (Renfrewshire South) (SNP)

*Jeremy Balfour (Lothian) (Con)

*Keith Brown (Clackmannanshire and Dunblane) (SNP)

Mark Griffin (Central Scotland) (Lab)

*Rachael Hamilton (Etrick, Roxburgh and Berwickshire) (Con)

*Alison Johnstone (Lothian) (Green)

*Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Eiser (Fraser of Allander Institute)

Russell Gunson (Institute for Public Policy Research Scotland)

Dr Jim McCormick (Joseph Rowntree Foundation)

Bill Scott (Poverty and Inequality Commission)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

Virtual Meeting

Scottish Parliament

Social Security Committee

Thursday 8 October 2020

[The Convener opened the meeting at 09:31]

Decision on Taking Business in Private

The Convener (Bob Doris): Good morning and welcome to the 19th meeting in 2020 of the Social Security Committee. I have one apology: unfortunately, our colleague Mark Griffin is unable to be with us this morning.

Agenda item 1 is a decision on taking business in private. The committee is asked to agree that item 3, on consideration of the evidence heard today and, in due course, a draft letter, and item 4, on committee working practices, be taken in private. Given the complexities of our online meeting, unless anyone indicates otherwise in the chat box, I will assume that that is agreed. Okay—that is agreed. Thank you.

Pre-budget Scrutiny 2021-22

09:32

The Convener: Under agenda item 2, the committee will continue its pre-budget scrutiny. Our first panel members are Russell Gunson, director, Institute for Public Policy Research Scotland, and David Eiser, research associate, Fraser of Allander institute. I remind members and witnesses—including, I am fully aware, myself—to keep questions and, where possible, answers as succinct as possible, and we will hopefully have a productive evidence session. I thank the witnesses for joining us this morning.

The most recent estimates are that social security expenditure in this financial year will be £3.435 billion—it has ramped up again this year in comparison with last year—and that next year it will increase to £3.578 billion. There are significant amounts of cash at play, and expenditure will only increase.

Do witnesses believe the approaches taken by the Scottish Government with the money at its disposal are targeted at the policy outcome of relieving poverty? Has the money deployed in the Scottish social security system been targeted in an appropriate way in relation to meeting that aim of tackling poverty?

Russell Gunson (Institute for Public Policy Research Scotland): A huge amount of money that is now held by the Scottish Parliament is being spent on social security. That reflects the devolution of further powers over the past few years.

We know that social security is important in tackling poverty. It is one of the big levers that we have, but it is not the only lever. Work and housing, among many others, are also very important. However, social security will become all the more important as we get into what is likely to be an unprecedented jobs crisis as the coronavirus crisis continues.

There are some positive things to say about spending on social security, and there are some things that we would probably reserve judgment on. In relation to targeting child poverty, the Scottish child payment, which was originally due in December this year and which will come in next year, will make a big difference; indeed, some have described it as game changer. To begin with, it will be focused on the under-sixes.

However, the Scottish child payment was an intervention that was designed before Covid. The response to Covid from the Scottish Government and the United Kingdom Government has not targeted child poverty or families with children.

Equally, the timescale for the Scottish child payment has slipped, first for the under-sixes and then for the over-fives, who will not see help until 2022. That is 300,000 children between the ages of six and 16 who are due to get no support from the Scottish Government or the UK Government, despite the Covid crisis. The big message from us is: what can we do to speed that up? If not through Social Security Scotland, what can we do through other means, such as through local government, to get help to families with children who need it now?

The Convener: I reassure Russell Gunson and David Eiser that we will be asking more questions about the Scottish child payment and everything else. We will return to those matters, so you will have a chance to put comments about some of them on the record.

David Eiser (Fraser of Allander Institute): I would reiterate a lot of what Russell Gunson has said. The social security budget is not just about interventions that are explicitly about poverty; it is about more than that. Clearly, once the child payment is fully up and running, it will be a pretty important part—possibly the key part—of the budget that explicitly addresses poverty.

The question was, I think, whether enough is being done. More could be done, and that is basically a choice about funding prioritisation. There have been some issues around the establishment of the new agency, data transfer, staff training, profile and so on, but the key issue going forward is one of funding prioritisation.

The child payment will be quite important. The evidence is that, once it is fully up and running, it will contribute a reduction in child poverty of about 3 percentage points. However, the context for child poverty is that we are at about 23 per cent now and the target is to get to 10 per cent by 2030. That shows the scale of the challenge that needs to be addressed. As Russell said, it is not a target that we can address through the social security budget alone. Most portfolios can have some influence on the resources of low-income groups or their access to opportunities and services. However, it is important to bear in mind the scale of the challenge if the Parliament is serious about the target that it signed up to.

The Convener: This session is about budget scrutiny, so we are trying to scrutinise the resources that are currently being deployed and whether they are targeted appropriately. I am sure that we will ask much more detailed questions about other things that could be done.

I did not specifically mention the Scottish child payment because we have spoken about it quite a lot in the committee; no doubt, other members will mention it later in their questioning. Are there any

other measures in the Scottish social security budget that are targeted at addressing poverty? Could you say a little about those, if you think that there are such measures. Indeed, do you think that there is anything that should be more targeted than it is? That is a slightly separate question from asking whether we should deploy more funds and, if so, where they should come from. Is there anything else in the social security spend?

Russell Gunson: We have some less direct ways to tackle poverty through the social security budget. Disability benefits, at least for older people, and non-work-related benefits, are devolved. By supporting people with the additional costs of disability, you begin to prevent poverty.

Technically, this is beyond the social security budget, but it still in the orbit of social security. Some payments go through local authorities, such as the school clothing grant and free school meals, and a huge amount of the Covid response has been through those local budgets—it has gone through the Scottish welfare fund, for example. There is some indirect spend from just beyond the social security budget and some from within the social security budget, but in this context it is worth the committee looking slightly beyond what is technically social security, given the response to Covid so far.

The Convener: Thank you for listing some of those things. I did not want to list a number of things myself—that would have been putting words into your mouth. I just wanted you to say what you thought may be making a difference. However, out of personal interest, I was hoping that you would mention best start grants and best start foods. How well targeted are those schemes, and do they make a difference? I put that question to Russell Gunson first and then I will take David Eiser. After that, we will move to the next member of the committee.

Russell Gunson: Best start is another scheme that will have an indirect effect on at least the measure of poverty because the grants are one-off payments rather than regular weekly or monthly payments. However, the reality for families is that they will make a huge difference for people who are on low incomes. They are well targeted and I think that they give slightly higher entitlements than the equivalents that we inherited through devolution. However, in next year's budget, there is probably more that we can do through those means.

David Eiser: The best start grant is an important form of support that is targeted at low-income groups, broadly defined. In funding terms, the best start grant is fairly small and it is inevitable that a grant that has a fairly small allocation will not, in the broad scheme of things, make a big difference to what are ambitious

targets, but that is not to say that it will not have a significant impact for those families who receive it.

The Scottish welfare fund is interesting because it is discretionary and allocated at a local level. On monitoring it, I have to say that I have slightly lost track of where it sits now, especially in the period since Covid. Additional resources were allocated to it, but when the budget was set it seemed to be part of social security and then the autumn budget revision seemed to move it out into the communities portfolio.

The fund is generally targeted at low-income groups. When the dust settles, it will be really important to look at which groups have been applying for and receiving money from the fund, and what difference that has made. I know the Poverty and Inequality Commission has done some initial analysis on that. I do not want to steal Bill Scott's thunder by saying too much about it, but it is a really interesting piece of analysis. It talks about difficulties in getting some of that money out and the quite significant differences between areas in how the funding has been used. In due course, the key questions will be about understanding in much more detail what the impacts of the fund have been, and the benefits of discretionary funding rather than something more systematic and rules based.

