



The Scottish Parliament  
Pàrlamaid na h-Alba

## ECONOMY, ENERGY AND TOURISM COMMITTEE

### AGENDA

**11th Meeting, 2014 (Session 4)**

**Wednesday 23 April 2014**

The Committee will meet at 9.15 am in the James Clerk Maxwell Room (CR4).

1. **Declaration of interests:** Joan McAlpine will be invited to declare any relevant interests.
2. **Scotland's Economic Future Post-2014:** The Committee will take evidence from—

Peter Kelly, Director, The Poverty Alliance;

Dr Katherine Trebeck, Policy and Research Advisor, Oxfam GB;

Dr Sally Witcher, Chief Executive, Inclusion Scotland;

and then from—

Dr Jim McCormick, Scotland Adviser, Joseph Rowntree Foundation;

David Eiser, Research Fellow, University of Stirling;

Morag Gillespie, Research Fellow, Scottish Poverty Information Unit, Glasgow Caledonian University.

3. **Bannockburn Live:** The Committee will take evidence from—

Dr Mike Cantlay, Chairman, VisitScotland;

Caroline Packman, Homecoming Director, Event Scotland;

David McAllister, Battle of Bannockburn Project Director, National Trust for Scotland;

Councillor Neil Benny, Deputy Leader, and Kevin Robertson, Head of Economy, Planning and Regulation, Stirling Council;

Pete Irvine, Managing Director, Unique Events.

4. **Review of evidence heard (in private):** The Committee will review the evidence heard at today's meeting.

Fergus Cochrane  
Clerk to the Economy, Energy and Tourism Committee  
Room T2.60  
The Scottish Parliament  
Edinburgh  
Tel: 0131 348 5230  
Email: [fergus.cochrane@scottish.parliament.uk](mailto:fergus.cochrane@scottish.parliament.uk)

The papers for this meeting are as follows—

**Agenda item 1**

Note by the clerk

EET/S4/14/11/1

PRIVATE PAPER

EET/S4/14/11/2 (P)

**Agenda item 2**

PRIVATE PAPER

EET/S4/14/11/3 (P)

**Economy, Energy and Tourism Committee**

**11th Meeting, 2014 (Session 4), Wednesday, 23 April 2014**

**Scotland's Economic Future Post-2014**

**Introduction**

1. This paper provides background information for the Committee's sixth evidence session of its [inquiry into Scotland's economic future post 2014](#). The theme for this session is 'welfare and equality'.

2. The remit and call for evidence for this inquiry can be found online: [www.scottish.parliament.uk/S4\\_EconomyEnergyandTourismCommittee/Inquiries/Economic Future Inquiry - Remit and Call for Evidence.pdf](http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Economic_Future_Inquiry_-_Remit_and_Call_for_Evidence.pdf)

3. The Committee will hear from witnesses as below:

Panel 1

- Peter Kelly, Poverty Alliance
- Dr Katherine Trebeck, Oxfam Scotland
- Dr Sally Witcher, Inclusion Scotland

Panel 2

- Dr Jim McCormick, Joseph Rowntree Foundation
- David Eiser, University of Stirling
- Morag Gillespie, Glasgow Caledonian University

4. Written submissions from witnesses are attached (Annex A). A briefing by the Financial Scrutiny Unit is attached at Annex B. The FSU has published wider briefings of relevance to the inquiry. Links to these, for information, are below:

- Scotland's economy: recent developments  
[www.scottish.parliament.uk/parliamentarybusiness/72299.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/72299.aspx)
- Scotland's economy: future developments  
[www.scottish.parliament.uk/parliamentarybusiness/72297.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/72297.aspx)
- The currency of an independent Scotland  
[www.scottish.parliament.uk/parliamentarybusiness/74067.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/74067.aspx)

5. For information, a list of agreed further sessions is also attached (Annex C).

**Fergus D. Cochrane**  
**Senior Assistant Clerk to the Committee**

**Annex A**

The following written submissions are available via the link below:

- Oxfam Scotland
- Inclusion Scotland
- David Eiser
- Morag Gillespie

[www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/72692.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/72692.aspx)

