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Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 17 April 2012

Session 4

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WELFARE REFORM COMMITTEE

4th 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:

Jackie Baillie (Dumbarton) (Lab)

Jeanette Campbell (Citizens Advice Scotland)

John Dickie (Child Poverty Action Group in Scotland)

Linda Fabiani (East Kilbride) (SNP) (Committee substitute)

Maggie Kelly (Poverty Alliance)

Michael McClements (Convention of Scottish Local Authorities)

Hannah McCulloch (Scottish Campaign on Welfare Reform)

David Ogilvie (Scottish Federation of Housing Associations)

Satwat Rehman (One Parent Families Scotland)

Bill Scott (Inclusion Scotland)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

Committee Room 2

Scottish Parliament

Welfare Reform Committee

Tuesday 17 April 2012

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

Welfare Reform (Further Provision) (Scotland) Bill

The Convener (Michael McMahon): I welcome witnesses and members of the public to the fourth meeting in 2012 of the Welfare Reform Committee and remind everyone to switch off any electronic equipment, if they have not already done so.

Apologies have been received from Drew Smith, who has to attend a Health and Sport Committee meeting. [*Interruption.*] I did not realise that I had my BlackBerry on me. I brought it to Parliament only because I have to get it changed this morning. It has not been working until now.

Jackie Baillie, who has an interest in the Welfare Reform (Further Provision) (Scotland) Bill, will also take part in the debate. More important, we are joined by Hannah McCulloch from the Scottish campaign on welfare reform; Jeanette Campbell, who is parliamentary officer for Citizens Advice Scotland; Michael McClements, who is a policy manager for the Convention of Scottish Local Authorities; and David Ogilvie, who is the policy and strategy manager of the Scottish Federation of Housing Associations. Some of you took part in our round-table discussion and others have made written submissions, but I want to give you all the opportunity to say something at the outset to give us your perspective. We will follow up what you say with questions and get into a general discussion on where we are going with the legislation.

Anyone who wants to kick off can open up the discussion.

Do not all rush at once. If you do not want to say anything, I will not force you to do so.

Jeanette Campbell (Citizens Advice Scotland): I will happily start.

We all agree that the bill is absolutely necessary and we would all like it to get through the process quickly—by the summer, if possible. We are more interested to see the subordinate legislation and regulations, because they are where all the information and detail will be; that is the important bit for CAS. We want to see the eligibility criteria and we want to know exactly what system will need to be in place within a year to 18 months.

Michael McClements (Convention of Scottish Local Authorities): Councils in Scotland accept that the bill is necessary, and we realise that it is not possible at this stage for the Scottish Government to detail all the necessary changes to the eligibility criteria for passported benefits. We will work with the Scottish Government on those issues. We accept that the fact that there is no detail yet—through secondary legislation—on the universal credit and personal independence payments impacts on the ability to do work in Scotland.

For councils, the issues are our getting in place new arrangements in time for next year, and the extra administrative burdens that might be necessitated by more complex assessment procedures. It will be crucial that we are able to share data with the Department for Work and Pensions as people apply for the universal credit, otherwise things will be made very complex for councils and individuals who apply for benefits, and the administration of the passported benefits will, potentially, be more costly.

David Ogilvie (Scottish Federation of Housing Associations): The Scottish Federation of Housing Associations more than welcomes the bill. The Scottish Parliament took an historic decision to disagree to, or rather not to consent to, parts of the legislative consent motion, for which we were duly grateful because we really wanted the Scottish Parliament to stand up and show itself, bearing in mind the scant regard for Scottish public policy that had been shown in the process up to that point. However, that has left members with a legacy: you must tidy things up and put in place the necessary legislative framework as rapidly as possible to enable us all to work together to produce regulations that will work for Scotland.

Beyond that, I am concerned by evidence from the likes of Professor Paul Spicker—who is highly respected—which suggests that there is a question about the legislative capacity, under the terms of the Scotland Act 1998, of the Scottish Parliament to provide a successor arrangement to the social fund. As someone who is not an expert in constitutional law, I become slightly concerned when I read such evidence. That is another key consideration for the committee because—let us not beat around the bush—there is likely to be an upturn in the number of tenants who need to apply to the social fund because they have become homeless or what have you. That is a matter of grave concern about which the Scottish Parliament needs to be mindful.

We are also concerned about how much stuff from the Welfare Reform Act 2012 will be pushed through in secondary legislation. For example, in the past two or three weeks we have seen

suggestions about further cuts to housing benefit. It has been mooted that there might be cuts for the under-25s such that if they were unemployed they would lose any right to housing benefit and would have to return to the family home. However, that presumes that such individuals have a family home. Consideration of the Welfare Reform (Further Provision) (Scotland) Bill therefore needs to be mindful of the sort of things that will come through secondary legislation.

Hannah McCulloch (Scottish Campaign on Welfare Reform): One of SCWR's main concerns is about how the new system for passported benefits will work. We regard passported benefits as being an effective way of ensuring that people who face obstacles—because of poverty or disability—to participation in health, education or mobility receive targeted assistance. One of the most important issues in designing the new system is to ensure that benefits are preserved, if not enhanced, for those groups. We also want take-up to be maximised, so we would like a relatively simple—but targeted—system of passporting benefits. Ideally, universal credit entitlement would give access to all the passported benefits: we think that that would be the simplest, cheapest and fairest way of proceeding.

The Convener: The Scottish Government has set aside £20 million to fund introduction of the legislation. How involved were you in the discussions on how much would be required? What do you believe the £20 million has been set aside for? Do you consider it to be an adequate sum?

Michael McClements: A number of responsibilities will fall on local authorities. We expect that there will be enhanced requirements around the assessment for passported benefits because we have used the benefits system for many years as an easy proxy for people's entitlement to benefits. However we look at it, under the universal credit we will have to do something a little bit more complex, even if we try to keep it as simple as possible. It will require redesigning of forms—there will also be a requirement to use electronic forms—and publicity, and more officers will have to be involved. It may also require the gathering of more information about individuals, and different types of evidence may be required in order to prove what people's circumstances are. We hope that that can be minimised by sharing information with the Department for Work and Pensions as people apply for universal credit and personal independence payments. COSLA has raised that with the DWP and I understand that the Scottish Government has done so, too.

In addition, there are other matters such as the devolved measures for the social fund. Local authorities have agreed to work with the Scottish Government to design the measures for next year, so costs will be associated with that, as well.

The final area of costs will be for mitigation of impacts of welfare reform. Councils will be involved in that, as will a lot of the third sector. All those areas will require to be resourced.

The Convener: Have you had any discussions about resources that might be required and have you looked forward to see where gaps might be? Is £20 million all that will be needed or should we look beyond that to address the mitigation requirements that you have identified?

Michael McClements: We will need to look at the impact of the housing benefit changes on councils and their income streams and we will need to look at the early intervention activities that they and housing associations will have to undertake with people who will be impacted on by the benefit cap and so on. In short, councils and housing associations will have to look at not only the assistance that they give to individuals but what they need to do to secure their own income streams. It is difficult to quantify such things at this point, but clearly all social housing providers and information and advice services will have to be more proactive in supporting people. Moreover, even if you try to graft it on to existing services, the administration of community care grants and crisis payments will have a cost.