Shona Robison (Dundee City East) (SNP): You have touched on this briefly already. On the principles, in the 2020-21 budget, the Scottish Government talked about

"delivering a system based on fairness, dignity and respect" and

"taking a rights-based approach to the delivery of social security",

whether that is through Social Security Scotland, the welfare fund or discretionary housing payments. Briefly, can you both indicate whether you think that we have achieved those principles? We are talking about current spend. We will come on to talk about whether things need to change in the light of Covid, but in terms of how things are to date, do you think that those principles have been achieved?

09:45

Russell Gunson: Social Security Scotland is still getting up to speed, but, without question, the feedback that it has received from its beneficiaries shows that it has offered a better experience, and one that comes closer to achieving those principles and aims, than the Department for Work and Pensions system.

There are two caveats. One is that, as we roll out further benefits—including, of course, the disability benefits and, as mentioned, the Scottish

child payment—we will begin to see whether our aspirations for the agency are being met; if not, we will need to consider what we can do to make sure that they are.

The second caveat is that, at the local level the experience is, almost by design, different from one local authority to the next. There is therefore a challenge at the national level as we roll out further benefits, but, particularly in the Covid context, there is probably a bigger challenge at the local level to embed the human rights-based approach and the principles in our social security system, not just through the agency but across all the other payments that are made to people in Scotland who are on low incomes or who need help with costs.

David Eiser: Russell has made the key point that I would make. Inevitably, discretionary funding sometimes results in people who are in similar situations but in different areas—or maybe even in the same area—receiving different levels of support. Arguably, that conflicts with objectives that are to do with fairness and rights. That has to be balanced against the real need and priority to do what we can to get funding to the people who need it, as has been the case in recent months, so there is a trade-off at that level.

The Convener: We will move to our next theme. I have just found out that, unfortunately, the deputy convener, Pauline McNeill, is not able to join us this morning, so we will go next to Jeremy Balfour.

Jeremy Balfour (Lothian) (Con): I would like to ask the panel about trends in social security expenditure. Do you think that they will be similar across the United Kingdom, or will there be differentials? What impact could that have on the block grant adjustment?

David Eiser: That is an important question given the way in which the funding works, as in effect the increase in the grants to the Scottish budget for the main social security payments that have been devolved is linked to spending in England and Wales. At the moment, we do not have any evidence that spending in this financial year is turning out to be higher in Scotland than in England and Wales, and I do not think that we have grounds to believe that it will be markedly different next year, given that the policy is effectively the same in Scotland as in England and Wales, is being delivered by the same agency in the same way and so on. We do not have any clear evidence that the virus is affecting the economies of Scotland, England and Wales differently, so at the moment it does not look like that divergence is happening. Of course, that does not mean that we might not see some sort of divergence develop. It will be important to keep an eye on that because, if spending on those

payments in Scotland begins to increase faster than in England and Wales, it will have budgetary implications.

Russell Gunson: The only thing to add is that policy choices have been made this year that are likely to lead to a differential, such as topping up the carers allowance supplement in Scotland. Equally, although the Scottish child payment was delayed, it will still have some budgetary impact in this financial year. Some policy decisions will lead to spend in Scotland that is higher than in the rest of the UK. However, as David Eiser says, it is too early for those differential impacts on Scotland to become clear through the Covid crisis. Secondly, there is the fact that a lot of our Scotland-based payments are passported from universal credit, for example, and over time, if claims go up, the budgets for those payments will need to go up. However, I emphasise that that would be over time, and we have not seen it yet. We are unlikely to see that in this financial year but probably likely to see it from the next financial year onwards.

Jeremy Balfour: The only way in which borrowing can increase dramatically is if there is an economic shock in Scotland that is different from that in the rest of the UK. Do you feel that there is such an economic impact? Are you getting any feedback on that from people locally? Could that be a factor in the budget for this coming year, or is the economic impact likely to be much the same across the UK?

David Eiser: The economic shock borrowing power that you talk about is quite limited. This relates to borrowing to address forecast errors. In a normal year, the Scottish Government can borrow up to £300 million to address forecast errors, not only in relation to social security spending but in relation to tax forecasts, and that limit can increase to £600 million if there is a Scotland-specific economic shock. However, it is still borrowing that can be used only to address forecast errors.

The forecast error on income tax for 2018-19 was just over £300 million, and that will apply to next year's budget. The borrowing limit for forecast errors will almost certainly be inadequate in some years, but the economic shock provision is limited to enabling the Scottish Government to address higher forecast errors when there is an economic shock. At the moment, there is no clear evidence that there will be a Scotland-specific economic shock this year. It is irrelevant anyway if the Government does not need more than £300 million to address forecast errors.

Russell Gunson: Before Covid, it looked like the borrowing powers of the Scottish Parliament were inadequate across some policy areas including, it could be argued, social security. That has been exposed as being even more the case

through this crisis. Aside from the current borrowing powers is the question of where the asymmetric shocks are that might hit Scotland. The ones to keep an eye on are the oil and gas sector in the north-east, as well as hospitality and retail, obviously, across the country, and tourism and hospitality in rural areas. Lastly, of course, in the context of what has happened this week, the course of the virus is huge factor. If we see local lockdowns or lockdowns across Scotland, that may also lead to asymmetric economic impacts.

The Convener: Before we move on to theme 3, which Shona Robison will lead on—that is a heads-up for her—I note that we heard the other day that the passported nature of some of the Scotland-specific benefits means that, with the number of universal credit claims increasing, there will be a 14 per cent increase in the number of people qualifying for the Scottish child payment when it comes online. I am wondering more generally about the financial exposure of the Scottish budget to a big increase in claims for universal credit and passported benefits and what the financial risks are. The witnesses mentioned the effect of Scotland-specific shocks on borrowing powers. I think that MSPs are more likely to hear constituents say that they are looking for Scotland-specific responses to a lot of the issues. Constituents will say to us, “We are going to lose the £20 per week universal credit top-up that was never applied to legacy benefits. What can you do about that?” There are eye-watering costs attached to that Scotland-specific response I suspect, without sufficient borrowing powers or fiscal flexibility. I am wondering in the round whether you think that those powers are sufficient and what the risks are if Scotland decides to do more.

Russell Gunson: To repeat, the borrowing powers more broadly looked inadequate for the Scottish Parliament before Covid hit, and that looks to be very much more the case through this crisis. Whether that, in its broadest sense, is around economic policy—we have, or are attempting to have, quite a distinct economic policy in Scotland—or relates to fiscal stimulus and, more broadly, trying to keep demand in the economy, our hands are tied, as we cannot conduct stimulus of our own in Scotland. We might want to direct a lot of spending to low-income families, but we could not do social justice fiscal stimulus through borrowing under the existing powers.

As you say, there is likely to be an impact as the number of universal credit claimants increases as many of the benefits in Scotland, whether paid by the agency or paid at local level, are passported from UC and legacy benefits. The universal credit temporary uplift from the UK Government is something that we must see extended beyond the

end of March next year, given the path of this crisis, and if the UK Government is not going to do it, we would hope that something would be done through the Scottish Parliament. However, as you say, the budget for that would be significant. How that would be done in year without sucking demand out of the economy elsewhere is a question that we hope we will not have to answer for this budget, because we hope that the UK Government will do the right thing. If it does not, it will be a hard question for us in Scotland.

David Eiser: The question was about fiscal flexibilities. The Scottish Government has requested two different sorts of fiscal flexibilities in recent months. One set of flexibilities is to manage forecast errors. I think that we will certainly see forecast errors that exceed £300 million in some years. We not yet know how often we will see that, but we have already seen it once in two years of income tax devolution, so I think that there is a case there for increased flexibilities to deal with forecast error. The other set of flexibilities that the Scottish Government has requested has been about being able to borrow to fund discretionary resource spending which, as Russell Gunson said, it cannot do at the moment.