**Annex B****Economy, Energy & Tourism Committee****Scotland's Economic Future Post-2014****Evidence session on equality and welfare**

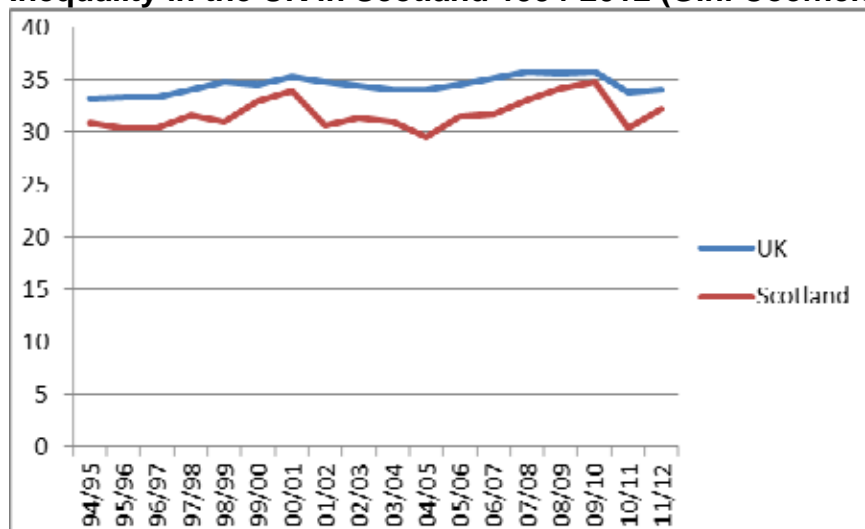
This briefing provides an overview of recent data and academic research on trends and drivers of inequality in Scotland. Future welfare and labour market policies are also discussed through a summary of witness submissions and relevant sections of the Scottish Government's *Scotland's Future* white paper.

**Inequality in Scotland**

Income inequality can be measured using the Gini coefficient, which shows how total income is distributed between households within a country. It ranges from 0 (when everybody has identical incomes) to 100 (when all income goes to only one household). David Eiser's submission shows that, against this measure, inequality in Scotland is slightly lower than the UK as a whole and almost exactly the same as the UK rate once London is excluded. Inequality levels in Scotland are significantly higher than those seen in our Nordic neighbours.

The following chart, using DWP figures, shows that inequality in Scotland increased gradually between 2004 and 2009, and then decreased suddenly after the financial crisis. It also illustrates that current inequality levels are now similar to those seen in the late 1990s.

### Inequality in the UK in Scotland 1994-2012 (Gini Coefficient)



Source: [Scottish Government](#) (2013)

#### *The social consequences of inequality*

The Joseph Rowntree Foundation, in response to criticism surrounding the publication of Wilkinson and Pickett's book, *The Spirit Level*, conducted an 'independent review' of research into the social consequences of inequality. The charity found 'some correlation' between income inequality and health and social problems – including a 'social gradient' in health outcomes, wellbeing implications of 'status anxiety and some 'strong evidence for links between income inequality and homicide and violent crime'. However, the review's author did accept that this is a 'highly complex area both theoretically and methodologically and there is still some disagreement among academics on many related issues'<sup>1</sup>.

#### *Reasons for growing inequality*

David Eiser's and Professor David Bell's research found the main drivers of inequality to be disparities in pre-tax income, or 'market earnings'. At the lower end of the jobs market, there have been considerable increases in part-time employment across the UK since the 1980s, as well as a reduction in demand for semi-skilled manufacturing jobs (and corresponding increases in low skilled work). The financial consequences for households dependent on low-paying, part-time employment were explored last year by the Committee during its [underemployment inquiry](#).

