



The Scottish Parliament
Pàrlamaid na h-Alba

WELFARE REFORM COMMITTEE

Lord Freud
Minister for Welfare Reform
Department for Work and Pensions
UK Government

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Dear Lord Freud,

I am writing in my capacity as Deputy Convener of the recently established Scottish Parliament Welfare Reform Committee. The Committee has been established with the sole purpose of monitoring the implementation of your Government's reforms in Scotland. The Committee has already established good lines of communication with key stakeholders, including in the third sector, and also with the Scottish Government.

The first substantive piece of work required of the Committee is to scrutinise the Scottish Government's welfare reform legislation, the Welfare Reform (Further Provision) (Scotland) Bill. As you will be aware, the Scottish Parliament did not grant consent for the UK Government to legislate on, amongst other things, the provision of 'passport benefits'. As a result this Parliament is required to pass legislation to enable secondary legislation on Personal Independence Payments and Universal Credits. The Committee had its initial evidence taking session on the Bill from Scottish Government officials on 29 March, which I convened.

The Committee was well aware, in advance of this session, of the tight timescales for the passage of primary legislation, in order to ensure the required secondary legislation is in place in time for 1 April 2013 when the old benefits system lapses. Clearly it is imperative that this timescale is adhered to, to ensure that the most vulnerable do not go without what can be lifeline payments. The Committee was also aware that the Scottish Government is making early preparations for interim arrangements, in case the new system is not finalised by this date. This would seem to be prudent risk management.

What the Committee had not fully appreciated before the evidence session, was the

uncertainty as to when the Scottish Government will receive information from the Department of Work and Pensions that it requires in developing criteria and a system for the delivery of passported benefits.

During the evidence session, Scottish Government officials stated that:

[the lack of information currently available] will cause problems with...the setting of income thresholds to decide entitlement to specific passported benefits. The income of many of the people involved will be determined by the amount of benefit that they receive. At the moment, we do not have the entitlement criteria for universal credits, so we do not know who exactly will receive it or the amount of money that the system will provide, it is hard to set an income threshold that will accurately describe the group we wish to receive those benefits...

Universal credit will have a very significant taper...we have no information on the final taper, the income disregards, the treatment of savings and so on. Although the Department of Work and Pensions is gradually making such decisions, the totality is not yet known in full, and without those final details it is very difficult for us to design successor systems for passporting and other things.

As far as income from capital and other types of income are concerned...we are still slightly in the dark about what the detail of the universal credit will be. However, it is clear from some of the information that is available that to us that there will be minimum and maximum capital thresholds for universal credit.

It is clear to the Committee from this evidence session, and the very limited level of information accompanying the Scottish Bill on the potential costs and policy within subordinate legislation, that the Scottish Government is grappling with a wide information gap. This leaves the Scottish Government with an incomplete picture and presents the Committee with problems in seeking to effectively scrutinise legislation. . In the absence of information from the DWP the Scottish Government is not able to make best use of its time leading up to April 2013. It was clear in evidence that, ideally, it would wish to produce more detailed research on the anticipated impacts of reforms at this time and also make as early a start as possible drafting the subordinate legislation.

As also stated in evidence, the timetable that the Scottish Government must abide by, is of course not of the Scottish Government's making, but rather is driven by the UK Government's reforms. I attach the full *Official Report* of the evidence session for your reference. I do not doubt that a large amount of work is currently underway in your department on the implementation of reforms, and that providing the necessary information to the Scottish Government is amongst your priorities. However the Committee is very keen, in order to facilitate its own scrutiny, that the Scottish Government receives the required information as quickly as possible and, in advance of this, it receives a clear indication as to when it will receive all of this information for planning purposes. On behalf of the Committee, I would therefore ask that you respond providing a deadline by which all necessary information from the DWP will have been provided to the Scottish Government. I would very much appreciate a response from you at your earliest opportunity.

I am copying this letter to Nicola Sturgeon MSP, Cabinet Secretary for Health, Wellbeing and Cities Strategy, for the Scottish Government's reference.

As context on the Committee's wider work, I attach for your information a link to the Committee's website where details of its work on the Bill are outlined. Over time the site will also be populated with information we are receiving from service providers and advocacy organisations preparing for reform, and individuals wishing to share their personal experiences.

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/46339.aspx>

As you will see from the Committee's work programme, assuming the Scottish Bill passes in advance of the Summer Recess, the Committee will be in a position to instigate its own work in the autumn. It is likely that we will be in touch with you at that stage to inform you of the Committee's intentions and to request any further information required from you and your colleagues.

In the meantime, if there is any information that the Committee could usefully provide to you, please do not hesitate to contact me or the Convener, Michael McMahon MSP.

Yours sincerely

Jamie Hepburn MSP
Deputy Convener
Welfare Reform Committee