The Convener: Have any of our other witnesses examined where gaps might emerge and where resources are going to have to be found?

David Ogilvie: We have just started a piece of work for the Finance Committee, which wants to know about the business impacts of the Welfare Reform Act 2012 on housing associations. As I understand it, we are scheduled to give the committee that evidence in June and are working towards producing it by the end of May. Of course, housing associations across Scotland are taking necessary steps to risk assess the legislation's impacts on their businesses, their tenants and their communities. It is still too early to give the definitive answer that I am sure you seek, but when the evidence that we are working on becomes available towards the end of May, we will share it not only with the Finance Committee but with this committee.

Of course, I should point out that the £30 million for discretionary housing payments across the UK is estimated to be less than 4 per cent of what will be actually needed to meet the shortfall in rent payments that will arise as a result of universal credit. Perhaps I am not qualified to comment but,

nevertheless, I ask the question whether the £20 million for mitigating the effects on local authorities is adequate.

Jeanette Campbell: We have not undertaken specific work on the matter, but CAS certainly expects to see a lot more people coming through the door from next April to October when they migrate across, and as a result of the changes to disability living allowance and other benefits. The majority of our work—about 36 per cent—is to do with benefits: with every change to the benefits system, the number of people seeking advice increases. For example, since the introduction of the employment and support allowance, there has been a 33 per cent increase in the number of people seeking advice about it in the past year and last year there was a spike when people who were already on incapacity benefit—not new claimants—migrated to the new benefit. Such work is time-consuming; we expect many of the changes to consume a lot of time because they will be new to advisers as well as to claimants. There will be a massive impact on bureaux and, given that we rely on local authorities for the majority of our funding, we think that with the squeeze on councils' own money, bureaux will have real problems in coping with the expected demand.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The word “mitigation” has been bandied about a lot since we began our work. That term can cover a multitude of sins, so I want to tease it out a bit more and find out what we actually mean by mitigation, what needs to be mitigated and how we propose to do that. The written evidence from the Scottish Federation of Housing Associations makes pretty clear its view of what needs to be mitigated against, but I would be interested in hearing other views from across the board. I would like to hear from all the witnesses what could be done to mitigate the effects of the UK legislation.

10:15

Hannah McCulloch: The change from disability living allowance to the PIP will deliver a massive hit to disabled people: something like £268 million a year will be lost to disabled people in Scotland as a direct result. That will not just impact on individuals, but will have a knock-on effect on local authorities, which will have to take up the burden of supporting people who cannot support themselves.

With passporting benefits—as opposed to saying that benefits that were previously passported on DLA will now be passported on the PIP—there is an opportunity to mitigate the effect on the people who will be left out of the PIP by ensuring that households that are in need of passported benefits are not disqualified from them

as a direct result of the changes to disability living allowance. I hope that that makes sense.

Jamie Hepburn: Yes—that makes sense. That will incur a cost in Scotland. Have we quantified that, or can we begin to quantify it?

Hannah McCulloch: I cannot give you a number, although I imagine that there will be a cost. The Government has stated that it is in favour of taking a preventative approach and of intervening early. Supporting people with even low-level disabilities to live as independently as possible in order to maintain their health and so on will lead to a cost saving in the long run, but it is not just about cost; it is also about what value we will gain.

Jeanette Campbell: I agree with Hannah McCulloch. If we look at what has happened with the work capability assessment, we see that there are inherent flaws in the system, whereby people are considered to be unfit to work one day but are, by the time they have completed an assessment, fit to work the next day. The number of appeals has been massive and people who have had CAB representatives with them have won in 69 per cent of appeals, which shows that there is a flaw in the system. If the same thing happens with the change from DLA to the PIP, it will create even more problems for disabled people.

The Welfare Reform Act 2012 will impact disproportionately on disabled people. They will feel the impact hugely. Because the PIP is coming in with a 20 per cent cut, 75,000 people in Scotland will automatically not get it. Once people have been through the assessment procedure, the number of people who will get the PIP will have been reduced even more and, as Hannah McCulloch said, we will have a whole load of people who cannot access the other benefits that flow from it, such as the blue badge and the national concessionary scheme. That is in direct contradiction to the policy of self-directed support. If we are trying to ensure that disabled people have access to work, our taking away something that is imperative in ensuring that they can get to work flies in the face of the policy.

Jamie Hepburn: We obviously need to mitigate that. Do you have any ideas about work that we can take forward within the powers that we have?

Jeanette Campbell: I think that such ideas will have to come out when the eligibility criteria are set, but we are still a wee bit away from that. At the moment, the criteria are set according to which component of DLA a person gets. We will have to wait and see what happens with the PIP, because it has different components—instead of the three components under DLA, it will have two. Also, we do not yet know exactly what the UK Government's assessment will be for the PIP. At

the moment, there seems to be a problem in that if someone has a mobility adaptation that helps them to get around, they will be seen as therefore not needing the PIP. We will have to wait and see what comes from the UK Government on issues such as that before we can even think about mitigation and ensuring that anyone who misses out on DLA because they are not entitled to the PIP gets looked at.

The Convener: I was going to bring Kevin Stewart in, but Jackie Baillie and Margaret Burgess have supplementary questions on this specific point.

Jackie Baillie (Dumbarton) (Lab): There is proposed mitigation by the Scottish Government in relation to the current cohort who are entitled. However, there is also a cohort of future claimants, who might well have met the present eligibility criteria, were they still to exist. Do you anticipate that the Scottish Government will provide some kind of safety net whereby those people will be caught by passported benefits?

Jeanette Campbell: It would be nice to think so, but I do not know the answer because we are a wee bit away from knowing what the new eligibility criteria will be.

Jackie Baillie: I am asking what you would like to see.

Jeanette Campbell: We would like to ensure that everyone who can access passported benefits at the moment—whether they are benefits such as the blue-badge type or others such as school meals—will still be able to access passported benefits after the migration, because we could have a system in which someone automatically loses their right to something that their next-door neighbour has, because they have not been migrated at the same time as their neighbour.

Margaret Burgess (Cunninghame South) (SNP): My question is on the same lines as Jackie Baillie's. It relates to Hannah McCulloch's point which—if I picked her up right—was that the simplest way of determining eligibility for passported benefits would be to say that everyone who is entitled to universal credit should be eligible for them. What do other panel members think about that idea and have you looked at the costs of mitigation? Some people who are in receipt of passported benefits will lose out and, as we have talked about, there are people who might have been in receipt of them, had the same criteria stayed in existence. We need to weigh up the cost of setting up a whole new set of eligibility criteria.

Michael McClements: Broadly speaking, councils want the priority to be to maintain the existing entitlements as far as possible under the new system, in order to make claiming passported benefits as simple as possible and to avoid a

complex system. Any thought of extending the reach of passported benefits would have to be weighed against other priorities for the Scottish budget. The key concern at the moment is to ensure that the people who currently receive those benefits do not lose out as the new system comes in, and that we have in place administrative systems that will enable the process to operate smoothly and to be resourced effectively.