Oxfam notes in its submission that in-work poverty in Scotland grew from 255,000 in 2008 to 280,000 in 2012, a 10% increase. They also highlight ONS data which shows that since the 1980s the top 1% of earners in the UK have seen their incomes more than double. Professor Joseph Stiglitz, focussing more on the American situation, concludes that the 'polarisation of the labour force has meant that while more of the money is going to the top, more of the people are going towards the bottom'. He continues, 'if no individual can be blamed for what has happened, it means that the problem lies in the economic and political system.'<sup>2</sup>

<sup>1</sup> [www.jrf.org.uk/sites/./inequality-income-social-problems-full.pdf](http://www.jrf.org.uk/sites/./inequality-income-social-problems-full.pdf)

<sup>2</sup> *The Price of Inequality*, Stiglitz (London, 2012)

*Policies for reducing inequality*

David Eiser's modelling of various tax and benefit 'levers' on inequality (see submission) found that additional powers in these areas – for example if an independent Scotland were to increase the value of Job Seekers Allowance by 10% or increase the higher rate of income tax by 1p - would have only limited impact on inequality levels in Scotland. The team at Stirling University found that 'achieving Nordic levels of inequality in Scotland will likely have to involve some equalisation of incomes *before* taxes and benefits, rather than a large increase in redistribution'.

In previous research David Eiser, with his colleague Professor David Bell, suggested a number of policies an independent Scotland could adopt which would influence inequality through *pre*-distribution, including:

- Introducing a higher minimum wage
- Investing more in early years support and education
- Improving vocational learning

Nevertheless, Bell and Eiser conclude that 'given that many of the drivers of inequality are linked to global trends in technology, and family formation practices, there are likely to be limits to the extent that a small open economy can mitigate them. Scottish independence would provide opportunities, but it would also come with constraints'<sup>3</sup>

*Scottish Government's approach*

Tackling 'significant inequalities' is one of the Scottish Government's *National Outcomes*. Its National Indicators details how the Government intends to work towards its outcome. These include:

- Improve the skill profile of the population
- Improve levels of educational attainment
- Increase the proportion of young people in learning, training or work
- Increase the proportion of graduates in positive destinations
- Reduce the proportion of individuals living in poverty

How the Government is performing on these indicators is charted in the [Scotland Performs website](#); however on the last of the indicators listed above the Government maintains that 'There are many drivers of poverty beyond the Scottish Government's control - including macro-economic conditions and a number of levers reserved to the UK Government, such as tax/benefits arrangements'.

The Government's White Paper *Scotland's Future* sets-out, to some extent, how it proposes aligning tax and welfare policies in an independent Scotland (see pages 152 to 159).

**Welfare**

Dr Jim McCormick summarised the aims of welfare systems in his contribution to Gerry Hasan and James Mitchell's *After Independence* book:

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<sup>3</sup> [www.esrc.ac.uk/.../Inequality%20paper%2013%20Nov%20Final\\_tcm8-29182.pdf](http://www.esrc.ac.uk/.../Inequality%20paper%2013%20Nov%20Final_tcm8-29182.pdf)

*‘[welfare systems] share risks and costs across our lives, providing a level of income replacement at times of unemployment, sickness and in retirement. They meet some of the extra costs of bringing up children or living with a disability. They provide services as well as money and combine elements of social insurance based on contributions previously paid with targeted social assistance’<sup>4</sup>.*

There is also a redistributive function of welfare systems highlighted by Professor Andrew Goudie, which along with a functioning tax system, acts to redistribute resources ‘towards those whose lifetime earning power is, for one reason or another, low.’<sup>5</sup> Dr McCormick believes that welfare systems should provide a ‘reliable springboard’ into well-paid employment; however many in Scotland are currently ‘stuck in a cycle moving in and out of low-paid work’ with the welfare system acting as a ‘tattered safety net’<sup>6</sup>.

### *Welfare spend in Scotland*

Benefit spend in Scotland by the UK Government totalled around £18 billion in 2012-13<sup>7</sup>, with around half of this going to older people in the form of state pensions and pensions credits. Compared to the UK as a whole, Scotland spends relatively more on disability benefits and relatively less on housing and council tax benefits. This year there will be an estimated reduction in working-age benefit spend – which includes JSA, Income Support, Disability Living Allowance, housing benefit and Incapacity Benefit – of around £1.7 billion.<sup>8</sup>

### *UK Government Welfare Reforms*

The UK Government’s recent welfare reforms have been described by Iain Duncan Smith as the ‘biggest change since Beveridge introduced the welfare system’<sup>9</sup>. According to the Scottish Government these ‘could see Scottish welfare spending reduced by around £6 billion over the six years to 2015-16’ impacting on ‘the most vulnerable in our society’ whilst setting ‘progress on tackling poverty back by at least ten years’<sup>10</sup>.

