



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# WELFARE REFORM COMMITTEE

Tuesday 13 March 2012

Session 4

---

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.scottish.parliament.uk](http://www.scottish.parliament.uk) or by contacting Public Information on 0131 348 5000

---

**Tuesday 13 March 2012**

**CONTENTS**

<b>DECISION ON TAKING BUSINESS IN PRIVATE .....</b>	<b>Col. 21</b>
<b>WELFARE REFORM .....</b>	<b>22</b>

---

**WELFARE REFORM COMMITTEE**

**2<sup>nd</sup> Meeting 2012, Session 4**

**CONVENER**

Michael McMahon (Uddingston and Bellshill) (Lab)

**DEPUTY CONVENER**

\*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

**COMMITTEE MEMBERS**

\*Margaret Burgess (Cunninghame South) (SNP)

\*Annabelle Ewing (Mid Scotland and Fife) (SNP)

\*Alex Johnstone (North East Scotland) (Con)

\*Drew Smith (Glasgow) (Lab)

\*Kevin Stewart (Aberdeen Central) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Mark Ballard (Barnardo's Scotland)

Marion Davis (One Parent Families Scotland)

John Dickie (Child Poverty Action Group)

David Griffiths (Ecas Ltd)

Richard Hamer (Capability Scotland)

Kate Higgins (Children 1st)

Maggie Kelly (Poverty Alliance)

Councillor Matt Kerr (Scottish Local Government Forum Against Poverty)

Matt Lancashire (Citizens Advice Scotland)

Marion Macleod (Children in Scotland)

Michael McClements (Convention of Scottish Local Authorities)

Dr Jim McCormick (Joseph Rowntree Foundation)

Robert McGeachy (Action for Children Scotland)

David Ogilvie (Scottish Federation of Housing Associations)

Carolyn Roberts (Scottish Association for Mental Health)

Bill Scott (Inclusion Scotland)

Claire Telfer (Save the Children)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

Committee Room 2



## Scottish Parliament

### Welfare Reform Committee

*Tuesday 13 March 2012*

[The Deputy Convener *opened the meeting at 10:00*]

### Decision on Taking Business in Private

**The Deputy Convener (Jamie Hepburn):** Good morning and welcome to the second meeting of the Welfare Reform Committee. I should explain to members that the staff of the official report are sitting at the end of the table, rather than in their usual place. I remind members to switch off their mobile phones and other electronic devices.

I am in the chair because we have apologies from Michael McMahon, who has, sadly, had a family bereavement. I am sure that all members wish to pass on their condolences.

Agenda item 1 is a decision on whether to take in private item 2, on upcoming legislation, and discussion of our working practice, which is scheduled for 29 March. Do we agree to take those items in private?

**Members** *indicated agreement.*

**The Deputy Convener:** We now move into private session.

10:01

*Meeting continued in private.*

10:15

*On resuming—*

### Welfare Reform

**The Deputy Convener:** I welcome our witnesses. I ask everyone to ensure that they switch off all mobile phones and electronic devices, which have a tendency to interfere with the sound system.

We will take evidence today in two round-table sessions, which will allow us to hear from a wide range of representatives who will give us their perspectives on welfare reform issues. The purpose of round-table meetings is to introduce the committee to the perspectives of the organisations that are represented here, and to introduce witnesses to the committee's work on the implications of the United Kingdom Welfare Reform Act 2012. We hope that the interaction that we have today will be a useful tool in enabling us to gather high-quality evidence and information that will allow us to make an informed decision on the issues that we focus on as we go forward.

For the benefit of those in the public gallery, I note that we do not use the round-table format regularly, but it enables stakeholders to comment on one another's contributions more freely. I ask that all contributions be made one at a time, through the chair. Members of the committee and witnesses should indicate to me that they wish to contribute on a point of discussion; that will help broadcasting and official report staff to record the discussion.

The first session will be a general discussion on the implications of welfare reform. Given that there are so many people at the table, it would be useful for us to introduce ourselves. There is no need for anyone to make an opening statement—we are pressed for time.

I am the deputy convener of the committee and I am standing in for our convener, who is not able to be with us today.

**Richard Hamer (Capability Scotland):** I am from Capability Scotland.

**Alex Johnstone (North East Scotland) (Con):** I am the Conservative member of the committee, representing North East Scotland.

**Maggie Kelly (Poverty Alliance):** I am from Poverty Alliance.

**Margaret Burgess (Cunninghame South) (SNP):** I represent Cunninghame South.

**Carolyn Roberts (Scottish Association for Mental Health):** I am from the Scottish Association for Mental Health.

**Kevin Stewart (Aberdeen Central) (SNP):** I am the Scottish National Party MSP for Aberdeen Central.

**Bill Scott (Inclusion Scotland):** I am the manager of Inclusion Scotland.

**Dr Jim McCormick (Joseph Rowntree Foundation):** I am the Scotland adviser to the Joseph Rowntree Foundation.

**Michael McClements (Convention of Scottish Local Authorities):** I am from the Convention of Scottish Local Authorities.

**David Griffiths (Ecas Ltd):** I am from Ecas, and I also represent the Scottish Council for Voluntary Organisations.

**Matt Lancashire (Citizens Advice Scotland):** I am from Citizens Advice Scotland.

**Drew Smith (Glasgow) (Lab):** I am a Labour MSP for Glasgow.

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** I am the SNP MSP for Mid Scotland and Fife.

**David Ogilvie (Scottish Federation of Housing Associations):** I am from the Scottish Federation of Housing Associations.

**The Deputy Convener:** The clerks have been in contact with our witnesses to set out four questions that will form the basis of our discussion. I will ask the first question, then open it out for discussion.

What are the biggest concerns of and priorities for your organisation in relation to welfare reform? Who wants to start? Anyone—do not be shy.

**Carolyn Roberts:** In our written submission, we explain that there is a wide range of concerns. We have chosen to focus on two, because we think that they will have the biggest impact on people with mental health problems and because we think that there are some ways in which the Scottish Parliament can make recommendations about actions that can be taken on them.

One of the biggest concerns that we have focused on is the change to employment and support allowance that affects people who receive contributory ESA and are in the work-related activity group. The time-limiting provision in the 2012 act means that people who have been receiving that allowance for more than 12 months will stop receiving it. The change will be introduced next month. That is a major concern for us because of the urgency of the matter. We have tried to set out ways in which the Scottish Government can make changes to mitigate the impact of the change, but the fact is that people will lose benefits next month. The situation is urgent.

The second of our major concerns is the change to the disability living allowance, which will be replaced by the personal independence payment. People who receive the lower rate of DLA are much less likely to qualify for PIP, which means that they will lose money. The DLA is often used as a passport to other services, such as leisure and mobility services. The change will mean that people will lose out not only on the money, but on other services and benefits. In our submission, we have tried to suggest ways in which we could prevent that from happening.

**Richard Hamer:** I support SAMH's view on the replacement of the DLA with PIP. There is quite a staggering reduction of expenditure, which means that, in two years, nearly a quarter of a million people will be receiving less in real terms than they are now.

Something that is particularly concerning, which came through in the evidence that Neil Couling from the Department for Work and Pensions gave to the Health and Sport Committee, is the lack of ability for anybody new to join the list of PIP claimants, because there is no capacity for that in the system. We are faced with either a significant number of people not being able to get the new benefit, or people who currently get it being forced off it.

Of particular concern to Capability Scotland, as a large provider of support and care services, is the dual effect of people losing their money, which they currently use to contribute towards care costs, and the implications for Scottish local authorities, which provide care services and currently take into account the income from, in particular, the care component of the DLA.

The Audit Scotland report that has just come out highlighted the fact that councils are already having to push up their charges on disabled people. It seems that we are faced with a situation whereby, if the income that councils get from disabled people decreases as benefit decreases, and the number of disabled people who get benefit decreases, either councils will have to increase charges further or the amount of care that is provided overall will decrease.

**Matt Lancashire:** I note the concerns of all the organisations round the table, which are similar to Citizens Advice Scotland's concerns, whether they are about the DLA, changes to the ESA or the introduction of the universal credit. However, Citizens Advice Scotland's biggest concern is how we will mitigate the Welfare Reform Act 2012 and what is happening to advice funding.

In the National Assembly for Wales, the Welsh Government has given £6.6 million to citizens advice services across Wales over the next three years. That funding has been provided because of

the squeeze on local authority funding and the impact of the 2012 act. We would like something similar in Scotland to support advice services—

**The Deputy Convener:** I will interject there. We will turn later to requests for what the Scottish Government can do here, but for now we would like more general observations.

**Matt Lancashire:** That is our general observation. We have noted and raised the issue in the past, but we have heard a lot of words and not seen enough action on the matter. That is why I raise it early as a key issue that Citizens Advice Scotland wants to be looked at.

**The Deputy Convener:** We will return to that point and everyone can focus on it, but first I would like us to focus on more general concerns and priorities.

**Kevin Stewart:** At the committee's previous meeting, I said that my main initial concern is passported benefits. That issue is highlighted in a number of written submissions, and Carolyn Roberts mentioned it.

The SAMH submission refers to entitlements from the DLA. I was unaware of a number of those entitlements. Many of us will not be aware of all the entitlements in terms of passported benefits. We have asked the Scottish Parliament information centre to do some work on that matter. It would be useful for other witnesses to highlight some of the difficulties that they see with passported benefits, which I think are our priority in the initial stages.

**The Deputy Convener:** I am sure that witnesses can pick up on that point.

**Dr McCormick:** I will comment on the likely impact of the reforms, as they stand, over the next 10 years and therefore the scale and speed of the changes that we face.

If the UK Government were introducing only the universal credit, and if the labour market were going in the right direction, all things being equal its introduction would have the effect of reducing poverty. The problem is that the slow-burn effect of the other bits of the package—the tax changes and, in particular, the way in which benefits will be uprated in line with the consumer prices index rather than the retail prices index—will mean that the package as a whole will substantially increase poverty by 2020. The figures come from work that was done for us by the Institute for Fiscal Studies.

That leaves us in the remarkable situation whereby the UK Government and the devolved Administrations are all signed up to the target in the Child Poverty Act 2010 for a big reduction in child poverty, yet we are on track to miss that target by the order of two and a half times.

It is worth having in our minds that we can talk about a mitigation and long-term prevention agenda for Scotland, but the big picture is an increase in poverty and the clock being wound back to the child poverty levels in 1999, when the Parliament began. If nothing else changes, we are on that track as a result of welfare reform taken in the round.

**Bill Scott:** We are most concerned with the cumulative impact of the welfare reforms. According to Sheffield Hallam University, around 65,000 people will lose their entitlement to the employment and support allowance altogether—that is £90-odd a week—and another 30,000-odd people will be moved to the jobseekers allowance from the ESA. That allowance is paid at a considerably lower rate. On top of that, 500,000 people across the UK will lose their entitlement to the disability living allowance, according to DWP modelling. We translate that number to around 55,000 people in Scotland.