10:00

For what it is worth, I think that there is a case for the Scottish Government to have those flexibilities. The flexibilities that it is asking for are not hugely significant in the scheme of things. It has asked for the ability to borrow £0.5 billion to fund discretionary policy. That said, the extent to which it would make sense to use those powers at the moment is a different question and a difficult one. There is a strong case to be made for undoing the potential £20-a-week cut to universal credit in April next year, but the case for funding that through borrowing is tricky, because it is not clear how long you try to keep that going for and, of course, you then have to repay the borrowing. The usual case for borrowing to fund discretionary interventions is that it is something like capital expenditure that will hopefully still be around in 20 or 30 years' time and taxpayers at that point will be benefiting from it, so it does not matter if they are repaying some of those costs. It is a more difficult argument to make if you are using borrowing to fund interventions that are very much in the here and now.

Fiscal flexibilities are important. They are important for managing forecast errors and they are important in giving the Government some discretion to go above and beyond what it gets through the block grant if it wants to do that. However, of course, it needs to look at its other powers as well—on tax, for example—if it wants to vary the size of its overall budget.

The Convener: That is very helpful. I should point out that I am not suggesting that I think that the Scottish Government should be funding the mitigation of that £20 per week universal credit cut when it comes next year, as there is only so much mitigation the Scottish budget can do in addressing UK issues. I will leave it at that. I wanted to tease out the financial realities if it were to go down that road, but I think that it looks pretty grim under the current fiscal relationship between Scotland and the UK.

Keith Brown (Clackmannanshire and Dunblane) (SNP): The point was made that borrowing to continue the £20 payment for universal credit is not as easy to do, because the benefits are not as obvious. I would have thought that £20 in the hands of people who will spend that £20 on food and local services would have a beneficial impact on the economy—they are not going to be spending it on a yacht in Croatia, for example—so such spending is just as valuable as capital expenditure over the longer term.

On the point about borrowing for Scotland, if there is no distinct economic shock in Scotland—for example, if the impact on tax revenues is similar in Scotland and in the UK—the difference is that the UK Government can borrow to make up for that but Scotland cannot. It is not an economic shock that is specific to Scotland, but Scotland's ability to deal with it is much constrained by not having the borrowing powers to compensate for it. I would be interested in the comments of the panellists on that.

The Convener: We will take Rachael Hamilton, and then the witnesses can respond to both points, before we move to the next theme.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): I seek clarification on the point that was made about discretionary housing payments, the responsibility for which was devolved in 2017-18. That was accompanied by the transfer of £18.5 million. The block grant adjustment for 2020-21 is £3.2 billion. Is the discretionary housing payment expenditure rolled into the block grant adjustment for 2021, meaning that it falls wholly within the Scottish Government's fiscal responsibility?

The Convener: I ask our witnesses to hold on to their thoughts on that and to address Rachael Hamilton's question after they have dealt with the points that Keith Brown made.

Russell Gunson: I was not making the specific point that, if we had further borrowing powers, we should necessarily use those to continue the £20 top-up on UC. It was more the case that I was making the point that was implicit in what Keith Brown said, which was about backing up our economic decisions with the ability to borrow,

particularly in such difficult times, when the choice will not be to expand the economy now and pay for it later but will be about limiting the damage so that the strength of the economy can be maximised later.

As Keith Brown said, deciding to keep people in work at a cost now might strengthen the economy further down the line, as might a decision to provide support to low-income families. If, as all the evidence shows, poverty and inequality are a drag on the economy, it would be better to invest now to prevent that inequality from rising too far, regardless of whether that decision is based on the principle of social justice or is a pragmatic one that relates to the strength of the economy. As Keith Brown said, money that is provided to low-income families is likely to be spent locally on essentials rather than in discretionary ways.

I think that that covers off the points that Keith Brown asked about.

The Convener: We will move on to David Eiser. David, if you could address Keith Brown's points and give any information in response to Rachael Hamilton's question, that would be helpful.

David Eiser: I agree that the borrowing limits are fairly constraining. They were set in the fiscal framework by the two Governments. A view was taken at the time that £300 million for the forecast error would probably be enough in most years. As I said, we have already had one year in which the forecast error on income tax has been more than £300 million, but we do not know how typical that will be. That is an open question. However, it does look as though that limit could be constraining in some years.

It is true that there is no ability to borrow to fund discretionary spending. As Russell Gunson said, there is a case for doing that if there is a temporary issue that you want to address and what you want to do goes beyond the level of resources that you have through the existing block grant and so on. Is that what the question was getting at?

The Convener: I think that you have mopped up Keith Brown's point. Rachael Hamilton asked a specific question about discretionary housing payments. I do not know whether either of you—

David Eiser: The question was about the funding of discretionary housing payments. I know that there is not a block grant adjustment for discretionary housing payments. I suspect that the funding for that is wrapped up in the Barnett formula, but I would need to check to confirm that that is the case.

The Convener: If you could drop us a line after the meeting, once you have been able to reflect on

the matter, that would be extremely helpful. Would that be okay with you, Rachael?

Rachael Hamilton: Yes.

The Convener: Thank you. We will move on to our next theme.

Shona Robison: We have already touched on how the Scottish Government has responded to the pandemic using its social security spend. Russell Gunson mentioned the Scottish child payment.

I want to give you an opportunity to put on record your views on whether you think that the Scottish Government's response has been appropriate and proportionate, and on whether there has been a clear rationale for the decisions that it has made on social security spend in response to the pandemic.

David Eiser: It is worth remembering the context, which is that the pandemic came out of nowhere and was completely unexpected. The budget did not mention coronavirus at all.

There were a couple of other aspects that made planning for the response challenging for the Scottish Government. One was that the UK Government was announcing things about reserved policy that would apply in Scotland, and at the same time it was announcing policies that would apply in England that would affect the Scottish budget via Barnett consequentials. That was happening on an almost weekly basis, so the Scottish Government was in a position in which it was trying to work out what was going on in reserved areas in social security and what was happening to its budget. That made the situation extremely challenging.

On top of that, in the social security space, there is an unfortunate timing issue. If we were a few years down the line, the new agency, Social Security Scotland, would have been in a position to respond more rapidly and more effectively but, because of various issues around data transfer, staff training and so on, its ability to do so was limited. There were a lot of challenges and a lot of constraints.

It was therefore almost inevitable that what we ended up with was a situation in which, implicitly, the Scottish Government's objective was broadly to ensure parity with what was being done down south. It passed on consequentials in relation to health and social security and broadly matched what the UK Government did in relation to non-domestic rates relief, business grants and so on. With the resources that it had left, it tried to identify groups that had particular needs that were not being met, which it tried to address largely through discretionary grants that were often channelled

through local authorities. That is where we ended up.

When the dust settles, it will be extremely important to reflect on the effectiveness not only of the individual interventions—of which there have been many, and it is sometimes hard to keep track of them—but of the package as a whole, and on how those decisions were arrived at and whether they were the right ones. We must bear in mind the context of how quickly the pandemic arrived. The Government had to address issues in real time when it was never too sure what was happening to the budget, what was happening in reserved areas and when there were constraints on the new agency. That influenced where we ended up quite significantly.

Russell Gunson: The question was about the Scottish Government, but we should not move on from the UK Government's responsibility. In the main, as we have touched on, the response was through an uplift in the standard allowance rather than a general payment through universal credit. The UK Government did not provide support for families with children, despite the fact that there was a huge amount of evidence to suggest that mothers, carers and families with children were struggling.

When it comes to the Scottish Government, as David Eiser said, we cannot miss the context of the agency being brand new and just taking its first steps on new benefits. The message back from the Scottish Government has been that, in many ways, capacity constraints, legislative constraints and the need to move quickly have shaped the response.