The DWP’s overall aim is for a simpler, fairer benefits system, to ensure work pays and to make employment an aspiration for everyone who is able to work. The DWP states that instead of trapping people in welfare dependency, the welfare reforms will reward work and alongside the right support and encouragement will help people lift themselves out of poverty, and stay out of poverty.

**Details of the UK Government’s welfare reform programme including some individual policy information, a timetable for introduction and analysis of likely**

<sup>4</sup> *After Independence* Hassan and Mitchell eds (Glasgow, 2013). Available in SPICe.

<sup>5</sup> Professor Andrew Goudie, Annex to *Scotland’s Future: the economics of constitutional change* (Dundee 2013)

<sup>6</sup> *After Independence* Hassan and Mitchell eds (Glasgow, 2013). Available in SPICe

<sup>7</sup> <http://www.scotland.gov.uk/Publications/2013/06/8875/downloads>

<sup>8</sup> Dr Jim McCormick session during SPICe Training Week 2014

<sup>9</sup> <http://www.telegraph.co.uk/news/politics/conservative/8114432/Iain-Duncan-Smith-My-welfare-reforms-are-Beveridge-for-today-with-a-hint-of-Tebbit.html>

<sup>10</sup> <http://news.scotland.gov.uk/News/-6-billion-cut-from-welfare-budget-b3e.aspx>



**impact is included in the Annexe accompanying this paper (written by SPICe researcher, Heather Lyall).**

### *Scottish Government proposals*

In its independence White Paper the Scottish Government lists some 'immediate priorities for action' for an independent Scotland, including abolishing the bedroom tax/spare room subsidy, halting further rollout of Universal Credit and ensuring benefits and tax credits increase in line with inflation. Over the longer-term the Scottish Government has identified some basic principles upon which a future Scottish welfare system will be built. These underpinning principles include:

- Scotland's benefits and tax credits system and employment support services should protect our people from poverty and help them fulfil their potential, in work and in life
- over the course of our lives, we should contribute to the welfare system when we can. In return, we should be able to access that system when we need to
- the benefits system should be fair, transparent and sympathetic to the challenges faced by people receiving them, respecting personal dignity, equality and human rights
- the benefits, tax credits and employment support systems should work in harmony to ensure that people who lose their job do not face extreme financial uncertainty
- for those who cannot undertake paid work, benefits should not relegate them to a life of financial uncertainty and poverty. Benefits must support a standard of living that ensures dignity and enables participation in society
- the administration of benefits and tax credits should be swift, streamlined and responsive to individual circumstances<sup>11</sup>

More detail of possible welfare policies in an independent Scotland will be published next month by the Government's Expert Working Group on Welfare and Constitutional Reform.

**Greig Liddell, SPICe Research**  
**17 April 2014**



## **Welfare Reform Overview**

### **Purpose**

<sup>11</sup> Page 165 of *Scotland's Future*: <http://www.scotland.gov.uk/Publications/2013/11/9348/downloads>

The purpose of this paper is to give members a very brief overview of the main elements of the Welfare Reforms and the UK Government's stated objectives. It does not offer a detailed explanation or analysis of each individual benefit. It will also outline a selection of some of the key impact analysis completed to date.

### **UK Government objective**

The DWP acknowledges that the welfare reforms are the most fundamental changes to the social security system for 60 years. In the view of the DWP public spending needs to be more sustainable and targeted more effectively to ensure that the system is fair to the British taxpayer and those people who are in genuine need of support.

The DWP's overall aim is for a simpler, fairer benefits system, to ensure work pays and to make employment an aspiration for everyone who is able to work. The DWP states that instead of trapping people in welfare dependency, the welfare reforms will reward work and alongside the right support and encouragement will help people lift themselves out of poverty, and stay out of poverty. Further information is available in a [6 page document](#) put together by the DWP explaining its agenda.

### **The Key Working Age Benefit Reforms**

A timetable of the reforms has been included in Annexe A.