Taken together, we think that there is a lot of overlap between those two groups. Many people in their 50s will have lower-rate care needs and will be likely to be unfit for work. If that group overlaps significantly, the impact on their families will be that the person will lose their status as disabled, as they will no longer be entitled to one of the benefits that gives them entry to passported benefits. That is significant, because they will perhaps lose their blue badge, which might be the means by which they travel to work and get to their employment, and they will lose their bus pass, which might be the means by which they travel to work, training or education.

We believe that there will be a considerable impact on the ability of disabled people—because that is what they are—to involve themselves and be fully included in all aspects of Scottish society. They will not be able to visit friends, see family members, or enter employment or education because they will lose their disabled status. I am talking about a huge cumulative impact, which we think will, over time, have massive implications for the ability of disabled people to live independently.

Tens of thousands of disabled people are currently in the tribunals and appeals system because of the ESA changes and assessments, and we expect tens of thousands more to enter the tribunals system because of the PIP assessment criteria. That means that there is an absolute need for more advice services, buddy systems and so on, so that disabled people can accompany other disabled people to interviews and assessments, and help to bring about more positive outcomes than there currently are.

**Maggie Kelly:** Our key concern is that, if we look at matters in the round, there is no doubt that, in tackling poverty, there will be an enormously

negative impact on individuals and communities, as Jim McCormick has just pointed out. The Health and Sport Committee has discussed that matter in great detail, so I will not rehearse the facts and figures, but that is our overarching concern. As Jim McCormick said, despite claims that the universal credit will improve poverty levels, that will certainly not be the case in view of the overall package, including the cuts that we have seen.

We are very concerned about increasing socioeconomic inequality. A key element of the Scottish Government's "Achieving Our Potential: A Framework to tackle poverty and income inequality in Scotland" is the requirement and aim to reduce inequalities and poverty. In particular, the framework sets out the solidarity principle. Our concern is that, in addition to the obvious impact on individuals and communities, the aims of "Achieving Our Potential" and the child poverty strategy will be severely undermined.

10:30

The impact of the welfare reform changes will lead not only to socioeconomic inequality but to other types of inequality. Some of our colleagues around the table have mentioned the impact on people living with disabilities and ill health and I certainly think that the changes will have a severe impact on programmes that try to mitigate such inequalities not only for those who have disabilities but for many other protected groups. Women, in particular, will be hit very hard by the changes as a result of loss of help with childcare and a raft of other proposals.

We are particularly concerned about the need to develop really robust replacements for the social fund, council tax benefit and, as has been mentioned, passporting systems. I might say a bit more about that later, but it is a matter of critical concern. As we know, the issue will be devolved to the Scottish Parliament, and we certainly think that the current provision can be improved and that we can move in a much more progressive direction of travel than that taken by Westminster.

**Alex Johnstone:** Broadly speaking, I think that everything that I have heard so far could be included under the heading of legitimate concerns and criticisms of the 2012 act. However, there are those in Scotland who have argued that the process in Scotland needs to be different because the legislation might have different effects here. Can anyone around the table highlight any examples of ways in which the legislation will have a significantly different or greater impact in Scotland than in the rest of the United Kingdom? After all, we have been through this whole process at Westminster and there is no point in simply

repeating all those arguments here. I want to know about the differences.

**The Deputy Convener:** Perhaps folk can pick up on Alex Johnstone's point in the discussion.

**David Ogilvie:** I was not going to start with this but, in response to Alex Johnstone's request for examples of how welfare reform legislation designed by a London Government has failed to take account of its impacts in, say, rural Scotland, I should point out that on the issue of housing benefit our prime concern is the underoccupancy charge. We have renamed that charge as the bedroom tax, because of the net impact of the shortage of supply of one-bedroomed properties in Scotland. Lord Freud and Iain Duncan Smith proposed that people seek alternative accommodation in the private rented sector. However, there is a shortage of such accommodation in parts of Inverness-shire and the idea that people will be able to downsize readily by transferring from the social rented sector to the private rented sector is—how shall I put it?—fanciful. It will also increase housing benefit spend because private sector rents are higher and we need to think about how we might mitigate those effects in Scotland.

As for the comments that I had originally raised my hand to make, I have to say that we were disappointed that our attempts in the House of Lords to mitigate some of the worst excesses of the housing benefit proposals were overruled on the basis of financial privilege. There are three key issues to take into account. The first is the bedroom tax, the impact of which we have yet to fully understand. However, based on data that our National Housing Federation colleagues modelled for us for the purposes of informing the House of Lords amendments, we expect 77,000 households in the social rented sector—by which I mean local authority landlords as well as housing associations—to be impacted by the bedroom tax in Scotland.

When we talk about impact, we are talking about a 14 per cent deduction in the housing costs element of universal credit for anyone who is deemed to be underoccupying by one bedroom. It is unfortunate that that will include a number of people who need an extra bedroom because they have a carer or because they have an adaptation and need somewhere to store their equipment. It will include people in the empty-nest scenario, where young people have left home, for example in search of work, and have to return home to see their parents, who will want the flexibility of an extra bedroom. There will be a 25 per cent reduction in housing benefit for anyone who is deemed to be underoccupying by two or more bedrooms.



The majority of housing associations try to incentivise people to downsize, and I expect that local authority landlords do similarly, but we must recognise that there is a shortage of affordable rented accommodation in Scotland. Landlords try to do what they can do through incentivisation, but that is no substitute for increasing housing supply.

We constantly find that housing supply is the crux of the matter. Housing supply will be fundamentally undermined by the direct payment proposals. Under universal credit, anyone of working age will have their benefit, including the housing costs component, paid to them four weekly, in arrears. As we understand it, that will encompass people who are in temporary, sheltered or supported accommodation. We are talking about vulnerable client groups, who will have to face up to the so-called responsibility agenda and look after their own money, although they might not be well equipped to deal with that burden.

A whole raft of issues to do with financial inclusion will emerge, but it is the issue of direct payments that most bothers the Scottish Federation of Housing Associations. When we inquired, we discovered that 96 per cent of tenants who are in receipt of housing benefit currently mandate that to their landlord. That is their choice, which has been overridden by the 2012 act, because of a desire to achieve a culture change in how people manage their household finances. The approach extends to mortgage interest relief, which will be paid to the householder rather than directly to the lender. Those concerns are not just for the social housing sector; most members of the Council of Mortgage Lenders are seriously concerned about that side of things.

A bigger concern is that as yet there is no Scottish demonstration project to consider the impact of direct payments on landlords. We are working on that. Something might happen in the coming weeks, but we are working on the basis that it might not happen, because we must deal with that scenario. If there is no Scottish demonstration project, we will have no idea how the policy will impact on Scottish housing policy, which is a matter of grave concern.

The only research evidence that is available to date on the impact of paying housing benefit directly to tenants was done by London and Quadrant Housing Trust and showed an increase in rent arrears from 3 to 7 per cent. That will affect the bottom line for housing associations and their ability to borrow, which takes me back to housing supply. Given the reduced capital grant, which is the reality that we are dealing with in the Scottish budget, we will have a real problem putting new housing units on the ground. The reforms are a

stricture round the jugular for Scottish housing. That is a major issue for us.

**The Deputy Convener:** Thank you for dealing with the question so comprehensively.

**Kevin Stewart:** The Local Government and Regeneration Committee took evidence on the ability to spend on new housing if the reforms are brought in. Have housing associations done work on the extent of the impact on new build?

**David Ogilvie:** We have been invited to give evidence to the Finance Committee and we are looking to commission work for that purpose. We will be in a position to present something by June.

**The Deputy Convener:** It might be useful for us to see that.

Michael McClements will go next, followed by David Griffiths. I see that Matt Lancashire is indicating—he can come in afterwards. I will then seek to move on, if that is okay with everyone.

**Michael McClements:** I want to pick up some of the points that others have made about the impact on many vulnerable people—particularly disabled people—and of some of the housing-related welfare reform measures.

A lot of the welfare reform measures will hit the incomes of people who are vulnerable and people who use local authority services. Devolved services in Scotland will face a particular impact from welfare reform. We anticipate that we will see more demand from people with disabilities, because they will face a drop in their income as a consequence of the move from disability living allowance to the personal independence payment. They will also be significantly impacted by the underoccupancy aspect of the housing changes. In addition, many people with disabilities will be impacted by the migration from employment and support allowance.

Those three impacts will inevitably cause more demand for the support and services that are provided by voluntary organisations and local authorities. As Richard Hamer said, local authorities have already done some work on the impact of charging policies. It is expected that while people will require more services, their ability to pay for those services because of charging policies will be reduced because their incomes will have fallen.

**David Griffiths:** Cumulative impact is a real worry. Bill Scott has given some examples, but for disabled people who are on housing benefit and so on, the cumulative impact is a major concern.

The unintended consequences are of even more concern. Changing the whole welfare benefits system on such a massive scale will have knock-on effects. We have only scratched the

surface of the passporting issue, which we have been looking at with the Scottish Government in the welfare reform scrutiny group for about a year.

DLA is often used as an indication of whether someone is disabled, and income support and pension credit are often used as proof of a certain level of income. That applies not only in the public sector, where the national health service uses the information to decide whether someone needs transport to their hospital appointment, but in the private sector—for example, in offering cheap or free admission to cinemas—and in the voluntary sector, which gives out grants.

Suddenly, several issues will arise. How will one tell whether a person is disabled or not? As I understand it, the universal credit paperwork will not be as clear as the paperwork for income support and pension credit, which clearly states that the person has less than a certain level of income and below a certain level of savings.

We are creating a massive problem for the public, private and third sectors, and time is exceedingly tight. If the Government wants to change all that in one year—it is about a year, I think—we will have to get the new systems in place. We do not know what the unintended consequences will be—obviously, since they are unintended—but we will find out very quickly when it all goes wrong, unless we can get things moving faster.

Who will pick up the pieces? It may well be Michael McClements's local authorities. SCVO is worried that a lot of it will come our way, too.

**Matt Lancashire:** On the cumulative effects of the Welfare Reform Bill, there are differences in Scotland and its demographics. Scotland has a higher rate of people on DLA than either England or Wales do, and a higher rate of people claiming incapacity benefit.

More and more people will be moved off those benefits and will have to find income elsewhere. That may be a payday loan, which could involve a bad credit agency giving the person some form of cash or doorstep lending. The cumulative effects go beyond a simple drop in income and turn into debt, employment issues and financial inclusion issues.

Citizens Advice Scotland expects the situation to spiral out of control in the next couple of years; the first point that I made this morning has been backed up by Bill Scott, Richard Hamer, Michael McClements and David Ogilvie.