Shona Robison asked whether there was a rationale to the Government's response. I think that the rationale was to get the money out to people quickly and to do that through the parts of Government that had the capacity to do so, which meant that the direction was quite local. As we look ahead, I think that there are gaps in the Scottish Government's response. For example, there is a gap as regards families with children. I know that the Scottish child payment is coming on stream, but it was delayed—for good reason, I should add. Therefore, we need to think about whether there is a way of bridging that and getting support to families with children this winter, instead of their having to wait until spring. For over-sixes, of course, it will be two years before they receive support from the Scottish Government.

With regard to what David Eiser said, the key point to emphasise is that it makes sense to look at crisis funding during the emergency part of the crisis. Discretionary funding for people who are close to destitution or at risk of it makes sense. However, as we look to next year's budget, it is

important that we look at whether we have the right balance between crisis funding and preventative spend. In my view, when it comes to social security, using some of the means-tested, rules-based targeted payments for people on low incomes might be a better way of preventing things from happening than waiting until the crisis hits to respond.

10:15

Shona Robison: I suspect that I know the answer to this question, because you have touched on it already. Do you expect the impact of the pandemic—in particular, the impact on universal credit as a qualifying benefit—to result in increased expenditure this year and in the next financial year, not least because it is a demand-led budget? Do you both think that that will be the direction of travel?

David Eiser: Yes. For the reasons that were set out by the Scottish Fiscal Commission in its recent report, we would expect spending on the main payments that have been devolved to be higher in cash terms in 2021 than was forecast. As I said previously, the extent to which that is an issue for the Scottish budget is related to whether the trend in Scotland is the same as the trend in England and Wales. As long as the trend in Scotland is the same as that in England and Wales, higher spending in Scotland this year and next year will not create a particular issue for the Scottish budget, because that higher spending will be offset by higher block grant.

Policies that are different from those in other parts of the UK is a separate issue. The obvious example is the child payment, which is linked to universal credit eligibility. We know that universal credit claimant rates have increased substantially and will probably continue to do so. As the Fiscal Commission indicated, that will, in effect, increase the spending that is associated with that payment as it is currently designed, given that the spending is linked to UC eligibility. Because there is no equivalent rest-of-UK payment, there is no compensating mechanism that comes through for that.

The same goes for the carers allowance supplement, although I do not think that we would expect that to increase as a result of Covid by quite as much as the child payment, but I could be wrong about that. The Fiscal Commission would be better placed to comment on that.

I think that spending will be higher as a result of Covid, and the effect on the Scottish budget will depend on the extent to which the policies in question are associated with a block grant adjustment, because there are similar policies in England and Wales, and the extent to which they

are policies that are specific to or different in Scotland.

Shona Robison: I assume that you think that there should be a compensating mechanism in relation to the Scottish child payment.

David Eiser: Well, I think that the policy is a very sensible policy, but it is a Scottish policy choice, and the fiscal framework is very clear on the fact that, if the Scottish Government makes a policy choice that is different from what happens in the rest of the UK, that policy choice should be funded by the Scottish Government. If there is no equivalent policy in other parts of the UK, because the UK Government has decided not to implement an equivalent policy, I do not think that we should expect there to be a compensating mechanism. That would seem to breach the fairness principles that were set out in the fiscal framework. The Scottish child payment is a Scottish policy. It is a very good and sensible policy choice, but it has been taken in Scotland, so the resourcing implications must be met by Scottish taxpayers and through the Scottish budget.

Shona Robison: Thank you.

The Convener: Russell Gunson, do you want to add anything?

Russell Gunson: I will briefly respond to the original question, which was about whether there will be increased strain on the budgets, given the increased claimant count for universal credit. The short answer is yes. That will be the case to some extent this year, and to a larger extent from next year. I emphasise that an eye will need to be kept on not just the agency payments, but the local-level payments that are also passported to universal credit and legacy benefits.

The Convener: I thank Russell Gunson and David Eiser. We have no more questions for you this morning, but if there is any information that you want to send us following the meeting or something that you wanted to say but did not have time to, just drop the clerks an email and we will include that in our consideration of evidence.

I suspend the meeting briefly while we set up for our next panel.

10:21

Meeting suspended.

10:24

On resuming—

The Convener: Welcome back. We are still on agenda item 2, and I welcome Dr Jim McCormick, associate director Scotland, Joseph Rowntree

Foundation; and Bill Scott, chair, Poverty and Inequality Commission.

Gentlemen, I know that you sat through that first evidence session, so I do not think that you will be surprised by the first question, which is identical to the opening one of that session. We will do it without the preamble this time. It is about the significant spend in the current Scottish Government budget. How much of that do you think is targeted appropriately—that is, on tackling poverty? We will talk later about what else could be done, how the Scottish child payment is faring and so on, but first, more generally, do you think that the budget has been aligned to target poverty?

Who wants to go first? Shall I just pick someone? Bill Scott has appeared in my chat box, so he can go first.

Bill Scott (Poverty and Inequality Commission): Good morning, and thanks for the invitation to speak. I think that, so far, the budget has been relatively well targeted. The carers allowance supplement helps a group that is particularly disadvantaged. Although best start grants are not significant in terms of the lifetime of a child, they give help at a time when families are under real pressure and, therefore, they are greatly appreciated. The payments that will come through the Scottish child payment are well targeted on the group that they are meant to assist, as are the disability benefits. I know that disability benefits are not directly related to dealing with poverty—rather, they relate to the living costs of disabled people—but, as disabled people are much more likely to be living in poverty, they represent a really well-targeted benefit in terms of relieving poverty. In short: so far, so good.

Dr Jim McCormick (Joseph Rowntree Foundation): Good morning. I have a couple of points to make building on what you said, convener. I think that there are a couple of additions we have to have in this year's budget, following the programme for government. One is the new child winter heating assistance and the other is the job start payment. Those are both relatively small new payments—worth about £5 million each in total—but they are both targeted. One is focused on severely disabled children in Scotland and the cost of heating over the winter and the other is focused on young people who have been unemployed for some time and their back-to-work costs.

Above and beyond that, with regard to some of those bigger payments, there are the locked-in lump-sum grants, such as the best start grant and the current payments, such as best start foods, which are much more targeted in terms of eligibility, and there are discretionary payments at the local level, which you heard about previously.

The latter payments are different, because some are entitlement based and others are discretionary, and they vary across Scotland from local authority to local authority. We are looking at quite different types of payments doing different jobs, if you like, in terms of targeting.

The Convener: I will ask another question, and then Shona Robison will come in, as happened in the first session.

I did not really ask about this in the first session. It seems self-evident that, if you target groups who are enduring poverty by giving them cash, that will have a positive outcome. However, you still have to evaluate the benefit of the suite of interventions that you make. Do you have any comments to make on how the interventions are being evaluated or should be evaluated going forward?

Bill Scott: Yes, obviously it is part of our role to evaluate how Government spending, including social security spending, is actually helping to reduce poverty and mitigate the impact of poverty. We have good evidence for some of the benefits. The Scottish child payment, when it comes through, will definitely assist in reducing poverty. However, we must acknowledge that we are probably going to be starting from a higher base than was expected when it was originally envisaged. It was expected to reduce poverty by 2 or 3 per cent, but it might not in itself be enough to reduce poverty below what it was in last year's figures. If far more people are claiming universal credit than before, that means more people are entitled, but it also means that a lot more people are living in poverty than before.

We are going to have to evaluate whether some of the other benefits are well targeted. I think that the point was made before about some of the local benefits, such as free school meals provision and the school uniform grant, being relatively well targeted, but we have expressed concern about the Scottish welfare fund. I will come back to that later.

10:30

The Convener: Do you want to add anything, Jim?