The Convener: I am sorry to keep Kevin Stewart waiting, but other members want to follow up on the same point. Annabelle, is your question on this specific area?

Annabelle Ewing (Mid Scotland and Fife) (SNP): I suppose that it depends on how you define "specific". My question relates to evidence that has been given, but it is perhaps not directly on the same issue.

The Convener: I will let you come back in later, because Jamie Hepburn has a follow-up and Kevin Stewart is waiting.

Jamie Hepburn: I apologise to Kevin Stewart.

I have a quick observation to make on the idea of everyone who is in receipt of universal credit being entitled to passported benefits. Would not that mean that everyone who was in receipt of universal credit would be entitled to a blue badge or to concessionary travel, regardless of their circumstances? That would be the logical conclusion.

Hannah McCulloch: No. On one hand, there is universal credit and, on the other, there is the PIP. People get DLA and the PIP regardless of whether they are in work and regardless of their income, so those benefits are not means tested. We are talking about something that would be another proxy for disability rather than something that would be an automatic consequence of receiving universal credit.

Jamie Hepburn: I just wanted clarification on that.

Jeanette Campbell: On the idea of everyone who is on universal credit gaining automatic entitlement to passported benefits, I think that you were trying to get at the additional people—those who are on working tax credit. They are the ones for whom entitlement to passported benefits depends on income and other elements, whereas other people would, at the moment, under universal credit, automatically be entitled to passported benefits. The additional people would be people who are on working tax credit. That is merely because of the changes that were made just last week or the week before, which saw the working tax credit and child tax credit thresholds come down. Two parents can now get child tax credit only if their combined salary is less than

£32,000. The child tax credit threshold used to be the knock-off point for getting other benefits. What has happened at UK level has changed the playing field from what it was two weeks ago. Already fewer people will be entitled to passported benefits.

Kevin Stewart (Aberdeen Central) (SNP): First, I declare an interest. I am still a member of Aberdeen City Council and I will stray into some local authority matters with Mr McClements.

We have talked about the £20 million mitigation from the Scottish Government. In the past, the Convention of Scottish Local Authorities has argued very well with the Department for Work and Pensions at Westminster to gain money for changes that have been made. Have attempts been made to ensure that the DWP, which is sometimes very fussy about the information that local authorities must provide, will pay the cost of any administrative change?

Michael McClements: COSLA has discussed with the DWP how the new benefits system will be delivered. The DWP has shown an interest throughout the United Kingdom in using the capabilities of local authorities to support more vulnerable people to be able to claim universal credit. COSLA has indicated that Scottish local authorities would be prepared to assist in that, but we would be talking about, for example, assisting people to make their claims and navigate the system, supporting organisations that can do that, supporting people's financial capability, or helping them to get online. All that assistance comes at a cost and the services that local authorities have in place to support that kind of activity are probably already under pressure. In our discussions with the DWP, we have made the point that we expect it to resource such activities. It is looking to pilot some activity over the next year or so with local authorities in Scotland, and we are having discussions about the extent of that activity.

In the longer term, if local authorities are to be able to support people effectively, that support will require to be resourced. Since the UK Government has made the change, we expect the DWP to take some responsibility for putting resource into those areas.

Kevin Stewart: I would not say "some responsibility"; the UK Government is making the changes, so it should take all the responsibility.

I will stick with Mr McClements for the moment and go back to the point that the DWP is often extremely fussy with local authorities, and it is probably the same with social landlords about current housing benefit provision. Over the years, a number of local authorities have had their knuckles rapped for not accounting properly. If local authority housing associations have to abide

by the DWP's strict rules, it should provide the resources to ensure that social housing landlords are able to do so.

Michael McClements: That is without doubt. All social landlords will have to invest in additional activity and put in additional systems to ensure that their rents are paid. I made the point at the Local Government and Regeneration Committee that the movement towards paying housing benefit as a benefit to individuals rather than giving people the choice to pay it directly to the landlords could easily threaten 10 per cent of the rents that go into the public sector. If that were to happen across all council housing stock, it would mean the loss of something like £50 million.

We hope that activities such as arrears control, getting in early to help people to budget and so on will mitigate the impact of the changes, but we are unclear what the impact will be. It is not just worrying for social landlords; the Council of Mortgage Lenders has made the same point.

The DWP is undertaking demonstration projects in the UK at the moment to test out the impact of that change in how benefits are administered and to determine what support and exceptions might be necessary. It remains a considerable concern for councils and social landlords throughout the UK. They will certainly have to invest in other support systems to ensure that tenants are supported, and to protect their income streams.

10:30

Kevin Stewart: That has opened up an entirely new can of worms. Has any assessment been made of the impact on local authority housing capital budgets for major refurbishment and new build? I ask the same question for social landlords. At the end of the day, tenants as a whole—not only folk who are on housing benefit—may be punished because it will not be possible to implement programmes as a result of the cuts.

David Ogilvie: That is the purpose of the work on the financial implications of the Welfare Reform Act 2012 that we have just commissioned. We will feed that into the Finance Committee come June.

We have already said in evidence to this Parliament and the Westminster Parliament that, from our conversations with contacts at the Council of Mortgage Lenders, we expect the cost of lending to go up. That will be the case for housing associations and co-operatives, and I assume that it will be similar for local authorities, although they might be seen as slightly less risky. Regardless of that fact, mortgage lending is sticky at the best of times, so we will have to wait and see what happens with development finance. I cannot give you a set of figures, but we anticipate that there will be a knock and that that will cause a

bottleneck at the same time as an upturn takes place in the number of people who are becoming homeless as a result of the overall economic backdrop.

Kevin Stewart: I have a specific question for Ms Campbell, who talked about changing the playing field. In some cases, such as the DWP's pilot of reassessments in the north-east of Scotland, the playing fields have already been changed. Has Citizens Advice Scotland made any assessment of the additional work that citizens advice bureaux had to carry out because of the pilot in Aberdeen and Aberdeenshire?

Jeanette Campbell: I will have to answer from memory because I do not have the information in front of me.

At the time of the pilot, citizens advice bureaux were the first to see ESA cases come through the door. I think that the numbers have tailed off a little bit for them, because they were ahead. Although we did not do an impact assessment, we have been able to see afterwards the impact of ESA. The impact on all bureaux is huge, not just because of the numbers that are coming through the door but because of the complexity of the cases and how time consuming they are. Some of the work is a case of helping people to fill out the forms in the first place, but the really time-consuming bit is appeals, because so many people are found to be fit for work but do not believe that they are. Those are new claimants, so I think that the picture will become worse as we examine the figures for the past six months and the migration appears. People who are unfit for work and have been out of work for five or 10 years are suddenly being told that they should go back and find their place in the workplace, where there is a lack of jobs.

ESA will continue to be a major problem in citizens advice bureaux while the migration occurs. The same thing will happen with the change from DLA to PIP next year. If 75,000 disabled people are suddenly told that DLA has been taken away from them but they will not get the PIP, they will tend to turn to their local citizens advice bureau.

Kevin Stewart: Convener, it would be useful if we could get a note of that spike in numbers in the north-east from Citizens Advice Scotland, because that might give us some indication of what we are likely to see.