We need to learn from what the Welsh Government has done and view it as a precedent for funding advice and information services to mitigate what will be a massive impact on some of the most vulnerable people in Scotland, whether in

the form of a drop in income, greater debt or housing problems.

10:45

**The Deputy Convener:** I had said that Matt Lancashire would be the last person we would hear from before we moved on, but Annabelle Ewing has indicated that she would like to comment.

**Annabelle Ewing:** Thank you, convener. I will be brief. It has been an interesting and informative session thus far. I thank you all very much for coming.

I know that housing is a major concern across the board. We have been talking about vulnerable groups. I have the pleasure of sitting on the cross-party group in the Scottish Parliament on veterans. At our most recent meeting just the other week, the impact of the proposed changes on veterans in supported housing was a cause for concern. I am referring to the bed tax and, in particular, the direct payment proposals. The point was made that benefits will be paid at the rate of the slowest benefit, so to speak, so people could end up having eight weeks' worth of cash. If so, serious debt management issues would have to be addressed and there would be an impact on the hostel or whatever body was supplying the housing, which, in turn, would affect the viability of the provision. In the context of vulnerable groups, that is an important point to remember.

Michael McClements will be aware from his work with the Convention of Scottish Local Authorities that various councils are trying to be more strategic in how they help veterans. It seems that what is proposed in the bill would undermine the good work that many councils in Scotland are doing. I just thought that it was important to put that point on the record.

**The Deputy Convener:** I know that I said that we would move on after we had heard from Matt Lancashire and Annabelle Ewing, but Councillor Kerr would now like to comment. No witness can say that they did not get the chance to respond to Alex Johnstone's question.

**Councillor Matt Kerr (Scottish Local Government Forum Against Poverty):** I will try and behave. Thanks very much for your indulgence.

On how the bill will affect Scotland differently, there will be an impact on meeting the homelessness targets—or the lack thereof. I have become aware of a situation in Glasgow, where housing benefit subsidies have been available to house the homeless. Under the new system, those subsidies will not exist if people are housed by a housing association or a private landlord. In effect,

that will put us in Glasgow—where, for good or ill, we have transferred our housing stock—in a situation in which we could end up getting a subsidy to put people in hostels, which we have been trying to get out of doing for years, and not getting assistance to put people in homes. That seems pretty perverse. I am not a fan of the coalition Government, but I would have thought that, even from its perspective, that would be an unintended consequence.

Leaving my Glasgow hat to one side and putting on my Scottish local government forum against poverty hat, I can tell you that we, too, are pretty concerned about the cumulative effects. Since I arrived, other witnesses have gone into all sorts of detail, but I am particularly concerned about what is an attack on the principle of national insurance as a vehicle for delivering services. It really concerns me that national insurance is increasingly being referred to as a tax or a burden, and that the support and benefits that people receive are being referred to as burdens and handouts. That is a problem. It is a nuance, but it is part of a long-term trend that I am deeply concerned about.

We need to be clear that national insurance involves people paying into a scheme and their getting something back out of it. That is an extremely important principle. What is at stake here is not just people getting handouts in their time of need, à la poor law, but people getting back what they have put in—that principle is crucial.

Alongside that, we are aware of the issues that arose when assistance with making mortgage payments was withdrawn—or rather, when the period in which it could be claimed was put back. That led to people going down the route of taking out mortgage repayment protection. Look where that got us—£1 billion has had to be paid out in compensation.

I am pretty concerned that the direction of travel, particularly in relation to the changes in ESA, is positively encouraging or forcing people to go down the road of private insurance. On a personal level, I have ideological issues with that, but the problem is that there are all sorts of pitfalls in it, even if we look at the issue with the most pragmatic of eyes. The key thing about national insurance is that it is a whole-population approach to contributions and benefits. Once that starts to be broken down, the whole system becomes vulnerable. I will end on that.

**The Deputy Convener:** We will move on to the next question. We have another set of witnesses later, so I make a request for brevity.

If panel members could question the Scottish Government about its implementation of the UK bill, what would they ask? Who wants to start?

**Drew Smith:** I am sorry to hog that from the witnesses, but I want to return to the point about advice services that was raised under the first question. I am interested in what is happening in Wales and what we can learn from that. There is a bigger question about the extent to which advice services could be swamped with inquiries about the benefits system on top of everything else. Is that why we are being told that the devolved Administrations must step in and should fund advice services? Given the effect of the changes, which have come from the UK Government, what role is there for it?

**Carolyn Roberts:** We would ask the Scottish Government about how it is preparing for implementation of the Welfare Reform Bill. We have all made it clear that we think that many elements of the bill are wrong, but those cannot be changed at this level and at this time, so we would ask how the Scottish Government will prepare for the things that we are all saying will happen.

In particular, we would ask how the Government will deal with people who have been receiving contributory ESA for more than a year and who are in the work-related activity group but who are now about to lose their benefits. We have been trying to get figures on how many people will be affected, but it is difficult. We know that about 14,000 people in Scotland have been receiving ESA for more than a year and are in the work-related activity group. That includes the income and contributory based elements, so not all those people are about to lose their benefits, but thousands of them are. There is no suggestion that those people are necessarily ready for work. The loss of their benefits is not based on the fact that they have been assessed in any way as having made progress and now being ready for work; it is simply a time-based measure. Therefore, next month, thousands of people will lose their benefits and, I presume, will have to look for work even though they are not ready to do so.

We would ask the Scottish Government how it is funding information and advice services to support those people—we included that in our written submission. We would ask how the Government is building into employability initiatives an understanding and awareness of mental health. About 46 per cent of people who receive benefits because they are not well enough to work do so because of a mental health problem. That is a substantial issue. We would ask what can be done to ensure that people who are involved in modern apprenticeships and other employability initiatives have an understanding of mental health issues

and of how to work with people who are affected in that way.

We would also ask how the Government is promoting other services such as the access to work scheme, which is funded by the DWP. We have just heard—it was last week, I think—that there is to be a £15 million expansion of the access to work scheme UK wide. That scheme exists to help people with disabilities to get into work or to stay in work. It is clearly wrong to push people who are not well enough into finding work, but that will happen, and the access to work scheme is one way in which we can at least try to help people to get work and help them not to become ill by being forced into work. We would ask the Scottish Government whether it is considering the actions that we suggest and what other actions it is taking to prepare for the things that are coming our way.

**Matt Lancashire:** I will reply to Drew Smith's question. The Health and Sport Committee's report on the bill of a couple of months ago discussed funding for advice services. Paragraph 147 states:

"The Committee understands the value of good information, advice and advocacy services at a time of major change in the welfare system. The Committee notes the evidence from CAS that it is bureaux, local authorities and voluntary organisations that 'pick up the slack' when vulnerable people don't know where else to turn. It welcomes discussions between the Cabinet Secretary and UK Ministers on impact, demand and resourcing. The Committee believes that it would be regrettable should any claimant's appeal falter due to the absence of access to advice and advocacy."

Paragraph 148 states:

"The Committee believes that the UK Government should provide additional resources for advice and advocacy services."

Our understanding is that that point was not raised directly with the UK Government, even though it was one of the report's recommendations. It was taken on trust that either the Scottish Government would address the issue through bilateral discussions, or the UK Government would read the report. It is now time for members of this committee to take up the issue directly with the UK Government and follow up the recommendation of their colleagues. We all know that advice services need funding. It does not matter whether the money comes from the UK Government, following discussions; it would be equally great if it came from the Scottish Government. For all the different reasons that have been suggested here today, the money would mitigate the impact on some of the most vulnerable people in Scotland. We need to learn lessons from what the Welsh Government did last week, when it gave £6.6 million to Citizens Advice Cymru to mitigate the impact of the Welfare

Reform Bill and the squeeze on local authority funding.

**Dr McCormick:** On the relationship between the Scottish Government and local authorities, it is important to have a sharp understanding of Scotland's geographical variations and the differences not just in relation to the rest of the UK but in Scotland itself.

If we look at recent evidence from the Centre for Cities or the work of Sheffield Hallam University, which Bill Scott mentioned, we see that places such as Glasgow, Inverclyde, West Dunbartonshire, North Lanarkshire and Dundee are at least twice, if not three times, as vulnerable as places such as Aberdeenshire, which is the least vulnerable part of Scotland in terms of the value of welfare spending as a proportion of local economic output. There are big variations in the likely impact across Scotland. We need to have a clear sense of what that might mean for the interactions with different types of local authority.

My second, brief point is that if, all things being equal, there is significant downward pressure on the incomes of people at the bottom, we will need to think about an agenda in Scotland that drives down their living costs so that they are no worse off. How do we drive down essential living costs for transport and travel, fuel, energy, financial services and childcare? If we can bear down on those essential costs, it may be possible to have a more substantial mitigation agenda in Scotland than we have seen so far.

**Richard Hamer:** Capability Scotland thoroughly supports the idea of more funding for advice. However, we would not want to see advisers put in a situation in which they are simply saying, "There is nothing for you, I'm afraid." The question mark for us relates to the two flagship areas in social care—the Social Care (Self-directed Support) (Scotland) Bill and the integration of health and social care. What recognition has the Government given to the massive cumulative effect of work in those two areas? There are also sub-areas, such as the on-going work on charging, housing adaptation and wheelchair and seating services—people have historically used their DLA to pay towards their own mobility equipment—so how is such information being fed into the agendas?

11:00

**David Griffiths:** Following on from what Richard Hamer just said, a lot—or at least some—of the payments that will no longer be made by the UK Government to Scottish citizens are helpful in preventative work. Mobility and care components can be used to enable people to improve their wellbeing by getting out and about to do things and by living in society as the independent living

movement would wish. Independent living and self-directed support are very much part of the Scottish Parliament's agenda.

What will the Government prioritise in order to bring some of that preventative spend back? Can it do it by providing better transport facilities for disabled people, by giving cash to individuals, or by having collective transport provided by local authorities? If we do not replace some of the preventative spend, we will live to regret it financially, as well as morally. The challenge for the Scottish Parliament is to prioritise preventative measures so as to alleviate a situation that will otherwise lead to less wellbeing and greater spend.

**The Deputy Convener:** I reiterate my call for brevity, because we are tight on time. That is no comment on you, Bill.

**Bill Scott:** I echo what David Griffiths just said. The Joint Committee on Human Rights at Westminster issued a report last week on progress towards independent living and on how that progress is being threatened—it really is being threatened—by the welfare reform measures. The committee went out of its way to commend the measures that Scotland has already taken to help disabled people towards independent living, but as all that is under threat from the UK Government's actions, we ask the Scottish Government to consider radical solutions as well.

I echo what Jim McCormick said about downward pressure on living costs such as childcare. Things that can assist people in moving towards employability and help them out with their day-to-day living expenses will be really important. As David Griffiths said, if the means to get about that are provided by the mobility component are taken away, how do we replace them with community or public transport?