### **Universal Credit**

Universal Credit is a new benefit for people who are unemployed or on a low income. It combines in work and out of work benefits, with the aim of making it easier for claimants to start work and to stay in work. It replaces six existing benefits and is being rolled out in phases across the country including a number of 'pathfinder' projects. Currently only a small number of single people in Inverness are currently on the benefit. It will eventually replace:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

Universal Credit requires claimants to accept a 'Claimant Commitment'. This sets out what is expected in return for receiving assistance. It is expected that the majority of claimants will apply for their benefits online and a single payment will be made to a household rather than an individual. This will include housing costs and will be paid monthly, in arrears. It is envisaged that as claimants earn more money, financial support will be withdrawn at a slower rate than is the case under the current system. Real Time information (RTI) link with HMRC will facilitate this. Further information is contained in the [DWP Universal Credit FAQ paper](#).

### **Employment Support Allowance**

Employment and Support Allowance (ESA) is money for people who have limited capability for work because of their sickness or disability but do not get Statutory Sick Pay. To be eligible for ESA, a person must undergo a Work Capability Assessment (WCA). The WCA is based on the principle that a health condition or disability should not automatically be regarded as a barrier to work, and that for such people work can itself have benefits. Claimants are assessed to determine whether they have a “limited capability for work”, and also whether they are capable of engaging in “work-related activity.” This second part of the assessment determines whether the person is placed in the “Support Group” or the “Work-Related Activity group”.

The Work Capability Assessment (WCA) has been controversial and the subject of a number of campaigns by equalities groups and disability rights campaigners. [Critics have suggested](#) that the assessments use a flawed methodology which does not accurately reflect the life of the claimant, have caused undue stress leading at times to a worsening of impairments and even in some extreme cases [claimant suicide](#). A [report by the Public Accounts Committee](#) in February 2013 stated that the DWP is getting “far too many decisions wrong on claimant’s ability to work. This is at considerable cost to the taxpayer and can create misery and hardship to the claimants themselves”.

The UK Government has to date undertaken 4 independent reviews of the Work Capability Assessment which have contained recommendations for improvement. More information on the review and the reports can be found on the [gov.uk website](#).

### **Benefit Cap**

From 15 April 2013 a cap was introduced on the total amount of benefit that working-age claimants can receive. The cap is based on average earnings (after tax and National Insurance) of working families – £500 a week for couples (with or without children) and single parent households, and £350 a week for single adults.

Initially the cap is being administered by local authorities through deductions from Housing Benefit payments. These arrangements will continue until Universal Credit is fully in place and the cap from Housing Benefit is no longer required.

It applies to the combined income from out of work benefits; and other benefits such as Housing Benefit, Child Tax Credit, Child Benefit and Carer’s Allowance. Households entitled to Working Tax Credit are exempt from the cap, as are households which include someone receiving a disability-related benefit or includes a war widow /widower and those in receipt of the Armed Forces Compensation Scheme.

### **Housing Benefit**

Since April 2013 all tenants renting from a local authority, housing association or other registered social landlord receive housing support based on household size. These allow for one bedroom for each person or couple living as part of the household. Both people in a couple must have to be of working age to be affected. Two children under 16 of the same gender are expected to share a room, as are two children under 10 regardless of gender.

Where a property is deemed 'under occupied' the eligible rent under Housing Benefit will be reduced by 14 per cent for one room and 25 per cent if under occupied by two rooms or more. There are some exemptions to this rule for example those with family members in the armed forces, foster carers and those with disabled children.

Housing Benefit has also changed to include the introduction of caps on Local Housing Allowance rates and the extension of the shared accommodation rate to people aged under 35. In addition, Local Housing Allowance rates are being uprated annually from April 2013. In 2014/15 and 2015/16 increases will be limited to 1 per cent.

The Scottish Government has in a deal with Labour committed to fully mitigate against the impact of the so called bedroom tax. This means that no Scot will now face eviction from their home over arrears as a result of the reduction in housing benefit payment. SPICe have produced a [briefing on Discretionary Housing Payments](#) which can be used to help mitigate some of the impact of the so called "bedroom tax".