The Convener: We will try to find it somewhere.

Jeanette Campbell: I would be happy to supply what I can to the committee.

Margaret Burgess: Perhaps I was remiss earlier in not noting my long association with

Citizens Advice Scotland, so I do that now for the record.

I will follow up what was said about resourcing and impact assessment. Michael McClements said that the role of local authorities and social landlords would change in relation to giving advice on budgeting and benefits or outsourcing that to another organisation. How much thought have they given that? How many housing associations and social landlords are prepared for that? What sort of burden will that be on them? Is that part of the impact assessment?

David Ogilvie: Work to identify our sector's readiness and preparedness is on-going, so I cannot provide figures today. The minute that we have such stats, they will be shared with the committee.

Margaret Burgess: Jeanette Campbell mentioned that advisers will require to be trained in and knowledgeable about benefits. How well resourced is Citizens Advice Scotland to provide that training to local bureaux?

Jeanette Campbell: We are not well resourced to do that. We are under severe pressure. In the financial year that has just finished, we faced cuts of 9 per cent across the bureaux. We tend not to gather figures until the end of the year, but our estimate is that the situation will be worse this year. Most places are on a standstill budget at best or are facing cuts; I think that one local authority increased its funding. That is happening at the same time as need is going up exponentially every year.

As I said, things will be more complex. We would like CAS to be given more funding centrally, which we could distribute to bureaux and use to bring on more specialist welfare advisers. For example, we would like to train generalist advisers to be specialists, because specialists will be most needed, but we absolutely cannot do that without additional funding from somewhere.

Alex Johnstone (North East Scotland) (Con): I will cover the subject that the past two speakers have covered and I will add a brief point. Off the top of my head, three key types of organisation that I would expect to be involved in meeting the requirement for individual advice and support to people who are going through a transitional period are citizens advice bureaux, local authorities and housing associations. To what extent will the burden fall across your three types of organisation? If we are looking to target resources, is one type of organisation better equipped to take on the responsibility?

Michael McClements: A lot of this is about collaboration locally. A lot of local authorities have in place and are developing a corporate strategy on welfare reform and the impact that it will have

in their areas. Most of them are working with partners on how they will respond. I would not characterise that as competition for resources locally; it is about how local authorities, housing associations and the third sector collaborate.

Alex Johnstone: Perhaps I should explain myself a bit better. Do you take the view that local authorities would be better served if housing associations or citizens advice bureaux took responsibility for advice and support, rather than local authorities doing that themselves?

Michael McClements: The responsibility will have different parts. Some people will turn up at the local authority's door no matter what. Local authorities need to be in a position to assist vulnerable people who might be confused about their benefits.

Some local authorities offer a lot of advice and support and some support third sector organisations that do that. A lot of bigger housing associations do quite a lot of information, advice and support activity. It is a case of considering what makes sense in the local context. Councils are probably best placed to work with partners through community planning partnerships and through links with the third sector to work out the most effective way of supporting the most vulnerable people.

Alex Johnstone: That does not sound like a one-stop-shop approach to me.

Michael McClements: We will want to simplify access to support for individuals as far as possible, but we all expect that, as the momentum of the change grows, all agencies will see an increase in activity and will want to pool resources and collaborate on a local response. Of course, we can talk about all that in a general sense, but the response in different parts of Scotland might well depend on what works best and on what is the most effective means of co-ordinating support to individuals.

Alex Johnstone: I am picking up the expectation of a significant increase in demand. Have you looked at all at ways in which response to that demand might be structured across councils?

Michael McClements: Individual councils are looking at their own responses to the impact of the welfare reforms. We have discussed with the DWP and the Scottish Government the role that local authorities might play—if they were effectively resourced—in smoothing the delivery of, for example, universal credit. In particular, we want data to be shared as much as possible, we want people applying for benefits to be directed to sources of support and we want effective collaboration to ensure that people are able to access the benefits to which they are entitled and

the support that they require. Of course, that will all depend on resourcing and effective local strategies.

Alex Johnstone: Finally, do housing associations and Citizens Advice Scotland believe that they will be part of any structured approach?

David Ogilvie: I am much more confident that, in a few months' time, housing association participation in housing options hubs will have increased. A key part of the Scottish Government's mitigation strategy is the hubs' involvement in providing housing-related advice and there has been good progress in the west of Scotland as well as in other parts of the country in using the hubs to provide that structure.

I should add that housing associations and co-operatives are already trying to make tenancy sustainment part of the bedrock of their business. As a result, one would expect that, even within the shrinking financial envelope in which they will have to operate, they will seek to protect their tenants' interests by ensuring that they have the necessary skills or access to advice with regard to financial inclusion and capability. That agenda will become increasingly important; indeed, it is part of a culture change that is already under way but which will, by necessity, have to be accelerated.

In response to your question about structure, we are reasonably confident that collaborative working is possible. We have expressed to other committees our concern that local relationships between housing associations and local authorities are not great in all parts of the country and that there is a pattern of variation with regard to proximity and their ability to get on with each other. That element will always need to be teased out and worked through but, because of the common interest that local authorities and housing associations and co-operatives have in protecting the interests of the communities they serve, we are much more confident that there will be greater collaboration.

10:45

Jeanette Campbell: As has been made clear, there will be a need for more independent advice as universal credit and all the rest of it come on stream. However, given that bureaux are mainly funded by local authorities, they already have a close relationship with them; indeed, authorities will quite often identify need and will want a particular bureau to concentrate on that area.

Similarly, bureaux will sometimes have outreach programmes in housing associations specifically for tenants. The role for bureaux will be in the take-up of benefit to ensure that people get the benefits to which they are entitled and the link to passported benefits. People will have to apply

online for universal credit, which will be a major issue, too. Bureaux might be able to collaborate in that area with local authorities, because if somebody does not have access to a computer or to one with a high-enough speed to download all the forms, they might need to go to their local authority or a bureau for that.

It will be tough to find the resources. I think that everybody recognises that, as local authorities' funding is squeezed, funding for bureaux will be, too. However, there will be a need for independent advice for people, who will turn to their local authority for it, if the authority provides it, or to their citizens advice bureau, because they know that they can trust its advice.

Hannah McCulloch: I reiterate that we want a simplified system of passported benefits to ensure that people will need less advice and support, which is expensive. The more automatic qualification for a benefit can be and the simpler the process, the less support people will need.

Jeanette Campbell: A preventative approach is involved as well. If somebody goes to their local bureau because they have problems paying their rent or council tax, for example, they can get help and advice straight away, which means that they are not presenting on the doorsteps of the organisations that are represented by my colleagues here. People might have problems paying their rent, particularly because housing benefit will now go directly to the tenant and not the landlord.

If people are encouraged to go to bureaux early enough for advice, that will prevent problems downstream. If we can prevent somebody from becoming homeless by helping them with their budget and sorting out their debts, that will obviously have a massive impact on local authorities and social landlords or other landlords.

The Convener: I will take one more point from David Ogilvie before we go to Annabelle Ewing.