Dr McCormick: Only that we are very much supporters of good-quality evaluation and we really welcome the commitment that the Government has made through the programme outlined in "Every Child, Every Chance" to target the evaluation around some of the big areas of spending, including in the area of social security. However, we are also going to need to have good-quality, real-time evaluation. This is an unprecedented crisis. We cannot wait for the evidence to catch up with people's lives, so we are going to have to understand what is happening

with take-up, for example, and with passporting, to make sure that the policy intent is being delivered and that the practice matches it.

Shona Robison: Briefly, does the social security budget meet the stated principles and aims of fairness, dignity and a rights-based approach that the Scottish Government set out in the budget? We will talk about the pandemic's impact shortly but, overall, do you think that the Scottish Government has met those aims?

Dr McCormick: I think that the Scottish Government has taken swift, bold and compassionate action over this period. We do not know, however, whether all the moves that have been made have been the right ones. How could we know that yet? I think that it is important that we keep a firm eye on the purpose that you set out in that question.

The answer is probably mixed. With regard to the payments being made by Social Security Scotland, where there is a firm embedding of those principles in legislation, there is already a very strong track record of take-up, applications, appeals and so on of some of the smaller payments that are already in place, and that is where entitlement-based decision making is clearer. However, the Scottish welfare fund and discretionary housing payments were devolved before the 2018 legislation. They therefore sit in a slightly different place in terms of their connection to those principles. We are really pleased that the programme for government has made a strong statement about bringing local provision more into the fold of dignity, respect and fairness. However, there is some way to go to make sure that that local delivery of Scottish social security is consistently in line with the principles that you have outlined.

Bill Scott: I very much agree with the points that Jim McCormick just made about local delivery. That is where I think there are some gaps at the moment, and some issues that need to be addressed. From my work with the social security agency and social security directorate, I think that, in general, and certainly at a high level, the intent to try to adopt a human rights-based approach is clear. That is good—the intent is good. The training that staff are being asked to undergo looks good as well, because poverty-awareness training is being planned as one aspect of that. However, the big tests have yet to come. The disability benefits are in areas where there have been many complaints that human rights are being breached at a UK level. It will be when disability benefits, disability assistance and full payment are in place that we are going to be able to judge whether the human rights-based approach has actually been adopted in relation to things such as assessments and entitlement criteria.

There are also new groups—that is, not necessarily new, but larger, proportionally—of young people who are going to be impacted by the need to claim benefits. There are some gaps in provision at a UK level in that regard, and there is a question whether the Scottish Government can respond to those. During the pandemic alone, 16 and 17-year-olds who have left school have no provision whatsoever, and their families cease to get universal credit payments for them. That has left a number of families in real difficulty. Again, in relation to human rights, we should not see families trying to survive in that situation and young people trying to survive with no income whatsoever, and that has happened in some cases.

Rachael Hamilton: The Poverty and Inequality Commission was critical of the administration costs to local authorities and the resources that they were given to deliver some of the discretionary payments, but we will talk about that in a little while. First, I want to ask what you believe the implications are of the continued delivery of many benefits through the agency agreements with the DWP rather than Social Security Scotland.

We know that the cost of Social Security Scotland has doubled to £650 million, and the cost that the Scottish Government is paying to the UK Government is £368 million, to be exact. What are the implications of that spend, if there are any?

Bill Scott: What it results in mainly, from our perspective, is a lack of flexibility in what the Scottish Government can do with some of the powers it has. For example, in my other role, outwith the Poverty and Inequality Commission, I have taken part in meetings over the past three years on split payments of universal credit. I think that there is a willingness to examine and probably introduce split payments for households so that women have some of their own income, because, in many households, the claimant is most likely to be a man, and all the money goes to their bank account, which can leave women struggling to get the money that they need to look after their children, so poverty can occur disproportionately within households.

Split payments are something that the Scottish Government wants to do but has not been able to progress because of some of the inhibitions on what universal credit can do, but also due to not necessarily getting helpful responses from the DWP. It is not so much the budget reconsiderations, although there are those. Again, if the Scottish Government wants to do something differently, the DWP will set a cost for that that the Scottish Government may think is disproportionate to what it wants to achieve.

All of that means that there is a lack of flexibility, and the sooner that some of the payments are being delivered fully by the Scottish Government, particularly disability benefits—where the big spend is—the better.

Some of the problems are teething issues, some of them are resource issues and some of them are to do with the technology that is being used at the UK level and the inflexibility of the information technology systems that have been adopted.

Dr McCormick: There are a few consequences that flow from continuing with the reliance on DWP. There is an obvious one about where Scotland sits in the order of priorities in terms of building distinct policy options where universal credit is taking up DWP's bandwidth—understandably, with the surge in claims. However, over time, the longer this goes on, the more new risks emerge. One would be if the UK Government wants to make changes in legacy benefits for, in effect, England and Wales, and we start to have divergence from Westminster before the payments come to Scotland fully, and the same could happen with assessments in disability benefits. We have already heard a previous secretary of state talk about an integrated model of assessment for what is currently the personal independence payment and employment and support allowance within universal credit. That cannot happen in Scotland, because we will continue to have reserved and devolved benefits. There are also issues about whether passporting rules would start to devolve in England before payments are fully at the hand of Social Security Scotland. There are risks of delay, but there are also those other divergence risks that could come from a UK Government quite legitimately wishing to change how it designs those underlying benefits for the rest of Britain.

Rachael Hamilton: I am not sure whether you would be able to answer this question, but one of the Social Security Scotland principles is to be efficient and also to deliver value for money. I wondered whether you had an opinion on whether you believe that the current arrangements, in terms of administration, are efficient and deliver value for money, or would you like to see them delivered in a different way?

Dr McCormick: I think that we do not know enough yet, and that it would be helpful to have a focused public audit look at parts of how we are building this brand-new service in Scotland, over and above what we have seen previously around information technology in the workforce, for example. Maybe there could be some sort of thematic audit over the next year. What we have seen—this is anecdotal, based on our visits to the headquarters of Social Security Scotland in Dundee and conversations with staff nationally

and locally—is that there are some hopeful signs around staff being trained and able to deliver three or four of the payments. That kind of multiskilled workforce is at the heart of delivery.

A lot depends on really efficient data sharing. When I visited Dundee, I watched staff members take applications for the best start grant and, on the second screen, there is a live feed to DWP and Her Majesty's Revenue and Customs systems, so we are not having to go back to applicants to check for errors or gaps in the application; it can be done in real time. That is important.

A final point would be how the agency fulfils its local delivery function and how staff who sit within each part of Scotland seek to integrate and be available through hubs and also integrate local support and services so that there is not just a new silo that sits in Dundee and Glasgow. That is extremely important to boosting awareness, take-up and streamlining the service from a citizen perspective. There is scope for complexity and additional cost, and I think it is important that we strip as much of that away as possible.

Rachael Hamilton: Yes, I think—

The Convener: Sorry, Rachael—let Bill Scott answer first.

Bill Scott: Very quickly, I agree with everything that Jim McCormick said. However, I think that the automation of linkage of claims is an important efficiency saving, and I am really pleased to see the linkage that will be made between applications for the best start grant and the Scottish child payment, and vice versa, for families with children under the age of six. That is a good way forward, and I would like to see more automation at a local authority level as well, so that claims for free school meals, school clothing grants and so on can be linked as well. Every time somebody applies, it is often the same information that is being requested about their income levels and so on, and if people just need to apply once and get all the payments that they are due, that is much more efficient and will get the help to where it is most needed—to those low-income families.

10:45

Rachael Hamilton: I want to go back to where I started, which was about the comment that the Poverty and Inequality Commission made that the money for the grants did not cover the administration costs for local authorities. I know that we cannot substantiate that just now, but do you feel as though the grant awards were hampered by the fact that there was no resource given to administer the grants?