Alex Johnstone asked earlier about the disproportionate impact on Scotland. I did a quick back-of-an-envelope calculation on the changes to housing benefit and on the bedroom tax, and found that 95,000 households in Scotland will be affected, out of 650,000 across the UK. I make that 16 per cent of the impact, despite the fact that Scotland has only 9 per cent of the UK population—so, we have nearly twice the impact.

We are asking for radical solutions because the Government's analytical services have considered the impact of the bedroom tax and their most realistic estimate is that 10,000 households will be evicted. The one thing that is not realistic, however, is that cumulative impact is not taken into account. What happens to all those households, with members in their 50s who are possibly on incapacity benefit or DLA, that have lost between £90 and £200 a week from their

benefits but are being asked to come up with an extra £10 for the rent? They will not be able to do that, and therefore the true cost and the true numbers of people evicted will be substantially higher than in the scenario worked out by the Scottish Government.

For each household that is evicted, there will be a cost to the local authority of up to £20,000 a year for temporary accommodation, making a total of somewhere between £140 million and £340 million of extra expenditure in Scotland for a £50 million benefit saving for the UK Government. That makes no sense whatsoever. We need radical solutions, including redistributive measures. People should be considering things such as local taxation, to put money into the pockets of the poorest households to help them through this.

**Maggie Kelly:** I want to talk about a couple of particularly urgent things, which I know the committee will be considering in detail: namely, the social fund and the council tax benefit replacement schemes. We want to know what steps the Scottish Government will take to ensure that that fund and those schemes will enable equality of access and entitlement across Scotland.

The elements of the social fund that are being devolved are critical safety nets. The final safety net for somebody when their benefits have gone wrong for various reasons is often a crisis loan. The elements are being devolved to Scotland for the first time, which gives us an excellent opportunity to improve on the system's current shortfalls and to mitigate potential problems that may arise as a result of the new system coming into place.

Of course, we appreciate that there are funding constraints in all this, but as they are new elements that are being devolved to the Scottish Government for the first time, we want to know what measures are being taken to ensure that there are sufficient budgets to support them. For example, we know that council tax benefit is going to be cut by 10 per cent. However, there is no reason why we have to pass that cut on to hard-working families and individuals. We would certainly argue, as I am sure would COSLA, that there needs to be adequate funding to administer the new elements and all parts of the social fund. I think that there is a question not just for this committee but for the Finance Committee and the Scottish Parliament as a whole about adequate resources being put in for the new schemes.

I am trying to be brief, but I want to say just a little bit more about wider mitigation. I said that the changes will have serious impacts in poverty terms right across the board. We want to stress again that, although it is this committee's remit to look at welfare reform, it is important that there is

wider consideration of the issue. We hope that this committee will be able to make recommendations to the Parliament as a whole about wider issues, such as finding a clear way in which to mitigate the impact on women through, for example, putting more resources into childcare.

We need to think about the changes in the round as well as specifically in relation to budgetary decisions, so that, across the board, when we make decisions we poverty proof them and consider the impact on the most vulnerable, bearing in mind this committee's findings and the monitoring that will be taken forward as a result.

**Councillor Kerr:** I will start at the beginning. I guess that at the bottom of the food chain are local businesses, strangely enough. People who claim benefits do not squirrel money away but spend it in corner shops, which will therefore be hit by the changes. Perhaps the Scottish Government should consider that issue and how it can support local businesses, including post offices and corner shops, because without them communities fail.

In Glasgow, I am already seeing a particular issue arising for individuals. The last resort of the crisis loan has been referred to, but there is a kind of last last resort, which is the discretionary payment from social work departments. The amount of that money that goes out of my department is increasing substantially. Undoubtedly, that is partly because of issues around the change in the asylum contract in Glasgow, but an element of the increase is definitely the result of benefits changes. I expect that other local authorities across the country will see that happening as the proposals come in.

On how local authorities will work alongside the Scottish Government, to be frank I guess that local authorities will look for the Scottish Government to acknowledge that there are extra costs for local government and understand where we are coming from on this. For example, we will have to think about better provision for nursery places and make additional discretionary payments. When we implement self-directed support, as we should do—I thoroughly believe in the policy, which we are rolling out in Glasgow—the impact that that will have on care charges should be acknowledged. Richard Hamer made a very good point in that regard. The relationship between care charges and the benefits system is like a Rubik's Cube, because how they play off against each other is extremely complicated. To go back to a point that was made earlier, there will be unforeseen results.

It will be a tricky one to tease out, but there must be an acknowledgement by the Scottish Government that local authorities will have a serious job on their hands unpicking all of this at the same time as rolling out SDS. I guess that that is the gist of my point.

The economic impact on small businesses should not be ignored. Obviously, we are looking for the Scottish Government to engage positively with the UK Government, get in early and get its hands on draft regulations and all the rest of the things that have been talked about. The Scottish Government needs to make the case so that we—and everyone else in the chain—can figure out what is going on.

**David Ogilvie:** A number of other commentators have already made the point that the value of preventative spend was underlined in the Christie commission report. In relation to preventative spend, I am most bothered about the persistent undermining of housing support. The direction of travel for housing support funding is dictated by the fact that local government budgets are under immense pressure. However, we should not lose sight of the value of housing support in all this.

If we end up with self-directed support, with individuals having to make difficult choices about how to use their household budget, I am concerned that housing support might get eroded. We need to keep a close eye on that.

Dr McCormick was very hot about the fact that so much of the cost of living is upward bound at the moment. I am afraid that rents will go up, too. We have yet to scope how that will impact across the sector, but it will have an impact. Management costs will also go up, as will housing associations' financial covenant costs. Lenders will increasingly regard housing associations as a greater risk, so the cost of finance will go up. That is the backdrop.

We talked earlier about cumulative effects, which leads me to the bedroom tax and unforeseen consequences. Some allocations policies have been designed to ensure a good mix of household types in a community rather than there just being households with a high level of need, which would create unstable and unsatisfactory situations for the people who need support. My concern is that the bedroom tax will have a deleterious effect on the ability of landlords to manage their allocations policies appropriately.

Another point from the housing perspective is that the Scottish social housing charter will be an issue. Housing associations might have to go into a different realm when it comes to the financial realities of running the business, so I would want the Scottish Government to look at that closely to ensure that a degree of realism is retained about the financial world in which housing associations must work.

We echo the concerns about the social fund. If there is a sort of atomisation of the way in which the social fund is administered across the country, that will be to everybody's detriment. My overall

concern is about the possible impact on community cohesion, so we will need to look at that across the piece. The proposals will pick away at how we live our lives in ways that we have yet to understand fully, but I can see the writing on the wall in terms of the return of sink estates, which no one around this table wants.

**The Deputy Convener:** We are running a bit behind time. I will let Matt Lancashire and Drew Smith back in, but I ask them to be brief.

**Drew Smith:** I wanted to ask some questions, but I appreciate where we are on time. Instead, I will suggest points for people to think about, particularly if they are from organisations that we might not see again in a formal evidence session.

The first is for housing providers. We started to talk earlier about some of the impact on arrears. I am interested in getting a bit more information about what is happening at the moment on evictions and arrears, so perhaps that could be addressed in future written evidence.

11:15

Maggie Kelly talked about the need to take a robust approach to how we deal with replacing provisions such as the council tax benefit and the social fund. There is a related point about the intersection between different services. I am not always clear that what we do on employability in the devolved context matches up with what the UK Government does through the DWP on employability, modern apprenticeships, the work programme and how all those things slot together. To what extent should we think about that in coming up with a new approach? Do you have thoughts on whether the Scottish Government should drive that or whether it should provide the overall guidance and local government should deliver some elements?

**The Deputy Convener:** Normally, I would invite people to respond now. Those questions could be followed up in writing, but we will have a bit more time in the next session, so it might be appropriate to deal with them then.

**Matt Lancashire:** I will take up Richard Hamer's point about what comes after advice services. That is valid—systems or opportunities are needed for people to recoup some income, whether through passported benefits or another fund, such as the social fund. However, I say to him that, if there are no advice services, people will not be able to make claims. One of the biggest issues from which people suffer is that they do not know how to claim those benefits and how to access those funds. The financial capability that the 82 bureaux across Scotland achieve is well evidenced.

At a time when we have record-high unemployment and the new welfare reform legislation, benefits advice will be much cheaper than homelessness advice, and debt advice will be much cheaper than bankruptcy advice. The costs are there for everyone to see.

**The Deputy Convener:** That discussion has been really useful. I am sure that we will follow up a lot of the points in our conversations with the UK and Scottish Governments.

I will have to insist on brief answers to the next question—one-sentence answers would be most welcome. What do your organisations want the committee to focus on? Who will start with a one-sentence answer? Surely that challenge is not insurmountable.

**Carolyn Roberts:** I can answer in one sentence, but it might have quite a lot of commas in it.

**The Deputy Convener:** You are not allowed to pause for breath.

**Carolyn Roberts:** We want the committee to focus on practical actions that the Scottish Government can take to mitigate all the effects that we have heard about—I will not repeat what I have already described. One point that we have not discussed is provision of information to health and social care services, which need increasingly to be involved. People who are assessed for ESA are often told to get evidence from their health professionals, but some people have sought that evidence and it has not been forthcoming. We need to ensure that people who work in health and social care services understand the system and are aware of their roles.

Another action that we press for is the maintaining of pressure on the UK Government to implement the changes to the process that it has promised to make, including those that were recommended by Professor Harrington, who reviewed the work capability assessment. Some recommendations that have not been fully implemented need to be.

**The Deputy Convener:** There were a lot of commas in that answer.

**Bill Scott:** I echo the reference to practical solutions. Work is going on at local authority level to co-produce local strategies to deal with some welfare reform impacts. Inclusion Scotland has worked with West Lothian Council, local disabled people's organisations, advice agencies, welfare rights services and community education services to come up with strategies that we hope will mitigate the effects and will be in line with local need. That involves keying into local knowledge—a resource that we should try to latch on to. Local housing benefit teams hold a lot of information on

individuals' entitlements to benefits and so on, which could be used to target people for offers of assistance before the crunch comes and they lose their benefits.

The committee should concentrate on the practical stuff, but I know that the committee has a very busy agenda with the legislative programme—the bill that will have to be passed—council tax, the social fund, and so on. I know what your initial priorities are, but over the longer piece we will need to see a picture of impacts at local level and what we can do about it.

**Matt Lancashire:** Citizens Advice Scotland believes that we can work together with the Scottish Government. As Bill Scott said, there is an opportunity to work with the Scottish Government at local level. Last year, we dealt with more than 203,000 new benefits issues—a huge amount—in our bureaux in Scotland, and we expect the number to increase. In taking a leaf out of the Welsh Government's book, the committee's focus will be mitigation and funding of advice services.