David Ogilvie: Obviously, there is a natural will in housing associations and co-operatives to attend to the issues with the communities that they serve, but there is a revenue shortfall that the Scottish Parliament and Government will have to consider. The provision of advice does not come cheap or, indeed, free. Many of the financial inclusion services that were set up through the wider role fund will now have to find alternative sources of funding. The Parliament and the Government need to consider how community-owned organisations deliver advice on the basis of a shrinking revenue stream. Housing benefit is going to cover less and less of the rent, so the ability to fund the services will be constrained. Over time, this or another parliamentary committee will have to consider that issue.

Annabelle Ewing: It is instructive to look at the debate in a different way. It is right that we have spent a lot of time talking about the implications for our advice services, but they can apply to organisations other than the three that have been mentioned. It is ironic that, given that there is no discretion in the operation of the UK benefits system, we have seen the need to spend such a lot of time talking about the potential advice gap and the need for resources and so on. There is no discretion in the benefits system, which therefore suggests that with respect to not just the UK benefits legislation that we are discussing but many examples of such legislation there are issues about how the legislation has been drafted and implemented. It is important to say that.

There are two strands to my question. First, at the moment the UK Government has the power, responsibility and resource, in terms of how the budget is arrived at, to deal with the operation of the benefits system. I recall from when I was in the House of Commons that, when certain things were introduced, at least some lip service was paid to some sort of advisory service being operated directly by the UK Government to help with the implementation of legislation, leaving to one side the quality or otherwise of that legislation. I wonder what intelligence you have about what resources the UK Government will make available for the roll-out of advice to individuals or to help local authorities and other organisations to set up structures to provide advice on the new system.

In the past 10, 11 or 12 years, there have been many issues with the operation of ESA and DLA, in terms of the discredited work assessment and other measures that successive Governments have introduced. In a sense, there is nothing new under the sun. Jeanette Campbell raised the issue that, although many appeals are successful, the expectation is that many people will not have the wherewithal to go to the appeal stage.

I wonder what experience has been garnered on the ground that will help organisations such as CAS to deal with the latest changes to a system that seems to be designed to try to prevent people from getting the benefits to which they are entitled, rather than to facilitate that.

Jeanette Campbell: First, no money has come directly to CAS or to bureaux because of welfare changes. When Neil Couling appeared before the Health and Sport Committee last year, he was asked specifically whether the DWP should give more money for advice, and he said that that was not an appropriate policy response. Having said that, I note that the Westminster Government made £16.2 million available in England last year for free, independent advice services. It did that in the autumn statement, then in the recent budget it announced that it will do the same for the current

financial year and the following one. That means that there is a Barnett consequential of £1.7 million for Scotland in the current year and the next one, and that money could be made available for advice services.

We are trying to make our case to the Scottish Government and to Westminster that extra funding needs to be given, for the very reasons that you have just outlined. We are going to see the impact of the changes. Whether or not the changes will be damaging, the fact that there is a change means that people will need more help and advice. We will continue to press our case to be given more funding to be used to train welfare advisers, to increase opening times, and to make more funding available to bureaux so that they can see more people and they are not put in a position of having to say no because they cannot cope with the demand.

The second bit of your question was—

Annabelle Ewing: The second element was about the fact that, although the bill is draconian, it follows from other, not dissimilar draconian legislation that you have already had to deal with. What experience have you garnered from that?

Jeanette Campbell: Every time that there is a benefit change, bureaux see an increase in demand. If a benefit such as ESA is taken away from people in a day, we will obviously see a huge amount of people going into bureaux to talk about that. ESA came in in 2008 to replace incapacity benefit, and there has been a massive increase in the demand for advice about it. I think that, in the first year, demand increased by about 80 per cent, and the increase last year was 33 per cent. It has been huge. The same has happened any time that a benefit has changed—bureaux automatically see an increase in demand for advice about that benefit.

With universal credit, it will be more difficult, because people will have to apply for it online. At present, people turn up at a bureau with their papers, and they get help with filling them in. It will be more difficult if people have to apply online, which could disenfranchise quite a few people.

The Convener: Our final set of questions to the panel will come from Jackie Baillie.

Jackie Baillie: Thank you very much, convener. I cannot believe that I will ask about subordinate legislation, as it is very techie.

First, a lot of the bill is, quite naturally, to do with draft regulations. Given the limitations of the data that currently exist, do you hope to see some of those draft regulations in advance of the conclusion of the bill process, as they will clearly set out the direction of travel on a number of issues that we have talked about?

Secondly, I am conscious that a number of pieces of subordinate legislation will be dealt with under the negative procedure. Given the detail and substance of the draft regulations, is there a point in our using not the affirmative procedure but the super-affirmative procedure, which is the Parliament's invention, as that would give us a great deal more scrutiny?

David Ogilvie: I said in my written evidence to the committee that the greater transparency and openness there is in defining the regulations through the Scottish Parliament, the better. We want a consultation system to be established that is as open and transparent as possible because the devil is in the detail, as in every bit of legislation. We want to ensure that there is not too much devil in the system.

Jeanette Campbell: I do not think that it will be possible to see that much detail before the bill needs to be passed, simply because of when the summer recess will be. I do not think that enough detail will be brought forward in that time. It would be great if that were possible, but I do not think that it will be, because we are still waiting for so much from the UK Government. The Welfare Reform Bill was supposed to have been passed in around January, but it took an extra six weeks, which will have had a knock-on effect.

The Scottish Parliament can use the super-affirmative procedure, and it should be used in this case. One reason why CAS wanted this committee to be set up was to scrutinise what the impact of the Welfare Reform Act 2012 will be on people and services in and the economy of Scotland. There will be a huge impact on the economy. Some £2.5 billion will be taken away over the next three years, and it looks like another £1 billion in benefits will be taken away from Scotland through the budget. That will have a massive impact, and we wanted this committee to be established so that there is cognisance of the act's impact on Scotland.

This is the time to use the super-affirmative procedure, because time is of the essence. We need everything to be in place, but we want to ensure that the process is transparent and accountable, and that there is scrutiny. It would be excellent if we could use that procedure. If we can see proposals beforehand or as they go through, that will help to smooth over the procedures and ensure that, next April, nobody is still waiting for procedures or subordinate legislation to be passed.

Jackie Baillie: I want to pursue the legislative point, but at one step removed. Last week, I pursued the issue of council tax benefit with officials. There is no current power to pay the successor arrangement for council tax benefit. I observed that that is missing from the bill. Has

COSLA been in any discussion with the Government about what legislation would be appropriate for that? Should it be included in the Welfare Reform (Further Provision) (Scotland) Bill, as it is part and parcel of the work that will have to be undertaken quickly?

Michael McClements: COSLA has been involved in discussion about the shape of a council tax support scheme based on council tax discounts—I do not think that the support would be a benefit—and how the system would be broadly similar to the existing one, at least for next year. The Scottish Government is looking at what it needs to do legislatively to put that into place, and we await the details of that.

Jackie Baillie: Do you see any problem with that being dropped into the bill?

Michael McClements: I do not know what stage the Scottish Government is at on what powers it needs to take, so I cannot comment on that.

Jackie Baillie: Okay.