Bill Scott: It could have been a factor. The reason for that involves the pressure on staff to deliver crisis grant payments. I think that there was a huge pressure, because the number of crisis grant applications rose dramatically in March, April and May. There was a limited number of trained staff who could deliver crisis grants and community care grants, but there was a great pressure to deliver the crisis grants, because there were so many applications coming in and those families were in desperate need. That causes a problem if there is no flex in the system and you do not have other staff who are trained and able to do that work, and community care grants may have been put to one side and taken longer to process. The evidence seems to be that, in many cases, they were not awarded. There was a reduction of only 20 per cent in applications for community care grants during April, May and June, but there was a 49 per cent drop in the number of community care grants awarded. It looks as though there was a definite administrative problem there, whereas there was a definite increase in the amount of crisis grants awarded. It may well have been that there were not sufficient staff to deal with the workload, especially given that some staff were probably having to self-isolate and so on. If you have small teams, it is difficult to cover for them, especially if there is pressure on another part of the system.

We believe that providing additional funding to local authorities might mean that they can train more staff and bring them in during periods of crisis like this. That needs to be negotiated, and we need to see what the proper level is. It was extremely welcome that the Scottish Government made additional resources available, but that money did not really get out the door. As I said, there was actually a drop in payments between April and June because of the community care grants not being made at the level that they probably should have been. We need flexibility in the system, and that probably requires more staffing.

Dr McCormick: The picture that I know best is in Edinburgh, through the work of Edinburgh Poverty Commission. There, we saw quite a resilient response and some redeployment of staff to make sure crisis grant applications were processed on time, within two working days, which Bill Scott talked about. There was a threefold or fourfold increase in the first four months of the pandemic of crisis grants.

The number of community care grants in Edinburgh went up, but they were for smaller-value items because there were many fewer new tenancies due to the fact that people were not moving. The experience of the Aberlour urgent assistance fund and the findings of our advisory group show that there were definitely people who

felt that they should be eligible—for example, those fleeing domestic violence—having to turn to charity because they were not able to access emergency support for things as basic as beds and white goods. Clearly something was wrong, either to do with the fact that the eligibility criteria were not flexible enough to cope with the pandemic or possibly to do with the operation of the system in some other parts of Scotland.

I have one very quick final point. We also have the self-isolation support grant coming—applications will open next week. As we understand it, that is to be routed through the Scottish welfare fund, too. There is a new question to address there around the unknown level of demand that could be coming over the winter, which will represent a new demand on local authorities. It is just as important that the capacity is there for councils to deliver that brand-new, unusual type of grant, which is coming at us very quickly.

The Convener: Bill Scott has just indicated he wants to come back in. We will move on after that, as Rachael Hamilton has indicated that she has no further questions.

Bill Scott: Just to reflect on that, Edinburgh was one of the best-performing authorities in terms of making payments. It spent about 17 per cent of its Scottish welfare fund budget during April, May and June. In contrast, Glasgow—I am not singling it out, but it is our largest local authority, with the largest concentration of poverty in Scotland—spent only 8 per cent of its Scottish welfare fund budget. We cannot be totally sure what happened in Glasgow but, whether it was because of pressures due to staff shortages or whatever, it meant that families in desperate need did not get the help that they needed. As Jim McCormick said, families fleeing domestic violence, families with additions to the household and those who, because of Covid or whatever, needed white goods, beds and so on were not getting those payments. That has a real impact, and community care grants are much larger normally than crisis grants. That is why there was a fall over the quarter when the lockdown was in effect.

The Scottish Government needs to enter into discussion with the Convention of Scottish Local Authorities about what is needed. However, if new administrative resources are to be made available, they should come with conditions that ensure that the Scottish welfare fund is properly promoted to the people who need it and that there is more than one way of making a claim. That is important because, in several local authorities, online claims seem to be the default position and it was difficult to find out how people could make claims otherwise. Again, there should be an easy way to find out whether you can claim and how you can

claim, and there should be more than one route to claim the benefit.

Jeremy Balfour: I will follow on from that question. In the next few weeks or months, there might be an increase in demand because some people have not been able to apply for PIP or disability living allowance as citizens advice bureaux and advice shops have not been open as normal. Do you think that there is pent-up demand that will feed through in the next two or three months? What effect will that have on how the Scottish Government sets the budget? I am happy for either witness to answer.

Bill Scott: I think that Jeremy Balfour is right. The figures show that there was a decline in the number of PIP claims made in the first quarter of this financial year—I think that it is down about 8 per cent. There was a huge drop in April, with a recovery in May and June. There could be pent-up demand. It should not have an effect on the budget for the coming financial year, but it might have an impact on the one after, because the budget is usually set on previous years' figures for PIP.

Disabled people definitely faced problems in completing forms with the loss of advocacy and advice support. We will have to give some thought to that, because support is difficult to supply while people are shielding or self-isolating due to their potential to become infected; it could also spread the virus. There are, I think, ways that we can get round that.

The advice provision in primary care is proving to be very effective, and—Jim McCormick can probably speak to this even more effectively than I can—welfare rights advice is being delivered in some schools. The latter approach could be quite important in delivering the disability child payment—the DLA replacement—which is still to be implemented. That approach of speaking to parents in schools could be a good method of getting welfare rights advice to a lot of the families that will need additional support. It is shown to be an effective method of getting people to claim not only children's DLA, but other means-tested benefits, such as free school meals and school clothing grants. It can really make a difference. We will have to think hard as a society about how we can support people who make claims and get the money to which they are entitled.

Dr McCormick: I simply make the point that, if claims are down by that magnitude, and even if they catch up a bit later in the year, there will still be backlogs and waiting times. That 8 per cent of the £1.6 billion projected spend is a very large sum of money that is not going into people's pockets.

We are back to the old challenge of take-up. The Social Security (Scotland) Act 2018 places a duty on the Scottish ministers “to promote take-up”. Payments such as PIP, and probably ESA, have significantly lower levels of take-up than other payments. The numbers are estimated, but we definitely have a challenge with disabled people getting the income security that they need.

That matters because disabled people experience a higher rate of poverty than the population as a whole. Without going too much into the detail of other portfolio areas, we know from the work of Inclusion Scotland and Glasgow Disability Alliance that, in addition to getting cash into people’s pockets, it is about their getting the support services and the care that they need. Bill Scott said earlier that the single biggest test lies ahead. I agree with that—making sure we maintain and build take-up in the area of disability benefits is the single biggest challenge of all.

Alison Johnstone (Lothian) (Green): Russell Gunson in the first panel said that not enough was being done to get money to low-income families, that we are not seeing support from the UK Government for families with children and that there is a gap in the Scottish Government response, too. Clearly, the Scottish child payment cannot come a moment too soon for those families who need it, who will receive it next year. The payment was conceived pre-Covid, and we are clearly in an even more challenging situation now. Does the adequacy of the £10 payment need to be reviewed, given that that level of payment was proposed some time ago and the additional pressure on families now?

The Convener: Does Jim McCormick want to come in?

Dr McCormick: I am happy to. There are two points to make. First, funds for children in low-income households are, overall, one of the big gaps of support versus rising need. Disabled people are the other group in that respect—we have just talked about that. At the UK level, the lifeline of universal credit and working tax credits will be extended beyond next spring and also cover legacy benefits. In Scotland, there is good news—the Scottish child payment will soon be opening up to applications. However, the programme for government says that the first payments will be made by the end of February 2021. That is getting close to the end of this financial year. The Scottish Fiscal Commission has picked up on that being a saving, although we could see it as money not going into families’ pockets in this financial year.

11:00

Secondly, there is the possibility of having to wait two years from now before the payment is extended fully to an additional 200,000 children—more than 220,000 will eventually be eligible. We understand why the Scottish Government cannot open up that payment through the agency much faster, but we think that it should find an alternative. In the draft budget, provision should be made to route money to low-income families through alternative payment channels. Local government payment channels are the best option that we have without having to worry about new build, and we could top up those channels that have been used for school clothing grants and free school meals during lockdown.