### **Personal Independence Payment**

Personal Independence Payment (PIP) has now replaced Disability Living Allowance for working age claimants (16-64). It aims to help with some of the extra costs caused by long-term ill-health or a disability. The new benefit includes an assessment of individual needs and aims to make sure financial support is targeted at those who face the greatest challenges to living independently.

A briefing on the [Introduction of PIP](#) by the House of Commons library (April 2014) describes how the timetabling of PIP has been revised twice, and refers to a National Audit Office report (February 2014) which said that 'poor early operational performance' had led to 'long uncertain delays' for PIP claimants. Assessments for PIP will still be undertaken by ATOS Healthcare in Scotland. The DWP has produced a [quick guide to PIP for MPs and parliamentary staff](#).

### **Council Tax Reduction Scheme**

The previous system of council tax benefit, which supported people on low income to meet their Council Tax liabilities, was abolished in April 2013. Responsibility for delivering Council Tax support has been 'localised' to the Scottish Government which received a transfer of funding from the UK Government, cut by 10% to deliver future support arrangements. As the Scottish Government cannot operate a benefit system, support will be made available through a scheme of Council Tax Reductions.

The main aim of the Scottish scheme is to ensure, as far as possible, that no Council Tax Benefit claimant in Scotland is disadvantaged as a result of this abolition and reduction in UK funding. For 2014/15, the UK Government's 10% reduction in funding (around £40 million) is being made up jointly by the Scottish Government (£23 million) and CoSLA (£17 million).

### **Scottish Welfare Fund**

The UK Department for Work and Pensions (DWP) abolished the discretionary Social Fund, with effect from 1 April 2013. It consequently transferred the funding spent in Scotland on the discretionary elements of the Fund (Community Care Grants and Crisis Loans for living expenses) to the Scottish Government. This amounted to £23.8 million in 2013-14. The Scottish Government is putting an extra £9.2 million into the new [Scottish Welfare Fund](#) (SWF) in 2013-14, giving a total of £33 million.

The SWF is being introduced on an interim basis for around two years. According to the Scottish Government the intention is to learn lessons from the operation of the interim scheme, before putting the new arrangements on a statutory basis.

The SWF is designed to be a national scheme run by local authorities and based on guidance from Scottish Ministers. There are two types of discretionary grants in the SWF – Crisis Grants, and Community Care Grants. The objectives of the new scheme are to:

- provide a safety net in a disaster or emergency, when there is an immediate threat to health or safety, and to
- enable independent living or continued independent living, preventing the need for institutional care.

### **Migrant Access to Benefits**

The UK Government has committed to tightening migrants' access to benefits.

- A more robust Habitual Residence Test was introduced for face to face interviews in Jobcentres in December 2013.
- Most jobseekers, including UK nationals returning from living or working abroad, will be unable to access JSA (IB) until they have been living in the UK (or 'Common Travel Area') for 3 months.
- A new assessment will check whether European Economic Area (EEA) nationals receiving JSA have compelling evidence to show they have a 'Genuine Prospect of Work'. Unless they provide such evidence, their JSA will end after 6 months.
- Since 1 March 2014, the minimum earnings threshold has helped Decision Makers to determine if an EEA national's previous or current work can be treated as genuine and effective in deciding if they have a right to reside in the UK as a worker or self-employed person for benefit purposes.
- From the start of April 2014, the entitlement to Housing Benefit for EEA Jobseekers will be removed, even if they are in receipt of income based JSA.

### **Additional changes**

The updated welfare system has an increased focus on detection and prevention of fraud and error with more rigorous scrutiny and tougher sanctions and penalties. It also has a refreshed employment support offering including changes to the work programme, the introduction of universal jobs match and the work choice programme.

## Impact

There is a wide ranging literature on the impacts of welfare reform in Scotland. The Welfare Reform Committee has been made aware of the cumulative impacts on disabled people as well as women and families with children who have been identified as being hit the hardest by the reforms. Many stakeholders are generally supportive of principles behind UC. However, there have been concerns raised on issues such as claimants not being able to manage the new monthly payment schedule, payments going direct to tenants rather than landlords causing increased rent arrears, practical access to an online system of benefits for those with no access to a computer or who are computer illiterate and whether the IT systems will be ready in time.