**David Griffiths:** We need to think about what can be done that is practical, co-ordinated and preventative. How can we all—the third sector, the public sector and the private sector—work together on innovative ideas, so that we are not chucking the buck at each other, by which I mean throwing the problems at each other and blaming each other, but can between us produce preventative action? There should be mitigation of effects, but there will be limited money, so we must think about what we can do that will achieve the most.

**Richard Hamer:** We want to ensure full awareness of the whole spectrum of the impact. That starts, I suppose, with ensuring that people are aware of impacts on them by ensuring that advice is available to them and by preparing practical steps around prevention and mitigation. There must be support if and when people are badly affected. That will require the casework support that Matt Lancashire talked about, but we will also possibly have to pick up more unexpected issues, feed them back in and address them through practical steps further down the line. The effects are going to be seen not just in the next one or two years, but over a significantly longer timescale.

**Michael McClements:** On preventative measures, local authorities in Scotland are interested in exploring, with the Scottish Government and the DWP, how delivery of many of the changes will be rolled out here. There are particular issues—for example, the impact on advice services has been mentioned. If local authorities were effectively resourced, they would be able to support people to make claims and

navigate the system. At the moment, they are doing a lot of work on financial inclusion and financial capability, which will be important in terms of the support that individuals and families get with budgeting and managing how the new benefits reach them.

The Scottish Government is also concerned about the big agenda on employability services in Scotland and how, for example, the work programme fits in with what all the other stakeholders are trying to do on employability. We need a joined-up approach to skills and supporting people into work, and we must see how what the UK Government is attempting to do can contribute to what we want to do in Scotland rather than work at cross-purposes to that agenda.

**Maggie Kelly:** I will try to be brief. At the moment, our key concern is the extremely tight timescale that the committee faces in terms of the social fund, council tax benefit and the passporting aspects. Those must be priorities because—whichever way you look at it—they need to be in place by 2013. They are key issues.

On mitigation, I will pick up on some points that were made earlier about employability. The universal credit has huge implications for the way in which we work together with the UK Government and DWP on the current employability programmes that we have in Scotland and the work programme. For example, under the new proposed structure of universal credit, there is the potential for a lot of people who are not currently financially encouraged to enter work to take up part-time jobs. That might have big implications for women and disabled people, for example. At the same time, the increased conditionality will have big implications, because it will bring into the net a new raft of people who currently are not subject to conditionality—they just claim housing benefit. We need to consider those big issues about how to link up all the programmes.

As I said, it is critical that we mitigate the effects more widely, but we cannot do that unless we go back to square 1 and admit that there is a small and shrinking pot of money. If we are serious about mitigation, we will have to prioritise people who live in poverty and others who will be impacted by the changes. There are no two ways about it—we cannot pretend that we can mitigate and try to deal with the reforms if we are not prepared to put money in the pot.

**Margaret Burgess:** To follow on from that, the evidence that we have heard reveals the scale of the problem. We recognise that, but the witnesses will have to accept that the passported benefits issue, which Maggie Kelly and others have mentioned, must be the priority, at present. Certainly, the case on advice services has been



well made, and I fully support it. There are other issues on housing and the effects on disabled people. Another issue that has come through—Bill Scott mentioned it—and that I had not thought about before is that the issue is not just about getting people back on to passported benefits, because there is also the issue of all the people who will come off passported benefits. That has to be a priority.

**Councillor Kerr:** I have two points, but I will make them quickly, because people have made good points already. First, we need, from the local authority perspective, acknowledgement that mitigation—just like a war, I guess, which costs blood and treasure—will cost money and will require a change of priorities. Some of our priorities will have to fall by the wayside in order to achieve that.

Secondly, on a more practical point, private sector rents are rocketing and people are going to find themselves in great difficulty as the changes to housing benefit filter through. I happened to be at an event last week that celebrated the life of Mary Barbour, who helped to bring in the rent control acts, which were repealed about 30 years ago. The committee should perhaps suggest that the Scottish Government consider introducing such legislation.

**David Ogilvie:** I am glad that I am speaking after Matt Kerr, given his final comment. We would need to be clear about the scope of the control that he suggests. A key issue—on which I will not back down—is that, because the cost of lending is going up, housing association rents will go up. There is an interplay between that and direct payments. We have a caucus of vulnerable tenants. A point to bear in mind is that the definition of “vulnerability” that is used is the English one. The committee will want to consider that from the Scottish perspective, because Scotland has its own legal framework that defines who is vulnerable. We need to be satisfied that the Scottish Parliament is on top of that.

I would like the committee to focus on online applications. A target of 80 per cent has been set for online applications. The universal credit information technology system will be online by default. I have no data on the level of digital inclusion in this country, but I have anecdotal evidence from housing officers, who have asked us at conferences, “How the hell are we meant to get our tenants to apply?” At the same time, housing benefit teams are being deleted from local authorities. I cannot help thinking—it has been suggested by people with minds that are far greater than mine, who are much more experienced than I am and who have advised COSLA on the issue—that we should consider using the in-house resources and expertise in

local authorities and couple those with the advice sector to produce a local hub system that would allow us to protect vulnerable people and enable them to make online applications. Otherwise, we will have a situation that does not bear thinking about. For me, that is the big issue.

Because of the brevity with which we have to answer, I will submit further evidence, particularly on what is happening around evictions and arrears. There are other issues with regard to specialist housing, sheltered housing and housing for wheelchair users. We will not be able to touch on those today, but we must consider them because Scotland has a different framework, which we need to cherish and support.

11:30

**The Deputy Convener:** The Parliament's Infrastructure and Capital Investment Committee has done a broadband inquiry, so the figures on access are available. I know that because I was a member of that committee, but I came off it to join this one.

**Dr McCormick:** I will speak briefly to give an offer and a challenge. The offer is this: we have commissioned the IFS to look into the range of likely impacts of devolving council tax benefit and elements of the social fund, and to consider the possibilities for reducing poverty and inequality, and we will be happy to share the results of that study with the committee in the spring.

The challenge, which is linked to that, is on council tax. Can the freeze in council tax for the foreseeable future be the last word in reforming local taxation, given the burden of local taxation on the working poor and the low paid? The welfare reform and, perhaps, the forthcoming UK budget could allow Scotland to at last grasp the opportunity to reform local taxation in a way that would mitigate all those effects.

**The Deputy Convener:** There is one more question, but we are running so far over time that I will just read it out and, if the witnesses want to respond, they can do so in writing. What information would it be useful for us to collate in monitoring implementation of the UK legislation? I do not want you to answer now, but if you have a perspective on it, please write to us. That also goes for the issues that we have raised generally—if you want to provide us with more evidence, please do so.

I thank the witnesses for their evidence. I am sure that I speak for all members when I say that the meeting has been useful for our work. We will have an informal meet-and-greet session at the conclusion of this meeting, which you are all welcome to attend. You are also welcome to take

a seat in the public gallery if you want to listen to the next round-table session.

I suspend the meeting briefly, but I advise members not to stray too far, as we will go straight back into the meeting.

11:33

*Meeting suspended.*

11:39

*On resuming—*

**The Deputy Convener:** I welcome the witnesses for our second round-table session of the meeting. I again remind everyone to switch off their mobile phones and electronic devices and repeat that all contributions should be directed through the chair.

It would be a good idea for everyone at the table to introduce themselves.

I am Jamie Hepburn, deputy convener of the committee.

**Marion Macleod (Children in Scotland):** I am the senior policy officer at Children in Scotland.

**Alex Johnstone:** I am the Conservative member of the committee, and represent North East Scotland.

**Mark Ballard (Barnardo's Scotland):** I am head of policy for Barnardo's Scotland.

**Margaret Burgess:** I am the SNP member for Cunninghame South.

**Kate Higgins (Children 1st):** I am the policy manager at Children 1st.

**Kevin Stewart:** I am the SNP MSP for Aberdeen Central.

**John Dickie (Child Poverty Action Group):** I am the head of the Child Poverty Action Group in Scotland.

**Robert McGeachy (Action for Children Scotland):** I am the policy and public affairs manager at Action for Children Scotland.

**Drew Smith:** I am a Labour MSP for Glasgow.

**Marion Davis (One Parent Families Scotland):** I am the policy manager for One Parent Families Scotland.

**Annabelle Ewing:** I am the SNP MSP for Mid Scotland and Fife.

**Claire Telfer (Save the Children):** I am the policy and advocacy manager for Save the Children in Scotland.

**The Deputy Convener:** You are all welcome. I think that I saw most of you sitting in the public

gallery during the previous round-table session. This discussion will focus more closely on the impact of welfare reform on children and families. We will use the same format, so I will begin with the same question that I began the first session with. What are the biggest concerns and priorities of your organisation in relation to welfare reform?

**Mark Ballard:** There are a range of specific impacts on children and families, especially due to a lack of integration between the benefits system and devolved services. In that regard, I particularly highlight things such as the lack of links between Scottish family law and the changes to child maintenance that are being made through the act. Vulnerable 16 and 17-year-olds are another specific issue.

In the previous round-table session, there was a lot of discussion of the importance of looking at things in the round and of the cumulative impacts of the £2.5 billion reduction in welfare receipts in Scotland that there will be according to Scottish Government figures. The IFS report that came out last week on tax and benefit reforms that are due in 2012-13 and the outlook for household incomes highlighted the fact that households with children will tend to lose the most, on average.

The most important issue for Barnardo's is preparedness. We know that families will be hit hard—the IFS has shown that. We know that families that are early adopters will be hit hardest, as they will make an early transition from existing benefits to universal credits. We need to have a system in place, in a year's time, to ensure that those vulnerable families have a social fund that they can go to and have a benefits system that makes sense for them.

This committee has a role to play in ensuring while it considers the legislation that the kind of changes that need to be in place are instituted. Putting a new system in place is not a quick or simple process, and it is important that this committee considers what is happening in local authorities and thinks about whether the regulations that are going through Westminster take account of the particular effect on Scottish children and families.

Barnardo's is most concerned about the possibility that, in April 2013, we will find that the necessary systems are not in place and families are in crisis because of discontinuity between the old system and the new system.

11:45

**Marion Macleod:** We need to remember that poverty in families, particularly those with young children, is already an issue of great significance and has a greatly adverse impact. Those families are already one of the groups that receive less

benefit from the system, never mind what will happen as a consequence of the legislation.

We have tried to cover a spectrum of issues in the sector. We particularly want to focus on the kind of support that families get and on the particular impact of childcare availability and affordability, which will be affected by a number of factors, but mainly by the reduction in the childcare tax credit.