On the question about adequacy, we have estimated that the Scottish child payment of £10 a week would, when fully rolled out, take between 20,000 and 30,000 children out of poverty, at pre-pandemic levels. If you doubled the budget, you would more or less get double the impact.

There is a choice to be made about how much money to route through the Scottish child payment. It would not be adequate if nothing happens at the UK level with the lifeline, so there is that interdependency to think about.

A slightly different point is housing costs. The game-changing impact of the Scottish child payment could be at least equalled if we closed the gap in housing costs—that is, if we provided support to the families who are in poverty due only to housing costs—so another 30,000 children could be taken out of poverty. Therefore, examining what we can do through controlling housing costs is every bit as important as putting more money directly into the pockets of families. Of course, one can be done faster than the other, but both will matter over the coming years.

Alison Johnstone: The Scottish Fiscal Commission is assuming that 80 per cent of families who are eligible will take up the Scottish child payment in the first year, and the Scottish Government is budgeting on that basis. That take-up figure is less than it is for other means-tested payments, and much less than it is for child benefit. Is there a need for the forthcoming budget to invest more in benefit advice and promotion, to increase take-up? On the basis of those figures, a fifth of eligible families would not receive the benefit.

Bill Scott: There is a strong case for more money going into welfare rights advice. It is a worry that benefits advice is not a statutory duty for local authorities because that means that, if local authority budgets are reduced and they look to make savings, that is one of the areas that can be cut. We have seen local authorities closing, or

proposing to close, some CABs and making cuts to their own welfare rights teams. We need investment in advice and promotion, otherwise I do not think that the 80 per cent will be met—you need to promote means-tested benefits.

There will be a dramatic increase in need. I would hope that word of mouth will help. However, a lot of families are reluctant to claim—there is stigma attached to doing so. At the beginning of the lockdown, we saw that quite a few households who were entitled to claim universal credit delayed doing so until they had used up their resources; they then got into crisis because they found out there was such a long wait until they got their first universal credit payment.

There definitely needs to be investment in benefits advice. That is the only way to protect low-income households, particularly in respect of children and disabled people. With that duty to promote the benefits comes a requirement to make sure that there are resources on the ground in local communities that can assess people to get what they are entitled to.

Alison Johnstone: If the Scottish Government was to prioritise one element in the forthcoming budget to reduce poverty at this time, what would you recommend that that should be?

Bill Scott: I agree with Jim McCormick—the Poverty and Inequality Commission has given some advice on this—that the school clothing grant could be used as a delivery mechanism for additional help to families with school-age children. That could assist in reducing the depth of poverty that some families are facing and also lift some families out of poverty. It would need to be decided at what level that assistance was provided, but the grant would definitely reach a significant proportion of the families who we know are facing great difficulty at the moment.

There are real issues around the take-up of free school meals as well. With the return to school, there has been a huge drop in children taking school meals full stop. That means that, if children who can claim free school meals are the only children who are seeking to take those meals, they are easily identified. In some schools, pupils have been advised to bring in packed lunches rather than go in school canteens. Again, that brings additional pressure to bear on low-income families, and they stand out from the other families who can afford to provide a packed lunch or afford for their child to get their lunch outwith school. We have real concerns around that. We are doing research on that at the moment.

Alison Johnstone: Thank you for raising the point about stigma—that has long been a challenge when it comes to the take-up of free school meals.

The Convener: Shall we let Jim McCormick come in, Alison? Your challenge to both witnesses to state what their big ask would be is really helpful for budget scrutiny. Yesterday, at a child poverty event, we were asking similar questions.

Dr McCormick: I will amplify what Bill Scott said. Alison Johnstone mentioned the Scottish Fiscal Commission's assumption of an 80 per cent take-up. That is a reasonable assumption based on what we have seen so far, but it is not an acceptable aim to build into a new system. That gap equates to 39,000 children who are eligible but not expected to be in receipt of the Scottish child payment. That is a large number of families at a time of an economic storm, which is still to hit us fully. Since the start of the year, we have seen the number of universal credit recipients in Scotland almost double; among couples with children, it has doubled. Many of those families will be claiming for the first time, certainly under the new system of UC.

The answer is that the Scottish Government has to commit to an alternative payment mechanism for many of those families in the next financial year and not wait two years. I recognise that that would be a partial solution, because eligibility for, for example, free school meals is more limited than it will be eventually for the Scottish child payment. However, rather than waiting two years to get it to everybody who is eligible, getting money into some families' pockets faster is a good trade-off.

It is both the financial commitment to that alternative and the investment in the infrastructure that will close the gap and get us far above an 80 per cent take-up rate. The best way to do that is not just through building in prompts on a universal credit online journal—DWP can help with that—but through having face-to-face and digital support locally. I am talking about an approach similar to that taken in Edinburgh, which, as Bill Scott said, maximises take-up through nurseries, schools and general practitioners' surgeries—we can extend that to libraries, once they reopen—with a mix of face-to-face, digital and telephony services.

We are going to have to provide our absolutely best practice around take-up with some urgency, invest in the infrastructure and put money into families' pockets a year earlier than is planned.

The Convener: Tom Arthur had a supplementary question, although the moment may have gone. I will give him an opportunity to come in for a brief question.

Tom Arthur (Renfrewshire South) (SNP): Thank you, convener—I appreciate it.

I want to pick up on the issue of stigma, which Bill Scott and Alison Johnstone mentioned. I know from conversations that I have had with advice services in my constituency—many members will

have had similar discussions in their constituencies and regions—that one of the key issues is the number of people who are coming into the social security system for the first time. I am keen to hear Mr Scott's and Dr McCormick's reflections on what the Government can do to tackle stigma and what the roles and responsibilities are of individual MSPs in helping to tackle stigma, so that we can promote the greatest possible uptake of benefits.

Bill Scott: It is always good to talk about entitlement and to say that people are entitled to payments rather than to see that money as something that the state gives people because they are feckless or are not coping. A message should be sent out from the very top of Government right down to local government that we want people to claim the money because they are entitled to it. The message should be: "It is yours, and we want to help you to get what you are entitled to."

As Jim McCormick said, we know that, if welfare rights advice is provided in settings where people feel comfortable and at ease and the approach is to help people to get what they are entitled to, take-up rates are much higher. Unfortunately, the message that comes from the media, through programmes such as "Benefits Street", is that people on benefits are all trying to defraud the system and so on. There are real issues with messaging. The Scottish Government can help, but people at all levels of political leadership need to say, "We want you to get the money, because you are entitled to it and the system was set up to help you in times of need."

On free school meals, research earlier in the year showed that some schools still have very low take-up rates. It is no coincidence that some of those schools had separate queues for free school meal recipients and non-free school meal recipients. That is back to the days of having differently coloured tickets. Individual actions could be taken to reduce stigma for families, and particularly for children, who really feel it.

Listen to the messages that are coming through and please do not have the attitude that people will only spend the money on cigarettes and alcohol. If people are told that they are entitled, they often respond by taking up that entitlement. One of the problems with discretionary systems is that people feel that it is more of a begging-bowl approach.

11:15

The Convener: I am conscious that Jim McCormick needs to head off for another commitment and that time is almost upon him. If he holds on to his comments on reducing stigma

for now, I will bring in Mr Brown to open up a new theme and that will allow Dr McCormick to respond to both. If he then has to leave, Bill Scott can perhaps mop up the final question. That will allow Dr McCormick to contribute to all the themes of the discussion.