The Committee has also heard evidence on the negative impact of the more rigorous sanctions regime and the increased number of benefit claimants who are forced into using food banks.

There is an obligation on Scottish Ministers to report to the Scottish Parliament over the next five years on the impact that the UK Welfare Reform Act is likely to have on people in Scotland. It completed its [first report in June 2013](#). It includes:

- Setting the scene in Scotland by highlighting analysis on the overall impacts of the UK Government's welfare reforms on individuals in Scotland. This includes Scottish Government analysis being undertaken to inform mitigation of these impacts (section 2).
- The impact of the UK Act on areas which the Scottish Government has legislative competence (Scottish Welfare Fund; Council Tax Reduction Scheme; and Passported Benefits) (section 3).
- The impact of Housing Benefit Reforms

Since this report the Scottish Government has also produced a [budget update](#) on the UK Government cuts to welfare expenditure in Scotland which states that:

“it is estimated that the 2015-16 welfare bill is expected to be reduced by around £2.5 billion in Scotland and by £28 billion in the UK as a result of the reforms by the Coalition Government since 2010, Table 2. Taking the cumulative impact over the six years from 2010-11 to 2015-16 the UK Government will have reduced the Scottish welfare bill by around £6 billion and by around £74 billion in the UK. The largest reduction in expenditure (around 40%) is from the changes to how benefits are uprated and the majority of the total reduction in welfare expenditure in Scotland, nearly 70%, is expected to be in 2014-15 and 2015-16.

Of the expected £6 billion reduction, it is estimated that over £1 billion relates directly to children in Scotland. This includes changes to tax credits specifically relating to children, abolishing the health in pregnancy grant, the abolition of the child trust fund, the changes to income support and Child Benefit. It should also be noted that children are likely to be indirectly affected by other measures such as the housing benefit reforms. The true impact on children is therefore likely to be higher.”



In addition to a paper on the [gender impact of the reforms](#) and the [potential impacts of benefit sanctions on individuals and households](#).

#### *Further impact assessments*

Oxfam set out in its submission that benefit sanctions ‘are driving people into destitution’ with around 23,000 people (including 6,600 children) referred to Trussell Trust foodbanks in Scotland in the six months to September 2013. Of these 43% were referred due to problems with benefits to problems accessing their benefits.

Morag Gillespie of Glasgow Caledonian University believes that current reforms ‘will ensure that child poverty is more likely to increase to the levels of the 1990s than be eradicated by 2020, to say nothing of the devastating effects particularly for many women, disabled people and their families’.

The Welfare Reform Committee commissioned research from Sheffield Hallam University on the [impact of Welfare Reform on Scotland](#) (April 2013).

Inclusion Scotland produced a [briefing for the Scottish Parliament debate](#) on the impact on Welfare Reform (March 2014) which details how disabled people are being hit hardest by welfare reform.

The National Audit Office released a report [“Universal Credit: early progress”](#) that highlights a number of concerns surrounding the DWP’s progress against plans. (September 2013)

The Improvement Service has completed a [literature review of the Impact of Welfare Reform in Scotland](#) (January 2014). It stated that it is considered likely that significant spending power will be taken out of the economy and that this will have an adverse impact at a number of levels – on individuals, households and the economy as a whole. This, in turn, is also likely to have consequences in relation to demand for a range of public services.

**Heather Lyall, SPICe Research**  
**16 April 2014**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

### WELFARE REFORM TIMETABLE BY BENEFIT

Welfare Reform	Commencement
<b>Housing Benefit “Bedroom Tax”</b>	
Housing Benefit reduced for social housing tenants with extra bedrooms.	1 April 2013
<b>Council Tax Benefit</b>	