It is clear that poverty has a direct and significant impact on stress in families. That impacts, in turn, on quality of life, parenting and outcomes for children. There is pretty persuasive evidence that other factors that are highly correlated with poverty, though not necessarily caused by it, can have a lifelong impact on, for example, health inequalities. However, some issues are immediately correlated with being brought up in poor circumstances—for example, poor educational attainment and the on-going impact of that.

The bill will place more families in poverty. The average reduction in income for families will be about £530 a year, which is a big difference for people on a low or fixed income, whether they are on benefits or in work. We must also bear in mind that work will pay less. There is no evidence that wage inflation is taking place at the minute. Some of the impacts of welfare reform, particularly the reduction in tax credit, will mean that people will have less disposable income.

In Scotland, we will not benefit from the level of compensatory measures that to an extent will mitigate some of the impact south of the border. For example, about 40 per cent of two-year-olds in England will get free childcare places as a consequence of some of the Government's decisions. However, we do not have a parallel to that in Scotland, so we will not have things in place that would make things a bit easier at least for some families.

We need also to bear in mind the fact that we are talking about not just benefit-dependent families but people who are in regular, consistent employment. The London School of Economics undertook a recent study on the impact of the welfare reforms that were brought in under Tony Blair's Government and it is clear that those who have gone into minimum-wage jobs have had little income progression over 10 years, whereas people who went in at a higher level have achieved some career progression. By and large, those who went into minimum-wage jobs are still in them 10 years later, so that has been demonstrated not to be a reliable, progressive route out of poverty.

We are looking at measures that can mitigate the impact of the welfare reforms. I agree with

what the previous panel said about the need to drive down living costs as well as consider compensatory measures to maximise income. We have some suggestions in that regard.

As well as considering the readiness of local authorities and other bodies that are charged with delivering bits of the system, we must consider accountability. We need to not just say, "We want this to happen and it is over to you to do it," with little robustness in the mechanism to ensure that that happens. If the expectation is that local government will take on some of the task of mitigating the impacts, it must be properly resourced to do so and there must be clear lines of accountability to ensure that it actually does it.

**Claire Telfer:** I echo what Marion Macleod and Mark Ballard have said about the impact on the number of children living in poverty in Scotland, which is Save the Children's key concern. The IFS report has shown that their number will increase dramatically, taking us back to the levels at which we started in 1999. That is extremely worrying not just for individual children and their families, but for the social and economic wellbeing of Scotland.

As well as considering child poverty as a whole, it is important that we consider different family types and how they will be affected by the reforms. The IFS report also showed that certain groups of families will be particularly affected, including non-working, lone-parent families, workless couples with children and families with young children under five or with two or more children. It is important to understand the make-up of the families who will be affected, so that we can consider how to address poverty in the Scottish context.

Save the Children is also concerned that the introduction of universal credit will make it more difficult for some parents, but particularly mothers, to access work. We support the aims of universal credit in terms of making work pay and increasing work incentives for many families, but we believe that there are some blind spots with regard to certain family types who will be worse off under the proposals and who could be pushed further into poverty. That is particularly the case for single parents who work more than 16 hours a week or full time and second earners in couple families, both of which type of parents tend to be women.

Both this panel and the previous panel have pointed to the particular impact on women and mothers, especially when the risk of poverty among those family types is much greater. There is a greater proportion of single parent families in Scotland than in the rest of the UK, and it is those specific impacts that we need to look at in the Scottish context—especially as we know that the ability of mothers to work has a direct impact on

whether families live in poverty. Marion Macleod has pointed out some of those issues.

There are clear links between maternal employment and levels of child poverty. In countries such as Sweden, where there are high levels of maternal employment, there are low levels of child poverty, whereas the situation is the reverse in this country.

A key issue in considering the impact of the universal credit on enabling parents to work is childcare. I will not go into the detail of that, as Marion Macleod has already raised some of the issues. However, the fact that there will be a reduction in support through the universal credit and that the landscape of childcare is different in Scotland, with a lack of availability according to a recent report from Children in Scotland, will have a big impact on parents'—particularly mothers'—ability to take up work and on the number of hours that they can work. We need to look at that.

**John Dickie:** Unsurprisingly, like others, we are concerned mainly about the extraordinary impact on levels of child poverty that is forecast as a result of the welfare reforms and wider cuts. The IFS report, which has been referred to, forecasts that there will be 800,000 more children living in poverty throughout the UK by the end of the decade. We do not have a breakdown or forecast specifically for Scotland, but the trends suggest that we are looking at up to 100,000 more children in Scotland living in poverty by the end of the decade. As others have made clear, we sometimes get blinded by such huge numbers. The reality is that tens of thousands of children will grow up in families without the resources to give them the best start in life, whose education will be undermined, whose life chances will be cut short and whose health will be damaged. That is why we are concerned.

We think that things can be done in Scotland to prevent damage on that scale. We urgently need to do what we can to mitigate the impact that has been flagged up. We must put in place the best possible schemes to replace the social fund and council tax benefit and the best possible passporting arrangements to ensure that the devolved benefits and support that already help families in Scotland continue to help those families and also reach out to families who will be damaged by the wider welfare reforms and cuts coming from the UK Government.

The final key issue is to ensure that front-line agencies—advice agencies and other front-line services that families look to for support—are equipped and supported to ensure that families get the financial support to which they are still entitled. The system will become increasingly complicated, with a mixture of devolved and reserved financial support, as we will have two

systems of financial support operating alongside each other for a significant period of time—the new universal credit and PIP plus people on existing benefits.

**Robert McGeachy:** I will highlight three main areas. The first is scrutiny of the UK welfare reform legislation; the second is issues around childcare and sanctions; and the third is support for vulnerable claimants—young people, in particular.

The committee will have an important role in keeping a watching brief on the passage of UK welfare reform legislation. Scrutiny of the raft of regulations and secondary legislation that will be introduced under the recently passed UK Welfare Reform Act 2012 will be key. The UK legislation is a framework act, most of the detail of which we do not know. We will not see the detail of the proposed regulations for some time.

There are more than 40 clauses and more than 40 regulation-making powers in part 1 of the act, which deals with universal credit. Just for good measure—in case the drafters forgot anything that could be addressed in regulations—another two clauses were added specifically about regulations. In effect, most of the 43 clauses in part 1 deal with regulation-making powers, and that continues right through the act. That puts into perspective the task that colleagues will face. Trying to amend or even scrutinise the detail of the secondary legislation will be a significant challenge for the UK Parliament. There is a need for the Scottish Government to be involved in discussions with the UK Government at an early stage to try to influence the content of the regulations and raise key concerns. This committee might be able to have a liaison role with key committees in the Westminster Parliament, particularly the Joint Committee on Statutory Instruments and the House of Lords Delegated Powers Scrutiny Committee.

Action for Children, One Parent Families Scotland, Children 1st, Children in Scotland and a range of other organisations, many of whom are represented in the room today, were able to secure concessions from the UK Government on childcare and sanctions. The minister has agreed that he will put in place regulations that will ensure that claimants with a dependent child or children will not face sanctions if they are unable to access work or work-related activity or are unable to sustain work because they cannot access appropriate and suitable childcare. That is an important concession, particularly in light of the number of Government defeats that were subsequently overturned. However, it is important that we are diligent about what the regulations look like. Again, that is something that the Scottish Government should have a role in influencing.

The third area of concern involves support for vulnerable claimants. Action for Children Scotland and other organisations, including Barnardo's, provide a range of employability services. We have been particularly struck by the lack of detail on the support that will be put in place to help vulnerable claimants—particularly young people with life challenges, including issues around drug and alcohol misuse and offending; care leavers; and members of the black and minority ethnic communities—to access opportunities in work and training. Our organisations know from our experience of running projects that we need to provide a considerable degree of support in order to help a young person to take the opportunities that they are given and fulfil their potential.

The lack of detail in what the UK Government has said is concerning. It has said that a lot of the issues will be addressed in relation to the work programme. There are key issues around that, such as the need to clarify the price differentials for delivering different types of support within the work programme and to confirm at what stage in the process of assessing a claimant's needs a monetary value will be placed on the type and level of support that each claimant will receive from a work programme provider.

The committee might want to consider the recent report of the House of Commons Work and Pensions Committee, which highlighted the issue around what is called creaming and parking. My understanding is that the report expressed concern about the possibility that work programme providers would concentrate on those claimants who were nearer the work environment than those who have multiple life challenges. We need clarity from the UK Government on such issues. We are happy to write to the committee with more information.

**The Deputy Convener:** The first point that you made is a useful bridge to our second question. What do your organisations want the committee to focus on?

12:00

**Marion Macleod:** As we said when we gave evidence to the Health and Sport Committee, we would like some modelling to be done on the impact of the legislation on children and families. If we are to work out the best, most appropriate and most efficient use of our limited resources, we must do so on the basis of an assessment of what the impact of the act will be. As a previous witness said, we must make choices and prioritise. That probably means that some things that public funds go on will have to be scaled back, postponed or given lower priority than dealing with some of the fallout from the act.

Another issue is reducing the impact on families and, in particular, young families by looking at what childcare can be provided. We welcome the extension in nursery education to 600 hours a year, which the First Minister announced at the weekend, but that will not come into play until legislation that is planned for 2014 is introduced. The welfare reform legislation will have a much more immediate impact. The commitment to deliver 570 hours of nursery education in April this year needs to be followed up, to ensure that resources are in place and that there is accountability for delivering the commitment.

We need to think about how we charge people for childcare and to consider a subsidy for or cap on childcare costs for low-income families. Somebody mentioned our childcare report, which we published last week. Scotland has the highest childcare costs in the UK, outwith south-east England, where average incomes are a lot higher.

The committee should look at school-age childcare and the potential for using school buildings. Youth work, leisure-time activities and out-of-school care should be reviewed and made more supportive for working families.

School meals provision should be revisited, to ensure that progress is being made towards delivering that.

The committee should think about the impact on families of rising fuel costs, as their capacity to pay for those has reduced, and about whether a measure might be brought in to support families in that situation.

**Kate Higgins:** On behalf of Children 1st, I thank the committee for inviting us to be part of the discussion and I welcome the committee's establishment. As one of the organisations that worked hard to encourage the Scottish Parliament to create the committee, we see it as an important step for the Parliament. We look forward to working closely with everybody on the committee in the months ahead. We know that there is a lot of work to do, but we are up for it and we know that the committee is, too.

We think that a twin-track focus is needed. As Margaret Burgess said at the end of the previous evidence session, there are immediate priorities. I echo Mark Ballard's comments. Come the transition date, there will be people who need to receive support. We need to focus on how to address such issues. That involves scrutinising the primary legislation and the secondary legislation that will land in our laps because of the decisions that have been made in this Parliament and the secondary legislation that will go through the UK Parliament, because that is where all the detail will be. We have had no detail at all about so much of the impact.