Keith Brown: My questions are on the comments about councils, the welfare fund and discretionary payments. Councils are all very different. We have had a lot of mention of Edinburgh and Glasgow. I have worked at the City of Edinburgh Council and in Stirling Council, which is quite small, and I have been a councillor in Clackmannanshire Council, which is even smaller. On the point that was made about staff, I know that Clackmannanshire Council had lots of people self-isolating and had real trouble with staff. I am not sure how realistic it is to have battalions of reserve workers who can be drafted in. The overhead for that, when they are not required, can be huge, unless we are talking about redeployment.

A couple of points have been made about the control that the Scottish Government exercises in relation to take-up of discretionary housing payments and the Scottish welfare fund. Yesterday in the Local Government and Communities Committee, I heard exactly the reverse arguments. Local authorities do not want that level of control—they think that those things should be genuinely discretionary and that local authorities should be trusted to do it. What is the right balance to strike between local autonomy and discretion, and central control?

Dr McCormick: That is a good question, and it is hard to answer because, in normal times, we might want local discretion to be exercised if we were confident that the foundation or the lifeline on which the system has been built was adequate. At the moment, we face the possibility of local housing allowance and temporary increases in UC at UK level being removed next April.

I am not convinced that, with things that are as essential as crisis grants and discretionary housing payments, which could be the difference between someone keeping a roof over their head and being evicted, we should have a large degree of variation in how those payments are delivered. We need to have discretion that meets local circumstances, especially in remote and rural Scotland, but we also need a clear framework of national guidance so that variations are reasonable rather than very wide.

Although there are limits on redeployment, there ought to be ways in which we can group together local authorities on a regional basis to support one another. That might just be during the emergency period, but there ought to be more opportunities for digital working to ensure that, no matter where

someone lives in Scotland, they will get the same rapid and accurate support with the same rights of appeal. As Bill Scott said, people should have a choice of application channel and should not be limited to what is online.

On Tom Arthur's point about stigma, what we possibly have going for us now is that we might have a mobilised public who have seen the difference that key workers have made, so we possibly have a different view of the value of low-paid work. Before the pandemic in Scotland, public attitudes gave me hope, in that social security was being seen as a public service that ought to be there for us all. However, if we are to shift the situation as we come out of the crisis, we need all of you, as politicians, to work on a cross-party basis, and we need media framing that does not play games with the issues, because the stakes are too high. There is potential to shift how we see social security in Scotland, but a great deal depends on the choices that we make and the language that we use.

Bill Scott: I reassure Keith Brown that we are not looking for battalions of additional staff. Most Scottish welfare fund teams are very small, which is partly the problem. If a team is small to start with and is then reduced because somebody is ill, self-isolating or shielding, it is difficult to fill that gap. Potentially, council staff who work in housing benefit or revenue collection could be trained in Scottish welfare fund decision making, and they could be in reserve and be redeployed, rather than have huge numbers of additional staff. That is the approach that we envisage.

The variation between authorities definitely is massive. For example, Edinburgh is spending proportionately twice as much money as Glasgow, and Aberdeen is spending twice as much money as Aberdeenshire. Some of the smaller authorities are good at getting money out—Dumfries and Galloway Council has a very good record of getting money out to people who need it. There are definitely variations in local responses. The size of a crisis grant or whether someone gets such a grant should not be dependent on where they live, so we would like greater standardisation.

When responsibility for the Scottish welfare fund was passed to Scotland, no delivery system was in place. We do not have a view on whether there should be a national service, but we would like a set of national standards for delivery of the service to ensure that everyone who needs it can access it equally, regardless of which part of Scotland they live in. There cannot be an argument for localisation that says that it should be more difficult for people to apply or to find out whether they are entitled to make a claim in one authority than it is in another. However, on many council websites, it takes three or four visits to different

web pages before you find out anything about the Scottish welfare fund, whereas in others it takes one click. Being able to find something quickly makes a huge difference to somebody who might not be familiar with using the internet.

The Convener: Those are all hugely important points. I am conscious that, technically, we are doing budget scrutiny, so it is worth putting on record that, in the previous budget process, the committee asked for and secured an increase in the Scottish welfare fund, and that was before the doubling of it as a result of Covid.

I know from looking at the figures at the time that the funding for that initially included an administration part. For the purposes of the committee and of budget scrutiny, the important thing is whether the money that is already going to councils for the administration of the Scottish welfare fund is sufficient. The witnesses can write to us if they want to provide more information on that.

Mr Brown makes the point about deploying and redeploying staff as part of the Covid response. Was that about not having enough money or not having enough individuals to be redeployed during the pandemic? It may or may not be a moot point but, for budget scrutiny purposes, the committee would welcome your views on the proportion of the Scottish welfare fund budget that is given from the Scottish Government to local authorities for administration. Please do not respond to that now, but it is important to deal with the issue, as we are doing budget scrutiny.

Keith, we need to close by 11.30, but do you have any additional questions on that?

Keith Brown: The committee has previously wrestled with whether an increase in the Scottish welfare fund would achieve what people want it to achieve given that some authorities are underspending and some are overspending. If we continue to take the overspending ones as the criterion, we will continually increase the budget, but we will not guarantee that everybody across the country who needs it gets the money.

We cannot go too far on central control on the issue. From the witnesses' answers, it seems that they are basically arguing for minimum standards so that people do not have to wait too long and do not fall through the cracks even if local authorities have different policies on how they apply the funds. Are the witnesses really looking for minimum standards? A very short answer will be fine.

Bill Scott: We are definitely looking for minimum standards, because the Scottish welfare fund is a successor to the DWP-administered fund in which there were national standards and national criteria applied to who would and would

not be given a discretionary loan, as it was then. Whether someone gets a payment should not be a matter of geography; it should be based on need. There are priority groups that are identified by the Scottish Government. The Scottish Government guidance is very good, but it might need to be strengthened if local authorities are not following it.

Local need cannot be so different between like authorities. In some areas, we know that the need is greater but the spend is so much less. I do not want to keep on making Glasgow the example, but we know that much of Scotland's poverty is concentrated in areas of Glasgow, yet it did not manage to spend anything like what some of the more successful authorities such as Aberdeen and Edinburgh spent in getting money out to people during the period. That has to be examined.

It is harder to hold local authorities to account, but they need to be held to account because, if the money does not go to the people who desperately need it and who are in really difficult financial straits, that has a huge impact on their lives and can cause a family who are in crisis to go under and become homeless or split up. Those are the real-life consequences of differences in administrative procedures between local authorities.

The Convener: We will move to Jim McCormick for the last contribution this morning, as time is almost upon us.

Dr McCormick: I will be brief. Two things jump out. One is to understand the underlying pre-pandemic performance of the Scottish welfare fund. We have the annual reporting from the Scottish Public Services Ombudsman, which carries out excellent thematic studies into patterns of problems, which might be to do with resourcing, staffing or the complaints system. We need a picture of what underlies the performance of the system every single year.

For this year, which is a year like no other, we need to understand whether the eligibility criteria need to be relaxed so that we can deal with new patterns of emergency that were not thought of previously. We are now midway through the financial year, so this would be a good time to have a look in real time, maybe with COSLA and the Improvement Service, at the adequacy of funding and staffing and whether some local authorities are seeing patterns of need that they would like to serve but cannot within the current eligibility criteria. It would be helpful to know those kinds of things before we get to the winter and next year's budget scrutiny proper.

The Convener: I formally thank Dr McCormick and Bill Scott for their evidence. I know the way these evidence sessions work: afterwards, you realise that you did not get an opportunity to put

something on the record that you wanted, to because the questions did not quite run the right way. If that is the case for you, it is important that we hear from you, so please drop the clerks an email. I thank both of our witnesses, along with Russell Gunson and David Eiser, who were on the earlier panel, for their evidence.

That concludes the public part of today's meeting. We will now move into private session.

11:29

Meeting continued in private until 11:52.

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