I have a final question about councils as delivery agents. My understanding of where we have got to with the council tax benefit discussions is that 10 per cent will be passed on and local government and the Scottish Government will share costs. If that model is applied to community care grants and crisis loans, or grants as they might become, there will be a disproportionate impact on those local authorities through increased levels of poverty and higher levels of claimant count. Are you inventing a new formula for the allocation of the funds, or will you use the existing formula, which does not recognise deprivation as much as we would like it to?

11:00

Michael McClements: COSLA will be involved with the Scottish Government in a design implementation group, which will look at the detail of that. There is, however, a difficulty in seeing the devolved elements of the social fund being able to bridge all the gaps in the benefits system, because they simply will not be able to do that.

Most people's primary concern was that the national eligibility criteria would be consistent and there would be a clear facility for people who are in crisis or suffering hardship to get access to those levels of support. That is our priority, but the sums that Scotland will get will be limited. In effect, they will be based on the existing spend for this year and the UK Government has taken steps to limit eligibility for this year's crisis payments. Consequently, we do not anticipate that Scotland will get very large funds. It might be that no more than £25 million or something like that will come to

Scotland for community care grants and crisis payments. At best, that will provide what is being provided at the moment, but it will not allow for all the other changes that have come in as a consequence of the welfare benefit changes.

Jackie Baillie: If we contrast East Dunbartonshire and West Dunbartonshire—I happen to know them because they are on my doorstep—West Dunbartonshire has a much higher claimant count and need than East Dunbartonshire, but that is not necessarily reflected to its true extent within a standard local authority allocation formula. I am trying to establish whether the money will go to where we know the need exists.

Michael McClements: COSLA and the Scottish Government will discuss an appropriate distribution formula across local authorities.

Kevin Stewart: Following on from Ms Baillie's questions, I suggest that members should look at the local government funding formula—

The Convener: We are not getting into a discussion about the funding formula for local government. That will sidetrack us.

Kevin Stewart: No, but if we are going to talk about this, we have to be aware of how it works.

The Convener: We all have views on it and I do not think that it will help the committee to get into a debate about it.

Annabelle Ewing: This is an important point of principle. If a member makes a statement that another member feels is not accurate—

The Convener: That is different.

Annabelle Ewing: It is fair for the other member to be given the opportunity to say why they do not think that it is accurate. That is the way that committees work. It has certainly been my experience in two separate committees in the Parliament thus far that members have the opportunity to express a different view if they feel that what a member has said as a fact is incorrect. Perhaps that is not the way in which you intend to operate this committee, convener.

The Convener: That was not Kevin Stewart's point. If Kevin Stewart had wanted to make a point to correct Jackie Baillie, or to put a different view on the record, that would have been fine, but he was trying to open up a dialogue and inviting members to do other things. I do not think that getting into a discussion about the funding formula for local government helps us. Kevin Stewart might want to make a point that there is a different perspective on the funding formula, and that point was made, but that is not the same as opening up a discussion about how that formula works. That is the distinction that I make. If a member wants to

challenge a point that another member has made, that is fine, but let us not have a discussion—like the one that we are now having—about the funding formula for local government.

Kevin Stewart has made the point that he takes a different view from Jackie Baillie about that and he does not think that the funding formula is as Jackie Baillie stated. That is on the record and we will leave it at that.

Kevin Stewart: There is a lesson—

The Convener: Kevin, please.

Kevin Stewart: I was trying to be nice, convener, by saying that folk need to know how the funding formula works. Next time I will be a bit more blunt when I get to make my comeback.

The Convener: Thank you for that contribution.

I thank our witnesses for their contributions, which have been valuable. I am sure that this will not be the final time that we see you. If you have any additional points or information that you want to send to us, feel free to do so. The cabinet secretary will appear before the committee on 26 April, so if you have any points to make it would be useful to have them before that meeting.

I suspend the meeting for 10 minutes to allow for a change of witnesses and a comfort break.

11:05

Meeting suspended.

11:15

On resuming—

The Convener: I welcome our next panel of witnesses. They are John Dickie, the head of the Child Poverty Action Group in Scotland; Bill Scott, the manager of Inclusion Scotland; Satwat Rehman, the director of One Parent Families Scotland; and Maggie Kelly, the policy and campaigns officer of the Poverty Alliance. As with the earlier panel, if you have any comments or observations to make at the outset, feel free to do so now. I will then open up the session to allow committee members to get into a discussion with you. Does someone want to kick off?

John Dickie (Child Poverty Action Group in Scotland): As our name implies, our particular interest is the impact of the legislation on children and families and the role that the Government in Scotland can play in protecting them from poverty. The evidence is very clear that the overall impact of the UK-wide welfare reforms combined with wider tax and benefit changes will be to increase dramatically the number of children across the UK who face poverty. In Scotland, up to 100,000 extra children are expected to be living in poverty by the

end of the decade as a result of the UK reforms. The key for us is to determine what we can do in Scotland to ensure that our response to the reforms protects children from poverty and continues to contribute to the commitment that has been made to reduce and eradicate child poverty in Scotland. We generally support the aims of the Welfare Reform (Further Provision) (Scotland) Bill and the need for a tight timetable to ensure that the devolved legislation is in place in time for the implementation of the Welfare Reform Act 2012.

I stress that, as became clear in the previous evidence session, the bill deals with just one specific aspect of the response that is required to the UK welfare reforms. We therefore seek assurance—I think that we heard it in the previous evidence session—that the committee will give equal scrutiny to the regulations that are still to come, where the meat of the issue will be in relation to passporting, and the legislative framework that needs to be in place to ensure adequate successor arrangements for council tax benefit and the social fund.

Maggie Kelly (Poverty Alliance): Our key concern in relation to the impact of the Welfare Reform Act 2012 in Scotland is the undoubted increase in poverty across the board, including among children and families, and wider inequalities in relation to women and disabled people in particular. We have submitted evidence previously, which has focused on what we believe needs to be done in Scotland on a range of issues, particularly the passporting that the Welfare Reform (Further Provision) (Scotland) Bill is concerned with. We have been keen to suggest that there needs to be a proper legislative framework in place for the council tax benefit and social fund successor arrangements. We are also keen to stress the need for wider mitigation under the Scottish Government's anti-poverty policy as a whole, looking at childcare, employability and a whole raft of wider issues that come into play.

We welcome the bill and are pleased that it is coming forward at this time. We know that the regulations cannot be made available at the moment—we understand the reasons for that, which are no fault of the Scottish Parliament. Nothing can be done about that, but, as John Dickie said, as part of our response to the bill, we are keen to engage with the Scottish Parliament in looking at the passporting regulations in detail.

For us, the key is to consider the funding of all these issues. I will say a bit more about that later. We must ensure that, in responding to the legislation, we consider the funding implications both for local authorities and for wider mitigation measures across Scotland.

Satwat Rehman (One Parent Families Scotland): I echo the comments of John Dickie

and Maggie Kelly. We welcome the bill, support its aims, appreciate the tightness of the timescale and recognise the need to examine the regulations that will follow and to have the time and opportunity to scrutinise them. As members know, there are more than 163,000 lone parents in Scotland; it is estimated that that figure will rise to 238,000 in the next 20 years, and all of them are going to be affected in some way by the welfare reform changes, be they the changes to child maintenance, the migration to JSA or whatever.