In listening to the first session, I was struck by the amount of nostalgia that is around for the welfare state that we are about to lose, because it is broken. None of us is under any illusion that the welfare state has worked particularly well. We have taken on board a responsibility to the people of Scotland to look at the impact of welfare reform, so there will be huge disappointment if we do not have the opportunity to change some things for the better. That could be the medium and longer-term focus for the committee.

As I said, Children 1st is keen to make such changes. One group that we are concerned about and which is falling down all the gaps is kinship carers, in relation to whom a condition was attached to the preliminary legislative consent memorandum that the Scottish Government produced for the first debate in the Parliament on the Welfare Reform Bill. We know that there are on-going negotiations with the UK Government to try to resolve the issues to do with kinship carers' entitlement to benefits. There are also issues to do with their entitlement to local authority allowances. Currently, they are not passported for some areas of benefit. Kinship carers are a key group for whom we could do something worth while by fixing the anomalies in the current system to ensure that a very vulnerable group of families, many of whom live in real poverty, is better served by the welfare state.

I have two further, quick points to which I am sure we can return. First, Mark Ballard mentioned in passing the child maintenance provisions in the act. The concern is about the act's impact in the round. People have talked in particular about the act's effect on women and lone parents; the child maintenance measures will make life an awful lot more difficult for those people. We have not spent much time considering the consequences, not least for Scots law, because the provisions cut across the integrity of Scots family law. It is maybe not for this committee but for the Justice Committee to have a look at how that will impact on our legal system.

My final point is to remind people that the income-related poverty and inequality that will result from the act will be huge, but those are not the only aspects of poverty. Children 1st is very aware that low incomes and living with poverty and inequality create the causal and symptomatic effects of violence, substance abuse, mental health problems, family breakdown, stress in family relationships and problems with contact and residence. We are already feeling the impact of that in our services in the increased number of calls on all those things to ParentLine Scotland. We cannot consider just the issue of income. We must look at the whole impact of the welfare reform changes and consider how we will meet the challenge of what they bring.

**Marion Davis:** On behalf of One Parent Families Scotland, I thank the committee for the invitation to come here today. As Claire Telfer said, a lot of research has highlighted that key elements of the act will have a negative impact on lone parents.

I do not want to repeat what previous speakers have said, but one of our key concerns is the compulsion and conditionality that are being introduced as part of welfare reform. By the end of the year, lone parents whose youngest child is five will be required to be available for work and to claim jobseekers allowance.

Our organisation is a bit like Kate Higgins's in that we are feeling the impact of measures that have gone through already, which will accelerate. Many of the calls to our helpline, as well as research that we have done with focus groups of lone parents, highlight the increasing pressures on lone parents because they have to be available for work. The crucial issue is childcare. We are concerned that the act does not take into account the infrastructure in Scotland for childcare. We also have concerns about employability in that regard.

Research from the IFS and Save the Children shows that lone parents who are on benefit or in work will lose income. At the end of the day, the act's aim is not only to reduce the benefits bill but to tackle child poverty. The Scottish Government, which has a commitment to eradicate child poverty, should be very concerned that the result of welfare reform will be that a lot of children are poorer.

We think that there are things that we can do in Scotland to mitigate the impact on family income. As has been mentioned, reducing costs increases disposable income. There are issues to do with benefits advice and reducing debt, and the cost of school meals. When they move into work, lone parents on a low income must find money to pay for school meals, which is a big issue. Others have touched on the issue of childcare costs.

Another whole side to this is the work programme. A huge group of lone parents is now being moved into the work programme, which is outwith the control of Jobcentre Plus. It is crucial in terms of preventative spend on early intervention that we use the Scottish Government's powers to invest in those lone parents who have young children under the age of five to build their capacity and give them access to training and education so that, when they have to sign on, they are not funnelled into low-paid work, because that will not contribute to tackling child poverty. It is important that, as well as looking at issues to do with changes that affect individual benefits and at regulation, which is very important—we worked with Robert McGeachy on that—the committee

looks at the bigger picture, which is to do with the health and wellbeing of families and children.

**John Dickie:** As others have mentioned, given the tight timescale, the key focus for us and for the committee needs to be on putting arrangements in place for council tax benefit, replacing the discretionary social fund, and passporting.

We are concerned that we have not seen any consultation about what is being considered as a replacement for council tax benefit. We urge the committee to ensure that adequate funding is put in place to protect those who currently receive council tax benefit, so that the 10 per cent cut that the UK Government has imposed is not just automatically passed on to families here in Scotland. It is also important that we do not develop a replacement that results in myriad taper rates at which council tax benefit is withdrawn, because it would create new complexity and disincentives to people moving into work and undermine the idea of simplifying the system.

We also need to consider council tax benefit along with the social fund and passporting those bits of welfare that are being devolved to ensure that people do not lose all support at the same time—so that they do not lose their council tax benefit at the same time as they lose their passported benefits and no longer have access to the social fund. We need to look at the issues holistically as well as at individual replacement schemes.

On the discretionary social fund, as we have heard, community care grants and crisis loans are being abolished in just over a year. Our organisation has long campaigned on and criticised the failings of the social fund, but it plays a crucial role in providing financial support to families to allow them to meet essential costs. It is a part of the social security system that recognises that benefit levels are inadequate when families face crises in exceptional circumstances, such as the breakdown of cookers or washing machines, for example. Its role is to ensure that families have the money to deal with such events.

There are concerns in England that the social fund budget has been devolved directly to local authorities with no framework for how that money should be used. Scotland has an opportunity to protect a vital element of the social security system and to build on the existing rights of families and others to support from the social fund. We also have the opportunity to demonstrate what has been our distinct approach to welfare. There has been a sense in the debates that we have had in the Parliament that we can do something different here. By “something different”, I mean things such as a scheme that is easily accessible to all and which tries to do new things and to be ambitious but does not forget the current needs

that are met by the social fund; a clear national framework that protects eligibility criteria in law—a legislative framework that protects people’s rights to a replacement social fund—and a right to independent review of decisions in the replacement scheme. That is one bit of the current social fund arrangements that works reasonably well, because it gives people somewhere to go to get decisions reviewed and overturned. However, in doing all that and protecting what is there, we must also create a replacement that is open to development and to building on and linking with other forms of support that the Government, local authorities and the voluntary sector provide to low-income families in Scotland.

12:15

On passporting, we urge the committee to consider the opportunities. For example, I and others have flagged up such issues to do with free school meals. We must ensure that, in creating new passporting arrangements, we do not introduce a series of means tests in the universal credit system that add complexity and create cliff edges so that people suddenly lose their entitlement—to free school meals, for example—as they move into work or increase their earnings. For a family with three kids, free school meals can be worth up to nearly 30 quid a week, which is a huge amount of money for a family to have to pay out if they suddenly lose that entitlement just as they begin to increase their earnings.

The CPAG believes that any universal credit should act as the passport to devolved benefits such as free school meals and to local benefits such as school clothing grants. That would avoid the issue of cliff edges—or at least would mean that the cliff edge comes at a point at which people are well established in work and on reasonably decent earnings.

The passporting issues are part of the wider point that we should not just replace what exists like for like. We need to consider the wider health, education and anti-poverty objectives to which the Scottish Government and local authorities have signed up, such as the objectives in the “Achieving Our Potential” framework to tackle poverty. We must creatively use the opportunity to ensure that more families get access to the benefits that we know can help to mitigate some of the wider impacts and drive down some of the big costs, such as the cost of school meals and the cost of energy.

**Annabelle Ewing:** From the current discussion and the one that we had earlier, we can all see the scale of the challenges that we face in Scotland. Obviously, we need to prioritise. Although council tax benefit and the social fund are important, we need to deal with things sequentially, so the first

thing that we have to deal with is passported benefits—we just have to get that sorted. As far as I understand it, a bill on that will come shortly and will be straightforward. We should deal with the issue on that basis and then move on to the next set of urgent challenges. I hope that we will proceed in that way.

Many issues have been raised about the bigger picture, such as the cost of fuel and scrutinising Westminster committees from this Parliament. Those raise wider issues about what outcomes we could secure if we had the normal powers of a normal country and did not have to hope that bits and pieces of important legislation that will be dealt with in standing or delegated legislation committees in Westminster will take into account the diverse Scottish issues that are involved, which include, as has been mentioned, Scots family law. At the end of the day, a much more straightforward way in which to deal with the issues and to take forward our welfare reform agenda would be to reclaim the powers for this Parliament so that we could do all those things and meet all the challenges that have been raised this morning.

I know that I am straying a wee bit wider than the questions, convener, but I felt that, as all those issues have been raised by the witnesses, it was important to make that point.

**The Deputy Convener:** I thought that I would indulge you.

**Mark Ballard:** I will address some of Annabelle Ewing's points. She was right to highlight the urgency of the issues. There is a huge raft of urgent issues that need to be dealt with in relation to the universal credit system, which will start to affect people in Scotland in April 2013. According to estimates, that will be at least 18 months or so before any referendum takes place on the wider constitutional issues. There is an urgency about addressing the issues that we face right now and those that we know will come.

That brings me to my wider point, which is about the committee's role. Barnardo's Scotland, Citizens Advice Scotland, Children 1st, One Parent Families Scotland and Action for Children argued for this committee to be established, because it is the place where some of the difficult questions that must be addressed in the next 13 months can be asked. It is important that the committee focuses on the key changes that can protect and further support families on the lowest incomes in Scotland.

The new sanction mechanisms will mean people having no access to benefits of any kind for up to three years, so, if they come into play, the challenge for us in Scotland will be who will support those families and their children. A couple

of weeks ago, Barnardo's Scotland co-sponsored a conference on preventative spending and the early years, at which Tam Baillie, Scotland's Commissioner for Children and Young People, challenged everyone there to think, in the light of all the positive work on early years and preventative spending that is going on in Scotland, about how prepared we are for what one contributor described as the "tsunami" of welfare reform that will dramatically affect the lives of all the children in whom we are investing now. What will happen when welfare reform comes?

We know that there are proposals at Westminster, which are likely to be included in legislation next year, to raise the school-leaving age in England to 18. That will leave a gap for 16 and 17-year-olds in Scotland who have left school at 16; young people who are in particular need and get jobseekers allowance will be faced with a situation in which universal credit is supposed to kick in only when they turn 18. Ministers have made commitments in the House of Lords to address the issues that will face vulnerable 16 and 17-year-olds, but will that be done in Scotland for those young people who are not in school? The system is designed for an English context in which the school-leaving age might be raised to 18.

It is in this committee that tough questions need to be asked about the integration between the care system and the underoccupancy rules. A family with a child in care might be hoping that the child will be returned and therefore be maintaining an empty room in the family home for them. If the family is penalised by the underoccupancy rules, making it more difficult for the family to take the child back, what will that mean for the wider care system?