CBT replaced by localised Council Tax reduction scheme. In Scotland, a new national scheme is administered by local authorities.	1 April 2013
<p><b>Social Fund</b></p> <p>Social Fund community care grants and crisis loans abolished and Scottish Welfare Fund established.</p> <p>(The Social Welfare Fund is a scheme of grants and awards made by local authorities)</p>	1 April 2013
<p><b>Personal Independence Payments (PIP)</b></p> <p>PIP is a new payment for people who are very ill or disabled and who have trouble getting around or need help with day-to-day living. It will eventually replace Disability Living Allowance.</p>	
Introduced in Cheshire, Cumbria, Merseyside, North East England and North West England.	8 April 2013
PIP introduced across the UK for new claimants.	10 June 2013
People in receipt of DLA reassessed for entitlement to PIP.	28 October 2013 to October 2017
<p><b>Benefit Cap</b></p> <p>Introduces a limit on the amount of benefit that some people of working age can receive. The cap is:</p> <ul style="list-style-type: none"> <li>•£500 a week for couples - with or without dependent children</li> <li>•£500 a week for lone parents with dependent children</li> <li>•£350 a week for single people without children</li> </ul>	
Commenced in Bromley, Croydon, Enfield and Haringey.	15 April 2013
National roll-out commenced	15 July 2013
National roll-out to be completed	September 2013
<p><b>Universal Credit</b></p> <p>Universal Credit is a single benefit payment that will replace most means-tested benefits that are paid to people of working age in and out of work. The benefits to be replaced are:</p> <ul style="list-style-type: none"> <li>•income-based Jobseeker's Allowance (JSA)</li> <li>•income-related Employment and Support Allowance (ESA)</li> </ul>	



<ul style="list-style-type: none"> <li>•Income Support</li> <li>•Housing Benefit</li> <li>•Working Tax Credit</li> <li>•Child Tax Credit</li> <li>•Budgeting loans (an advance payment of UC will replace this)</li> </ul>	
Pathfinder pilot scheme introduced in Tameside	29 April 2013
Pathfinder pilot schemes introduced in Warrington, Wigan and Oldham.	July 2013
Pilot areas introduced in Hammersmith, Rugby, Inverness, Harrogate, Bath and Shotton).	October 2013 to March 2014
Transfer of means-tested benefit claimants to Universal Credit.	2013 to 2017
<b>Employment and Support Allowance &amp; the Work Capability Assessment</b>	
Employment and Support Allowance (ESA) replaced a range of incapacity benefits in 2008 for customers making a new claim because of illness or incapacity.	
Reassessment of incapacity benefits recipients for Employment and Support Allowance and other more relevant benefits.	October 2012 to 2014
<b>Jobseekers Allowance</b>	
Jobseekers Allowance Claimant Commitment  <a href="#">Claimant Commitment</a> outlines what job seeking actions a claimant must carry out while receiving Jobseeker's Allowance. The Claimant Commitment is due to be in place across the country by spring 2014 and brings Jobseeker's Allowance into line with claimants' responsibilities under Universal Credit.	14 October 2012 – Spring 2014
Revised Job seekers Allowance <a href="#">sanction regimes</a> introduced	22 October 2012
Revised Employment Support Allowance sanction regime introduced	03 December 2014
<b>Benefit Fraud</b>	
Increased penalties for benefit fraud Introduction of tougher penalties for people who commit benefit fraud. The changes affect when benefit can be reduced or stopped as a penalty and how penalties increase for persistent offenders. Benefits can be reduced or stopped if a claimant, their partner or a family member is convicted of a benefit	April 2013

fraud offence or accepts an administrative penalty for such an offence. An administrative penalty is a financial penalty offered by DWP as an alternative to prosecution.	
<b>2012 Child Maintenance Scheme</b>	
Introduced	December 2012
Sources: <a href="#">Citizens Advice Bureau Benefit Changes Timeline</a> / <a href="#">DWP</a>	

## Annex C

Future Committee evidence sessions:

<b>Date/theme</b>	<b>Witnesses</b>
28 April 2014 (Sir Duncan Rice Library, University of Aberdeen) <b>Energy: oil and gas</b>	TBC
30 April 2014 <b>Energy: Renewables</b>	TBC
7 May 2014 <b>International/lessons from abroad &amp; Civic Scotland</b>	Panel 1: International/lessons from abroad session Panel 2: Civic Scotland session
21 May 2014 <b>Campaign groups</b>	<u>Panel 1</u> Better Together  <u>Panel 2</u> Yes Scotland
11 June 2014 <b>Closing session UK and Scottish governments</b>	<u>Panel 1</u> UK Government  <u>Panel 2</u> Scottish Government