The current lack of detail is causing lone parents a lot of concern and stress. Indeed, as you might know, lone parents whose youngest child is five are starting to receive letters letting them know of the changes and telling them that in mid-May—I believe—they will be migrated from income support to JSA, that they will have to be actively seeking work and that if they cannot demonstrate that they are doing so they will begin to face sanctions to their benefits. We have started to consult lone parents to find out their biggest areas of concern. Their responses so far tend to support Maggie Kelly's point, in that they have identified childcare, information and support and the need for help with debt and money advice as the three areas where they need support in order to feel in a position to enter the labour market.

In short, we need to look together at the bill itself, the regulations and the interplay with wider policy areas in Scotland.

Bill Scott (Inclusion Scotland): We, too, welcome the bill as a necessary first step and, like others on the panel, we are looking forward to scrutinising the subsequent regulations and secondary legislation. After all, the devil will be in the detail. We recognise the need for urgency, given that everything will have to be in place by next April, but it is important to do things right rather than quickly. If we do not get this right, the consequences for some of the most vulnerable people in society might be even worse.

The committee will not be surprised to learn that we remain very concerned about the cumulative impact on disabled people of the various changes and we have undertaken some modelling for ourselves on the groups that are most likely to be affected. As our written submission makes clear, we are very concerned about the impact on the 45 to 65 age group. Two thirds of all those on the lower-rate care element of the disability living allowance are in that age group. However, when the PIP is introduced, those people will not be entitled to that lower rate because there is no such element to that benefit. As a result, all of that group stand to lose at least some of their current entitlements.

A very similar group will be affected by the loss of the contributory element in the employment

support allowance. Those people, who are aged from 45 to 65 and are more likely to have lifetime savings or a partner in work, will also lose their entitlement. Moreover, that same group makes up the main profile of those who will lose some of their entitlement to housing benefit with the introduction of the underoccupancy rule.

We think that the Scottish Government's modelling is good, because it makes clear that a certain proportion of that particular group will not be able to pay their rent, will get into arrears and will be evicted. However, we suspect that given the very large-scale cuts that that group is already facing a far larger number of people will not have the resilience to deal with the housing benefit cut and the chances are that even more people than is currently projected will end up in arrears and being evicted. The impact is cumulative. We must not lose sight of the fact that all these changes do not just stem from the introduction of the universal credit. The personal independence payment and the shifting of the claimant load from incapacity benefit to employment support allowance are also massive changes, as the tens of thousands of appeals that have been lodged show.

The Convener: I am not saying that what has been said this morning is contradictory, but I am looking for a bit of clarity. Earlier witnesses mentioned the timescale for the bill. John Dickie said that he understands the need for the proposed timetable, because everything needs to be in place. However, Bill Scott said—other witnesses nodded at the time—that it would be better to take our time and get it right than to do it quickly. Am I picking up a contradiction? John, are you saying that, if the option to take a bit more time was available, you would prefer that?

John Dickie: I see two stages. There is the enabling bill, which we must get through pretty quickly and get out of the way, after which we can spend quality time—we must ensure that there is time—focusing on the detail of the regulations, which is where the meat of passporting will lie. I tried to make the point that equal urgency applies to introducing and scrutinising the legislative framework that is needed to underpin the replacement of the social fund and the council tax benefit. We can get the enabling bill through pretty quickly, after which we can really spend time on focusing on the regulations.

The Convener: That is really helpful.

Jamie Hepburn: I will stick to that theme. I should probably declare a kind of interest, as I am a lapsed member of the Poverty Alliance. It is not that I do not want to be a member of it; I keep meaning to renew my membership—I will get round to it eventually.

I will pick up on the Poverty Alliance's submission. For passported benefits, the devil is in the detail down the line. I was intrigued that Maggie Kelly posed a question to us in saying:

"we would want to know what plans the Committee has to ensure that such regulations"—

on passported benefits—

"receive adequate scrutiny."

We will ask the questions, if you do not mind. [*Laughter.*] What plans should we have?

Maggie Kelly: I will follow on from what John Dickie said. The bill provides for the negative procedure to be used. Ideally, we would like to have as much scrutiny as possible, to see the regulations as soon as possible and to have the affirmative procedure used. I posed the question to the committee because, as I am not aware of the committee's timetable or the overall parliamentary timetable, I am not clear about how much time the committee has for such tasks. Ideally, we would like as much scrutiny as possible, but I cannot say exactly how the committee should do that. We would like the affirmative procedure to be used if possible. I hope that that clarifies my question.

Jamie Hepburn: That is useful. It was interesting to hear John Dickie talk about taking quality time to look at the detail once the enabling bill is through. We all accept that we need to get the enabling bill through quickly but, even thereafter, we must be realistic enough to know that the regulations will have to be brought into force pretty quickly. There might be more quality time, but I am not sure whether it will be much more. What is the perspective on that?

John Dickie: I understand that the Scottish Government thinks that it will have the information that it needs by June. The cabinet secretary has given a commitment to consult on the approach that will be taken to passporting, which is welcome.

There is time to give the subordinate legislation scrutiny. The bill reflects the fact that secondary legislation is normally subject to the negative procedure. Given the importance and scale of the changes and given their impact on many people and on Scottish Government and wider Scottish anti-poverty and inequality policy, there is a strong argument for looking at the first set of regulations under the affirmative procedure.

Whatever approach is taken, it is crucial that we see draft regulations well before they are laid, to create the potential for feeding in, scrutinising and proposing amendments to ensure that the regulations work in the interests of—obviously—children and families and of individuals and households across Scotland.

We are up against time pressures, but we do not want to use that as an excuse for not carrying out appropriate scrutiny. We must ensure that we use the time that we have to conduct adequate scrutiny.

Jamie Hepburn: Broadly, you are satisfied that we have sufficient time to do that.

John Dickie: I think so.

11:30

Maggie Kelly: I have a small point on the business of scrutiny. As we all know, huge welfare reform changes are being introduced that will impact on a raft of devolved responsibilities. Although the Parliament might use the negative procedure in the normal course of events, my point is that, because the changes in question are so huge and so far reaching, there is definitely a need for more scrutiny than might normally be considered necessary.

Satwat Rehman: I was going to say the same thing.

Kevin Stewart: Every time the committee meets, something else is thrown into the mix. We have had submissions in which folk have told us of their experiences of life. Bill Scott threw up a number of issues to do with the 45 to 65 age group and those folk who are on lower-rate DLA, who will disappear out of the picture altogether.

How many folk who are currently on lower-rate DLA do you think that that will happen to, with the result that they will eventually be put on a much higher level of support because of deteriorations in health and all the rest of it? I know that that is extremely difficult to estimate but, as a constituency MSP, I already know of such cases, and the committee has had submissions from folk who have said that that is likely to happen to them. Have you done work on that?

Bill Scott: It is extremely difficult to predict who will eventually end up on a higher rate of benefit because a range of barriers might be put in their way.