Barnardo's Scotland hopes that, although the legislation must go through, the process is completed as quickly as possible, so that we can start to discuss the orders that will enable the systems for passported benefits to be in place in April 2013. We need to ensure that the committee asks tough questions of all areas of Scottish devolved services, because they have not necessarily thought through the implications for their services, or the urgency of getting systems in place, given how long it can take to change systems to meet families' needs.

**Claire Telfer:** Save the Children would support a focus by the committee on the most urgent issues: the newly devolved areas, the criteria for passported benefits, and the development of the replacement of elements of the social fund and council tax benefit. Those issues need to be focused on in the next year. More broadly, it is important that the committee has a role in analysing the impact on child poverty—Marion Macleod mentioned the impact on children



generally—and in considering the consequences for delivering the two aims of the Scottish Government's child poverty strategy: maximising household incomes and improving life chances for children.

All the evidence points to the fact that many of the changes that have been pushed through and are in the act will produce a devastating impact on families and their incomes, and on wider outcomes. The child poverty strategy is a lot wider and, as Mark Ballard mentioned, we need to make links between changes to the welfare reform system, and the broader systems, policies and services, because those are the things that will tackle and end child poverty.

**Kevin Stewart:** I agree with everything that Annabelle Ewing said, so I will not dwell on that. As this meeting progresses, more anomalies are creeping into play. Many of us know of experiences such as that mentioned by John Dickie, whereby folk cannot move on because the £30-odd extra a week for school meals might push them over the edge. I do not think that many of the folk with whom we deal south of the border recognise that a couple of quid is a huge amount of money for some people and that it represents the brink for them.

Mark Ballard mentioned housing. If someone's child is in care and they hope to get them back, the fact that they have a bedroom available for them gives them hope, but if that room is taken away, they will probably have very little hope. The child may well end up in the system for much longer, or may even never come out of it and eventually end up in prison. The costs to society of such decisions have not been thought through.

Although our priority is passported benefits, we have a lot of digging to do in our further scrutiny of the Westminster act and regulations. There are probably some cases where the current system fails that the proposed new system will fail even more.

**The Deputy Convener:** This has been helpful in giving the committee a steer. I apologise to Marion Davis and Robert McGeachy, who both indicated that they wanted to address the issue, but we are running short of time and I want to move on to the next question. I ask the witnesses please to keep their responses as brief as possible. I asked the previous panel for one-sentence answers, so it would be appreciated if you could do the same.

If you could question the Scottish Government about its implementation of the UK bill, what would you ask?

**Robert McGeachy:** I would like to get a sense from the Scottish Government about what its level of engagement with the UK Government has

been. The focus is on regulation, but there is so much of the detail of the UK legislation that we just do not know yet, so it is vital that the Scottish and UK Governments engage on a lot of the regulatory details—particularly the regulations that will affect vulnerable children, families and young people in Scotland.

Claire Telfer mentioned the child poverty strategy. During the Welfare Reform Bill's committee stage at the House of Commons, the UK Government made changes to the social mobility and child poverty commission, so I would like to get a sense from the Scottish Government of how those changes will affect the reporting and progress of the child poverty strategy.

12:30

**Marion Macleod:** I agree with Annabelle Ewing. Our organisation has no position on the constitutional issue, but we have repeatedly said that the separation of tax and benefits from the other issues that affect children and families is unhelpful and retrogressive.

We need better service integration—that is one thing that can be done. That would allow you to maximise income in relation to early years services through things such as health service contacts and, indeed, when children enter nursery education.

We have also talked about the impact of childcare, not just on working parents, but on children. Kevin Stewart mentioned the adverse impact on children if they remain in costly care systems, and the immediate impact of that in terms of the costs—never mind the consequences—is significant.

I know that European structural funds are up for review and Scottish ministers will have to decide how to prioritise their spend. Although a lot of good and worthy things have been done with structural funds over the years, there are probably things that we could have done that would have had more sustained, long-term impact. I am thinking particularly of countries that have applied structural funds to childcare provision. Some of the eastern European countries, rather than Scandinavian countries, have started to move ahead of us in relation to child wellbeing because they have not just looked at employability in terms of providing training and getting people into jobs, but provided the infrastructure that enables people to take up and sustain involvement in the labour market. As structural funds are up for review, the Scottish Government should seriously consider using them as part of the mitigation of the impacts of the legislation.

**Kate Higgins:** Our written submission puts a number of questions, which I do not propose to

ask again. I will concentrate on one point, which is linked to a lot of the evidence that was heard in the previous evidence session about preparations to mitigate the worst effects of the legislation.

Children 1st was astonished to discover the low take-up of council tax benefit among families with children. Take-up is higher among lone-parent families but it is derisory among two-parent families, running at under 60 per cent in Scotland. We would like the committee to ask the Scottish Government a question. We have a golden opportunity to mitigate the impact of some of the changes that are coming down the line by getting more money—money to which they are entitled—into families' pockets right now. The DWP estimates that £25 million could be going into the pockets of low-income families in Scotland alone. We urge the committee to ask the Scottish Government what it is doing to make that happen, particularly given that local authorities have a statutory duty to promote council benefit, so that families with children know that they are entitled to the benefit and claim it before the changes come.

People have also mentioned the 10 per cent cut that is being applied to the council tax benefit budget. If we put the extra 25 per cent into Scottish families' household budgets now, we will have mitigated the effects of the cut that is coming down the line from the UK Treasury, and will have put money in a place where it can be of most benefit. We urge that step as an immediate priority. That is something practical and tangible that we can do to mitigate financial hardship right now.

**John Dickie:** There are two key questions. What work is being done to ensure that the Scottish budget will have the resources to take account of the need to invest in those newly devolved elements of welfare in a way that will meet needs and address some of the issues that we have discussed today? What steps are being taken to ensure adequate funding at a local and national level to support front-line advice agencies and other services that provide advice to families so that they have the capacity to respond to the additional need that is being broadly forecast to arise as a result of these major reforms?

**The Deputy Convener:** I think that Marion Davis will be the final contributor.

**Mark Ballard:** Will there be a chance to answer the information question?

**The Deputy Convener:** You can jump in now if you have an answer.

**Mark Ballard:** I wanted to make a point on the information question—question 4. The Welsh Assembly Government—

**The Deputy Convener:** That will come later.

**Mark Ballard:** Yes.

**The Deputy Convener:** I am sorry; I thought that you wanted to answer a different question. There will probably not be a chance to answer the question that you want to answer, but we might come back to it in a minute.

**Marion Davis:** On questions for the Government, we have covered the major issues that must be dealt with right away, especially the potential impact of elements of the bill on families. There is also a question about what we in Scotland could do that we should be doing anyway.

One Parent Families Scotland is asking lone parents about the challenges and the barriers that they face. We have had about 90 responses to our survey. Some of the issues that those parents have raised are already covered by the powers that are devolved to the Scottish Government. The top priority is flexible childcare. The announcement about the extension to current provision is great, but childcare strategy perhaps needs to look beyond that to flexible childcare, particularly because of the kind of work that is available to parents outwith school hours, at the weekend and so on.

The other big issue is debt. I know that there is a lot of debt advice around for parents but there needs to be advice about how people can get out of debt and information about how debt can affect their mental health.

A lot of our work with young parents shows that they do not know what benefits they are entitled to. They might go for months not realising that they can claim child tax credit, which is pretty bad. We have met young parents in our project whom we have had to take to a supermarket to buy them something to eat because they have not eaten for a couple of days. There are things that we could do to mitigate what is happening at the moment and we should rise to that challenge as well as seeking to mitigate some of the impacts that are going to come through in future. We should be addressing things that are happening now.

**Claire Telfer:** I will reiterate a couple of points that I have already made. I would ask the Scottish Government about what is being done to understand fully the impact of welfare reform on child poverty and, in particular, on female or maternal employment. I agree with Marion Davis that we should be talking not just about mitigating the effects of the reforms but about the action and steps that we can take in the Scottish context.

The first annual progress report on the child poverty strategy, which is due at the end of this month, will give us an opportunity to look at where we are, understand the potential impacts of welfare reforms and look at what needs to happen

to take us further forward to mitigate some of those impacts and to support families in Scotland.

There is also an important question to be asked of the Scottish Government about how the impact on child poverty is being considered in developing replacement systems within Scotland around passported benefits and elements of the social fund. We need to ensure that that key question is considered when the Government looks at the impact that the reforms will have in the Scottish context.

**The Deputy Convener:** Thank you all for the information and answers that you have given today. They will help us to frame our questions when we engage with the Scottish Government and the UK Government down the line.

I turn to question 4. I have to apologise, particularly to Mark Ballard, because I do not think that we have time to go around the table. You might have noticed that we did not have time to deal with it during the previous evidence session, so it is probably appropriate that we treat it in the same way now. I will, however, put the question. What information do you suggest should be collected on how to monitor the implementation of the UK bill?

We have overrun by almost half an hour. Mark Ballard is imploring me to let him in—I will, if he is very brief. I apologise to the other witnesses, whom I ask to write to the committee with their answer.

**Mark Ballard:** Thank you, convener; I appreciate your indulgence.

A few weeks ago, the Welsh Assembly Government published a document called “Analysing the impact of the UK Government’s welfare reforms in Wales—Stage 1 analysis”, which is a comprehensive document that looks at the impacts spatially and at some of the knock-on impacts on poverty. It also considers some of the economic impacts and tries to assess what the multiplier effects would be. The Welsh have committed to following up the report with a stage 2 document, which will look at how households are likely to respond to the changes and the impacts on issues such as health and crime rates in Wales, as well as the changing demand for public services arising out of welfare reform.

That document is really important and it would be helpful if the Scottish Government would commit to producing a similar document that looks at, in particular, the behavioural changes that the Welsh stage 2 analysis will look at. That is my pitch. Thank you for the opportunity to mention it.

**The Deputy Convener:** That is not a problem, and it was a helpful answer. I reiterate my point; if

the other witnesses want to answer that question in more detail, they should do so in writing.

That is an open invitation. If there is anything that the witnesses feel would be useful for the committee to see that we have not been able to cover today, please write to us.

Thank you all for the time that you have given. Both panels have been very informative and helpful, and I look forward to working with you down the line. I remind you that we will have an informal session after the meeting so please stay if you can and we will carry on the discussion more informally.

I remind members that the next meeting of the committee will be on 29 March, which is a Thursday. We will receive a briefing from Scottish Government officials on the forthcoming welfare reform legislation. We look forward to that.

*Meeting closed at 12:41.*



Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

---

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on  
the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

For details of documents available to  
order in hard copy format, please contact:  
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

e-format first available  
ISBN 978-1-4061-8515-7

Revised e-format available  
ISBN 978-1-4061-8528-7

---

Printed in Scotland by APS Group Scotland

---