In Scotland, there are 60,000 disabled people on lower-rate care. A fair proportion of them—30 per cent of them, certainly—have learning difficulties, mental health issues or cognitive issues such as autism. If all those people lose their benefit, it is possible that they will move from coping with their condition and their current care needs to not coping. Their mental health issues might become more severe, with the result that they need to be hospitalised or to receive medication. People who have learning difficulties might develop a more general health issue, because learning difficulties are often linked to mental health issues. Someone can develop

depression if they become isolated, which is what we expect will happen to a lot of people with learning difficulties. The same is true of people with autism. If the care needs of people with autism are being met, the condition is very controllable and people can live with it, but if their care needs are not being met, there is quite a high chance that they will go into crisis.

All of that will mean additional costs to local authorities and the national health service, but it could also result in the people concerned moving up a stage in their entitlement to benefits. The problem is whether they would be capable of negotiating the benefits system. Because of the nature of their conditions, they may not be able to get past the benefit hurdles that are put in front of them.

When we have talked about DLA, we have tended to talk about the people who are on lower-rate care and that whole group losing their entitlement. We have subsequently seen the DWP's projected figures for what DLA entitlement would be in 2015-16 if changes did not take place and what the claimant count will be if and when the PIP is introduced. The DWP projects that, in 2015-16, 2.2 million people across the UK would be on DLA and that 1.7 million will be on the PIP, which is a drop of 500,000 or about 23 per cent.

However, that masks what will actually happen. Because there are five elements to disability living allowance and four to the PIP, some people will also lose entitlement to the mobility component. We have analysed the DWP's figures to see who is likely to lose the mobility component, and the DWP is expecting that in Scotland 27 per cent will lose higher-rate mobility. On that basis, 26,400 people who are currently entitled to higher-rate mobility will lose that entitlement.

That has a knock-on impact because those who are on higher-rate mobility allowance automatically qualify for a blue badge, so everyone in that group will need to be assessed to see whether they still need a blue badge, which will impose additional costs on local authorities. The mobility needs of those individuals will not have changed one iota between now and when they lose their entitlement; they will simply have been assessed out of their entitlement.

For those on lower-rate mobility allowance, the figure is even higher: 40 per cent, or 33,400 people, are expected to lose their entitlement. Again, a large percentage of those people are entitled to a blue badge because of their condition. Another group is entitled to concessionary travel on the basis that they are on lower-rate mobility because of their condition, but because they do not have an on-going entitlement, they will need to be assessed. Until now, those people have not

needed to be assessed so that their needs could be found out.

In their entirety, the projected figures show that nearly 75,000 people will lose out on the mobility component. When we say that 55,000 people will lose their entitlement altogether, we need to remember that mass of 75,000—those who might lose part of their entitlement or all of their entitlement; we are not sure which yet. As I say, that has huge implications for passported transport benefits. Scotland has a much larger geographical area per head of population, so getting from one place to another in a rural area without a blue badge or concessionary travel entitlement is going to be so much more difficult and it will make employability and access to education and training much more difficult.

Kevin Stewart: I thank Mr Scott for his comprehensive answer. It is sometimes very difficult for us to get our heads around the amount of folk who are going to be affected by all the changes. Mr Scott has shown us that, even if we can hazard a guess about certain groups, the numbers are likely to increase because of all the anomalies in the current system.

The level of scrutiny that the committee has to apply is immense, and it is sometimes easier to get to the human element of what is likely to happen. That is why I encourage not only the groups represented by the panel but others to talk to individuals and get their views about what might happen to them under the changes. In relation to the scrutiny that the committee has to undertake, that is easier for us to deal with because, although we keep learning about elements of the changes, it is necessary for us to get a human take on them. I encourage the organisations that we are talking to to get folk to use the e-mail address and the other methods that we have in place to give their views.

Satwat Rehman: We have been doing a quantitative survey but we have also been capturing a lot of case-study evidence. While Bill Scott was talking, I thought about a case that came to us last week that shows the complexity of the situation from the individual family's point of view. That must be our starting point. There was a conversation earlier about who should offer information and advice and how that should be done. The starting point has to be where the family will go.

I will share an example with you. Lucy is a single parent with a 16-year-old son who has cerebral palsy. He has been in receipt of the highest rate of the care component and the higher rate of the mobility component since he was a small boy. Lucy received carer's allowance and income support as Mark's full-time carer. He has been reassessed for DLA and it was found that he

is no longer entitled to either the care or the mobility components, despite the fact that his condition remains unchanged. Lucy has lost her carer's allowance and income support and she has to go on to JSA, so she will have to be actively seeking employment. The type of care that she needs for her son is not available, and she has had a drastic drop in her income, which means that she is struggling financially.

The committee can see from that example the number of different things that are needed to support one family. The UK Government talks about simplification, but it is difficult to impose that when families have such complex situations.

The Convener: Jamie Hepburn has a supplementary question.

Jamie Hepburn: Kevin Stewart raised the prospect of getting personal testimonies. We should remind people that we have a dedicated e-mail address through which individuals can contribute. If the witnesses want to encourage the people with whom they deal to do that, we would be interested to see their testimonies.

My question is on an area that I want to explore, and it seems sensible to do it now given that Bill Scott raised the issue of those who receive certain benefits because they have been assessed as being disabled losing those benefits. Inclusion Scotland's evidence includes what I think is a neat phrase, when it says that

"people will lose their status as disabled persons".

It also states:

"We would like the Scottish Government to consider ways of safeguarding the passporting of these former benefit claimants if they otherwise lose this status."

I would be interested to hear how Inclusion Scotland believes that that can be achieved. I would have thought that it would be fairly straightforward: if a record was maintained that they were so assessed, that would carry on. Is that what you mean?

Bill Scott: In the past, when benefits have been changed, residual entitlement has been counted, so somebody who qualified for a benefit continued to qualify for the passported benefit. The problem with that approach is that, as you can imagine, it would protect the 74,000 or 75,000 people who are going to lose the mobility component in the next three or four years, but it would not protect anybody who would have been entitled to that component, because they will no longer be entitled under the new assessment regime. That is a difficulty. The approach would at least offer some protection for existing claimants, but it is far from perfect.

Jamie Hepburn: You pre-empted my next question. We need to focus on that group. Do you have any ideas on how they can be catered for?

Bill Scott: It is exceptionally difficult. I am an ex-welfare rights worker and I am used to seeing proxy indicators being used to determine whether somebody is entitled to a passported benefit. We would usually say that, if somebody was entitled to this benefit, they will be entitled to that one. When we take that approach out of the equation, even though we know that they are a disabled person, their doctor says so, and their school record tells us that they got assistance with their additional needs, all of that is put to one side because they no longer qualify for the benefit. How do we establish what the new criteria are—

Jamie Hepburn: Is there not a suggestion in what you have said? If their doctor says that they are disabled and they have had additional support at school, is that information not relevant?

Bill Scott: I am saying that there might be other proxy indicators, but where we draw the line would be the difficult part. Some disabled people say that blue badges should be for people with mobility issues or people who need to be accompanied when they make a journey. We can determine that if there has been a mobility assessment.

However, with a mental health issue or learning difficulty, it is much harder to draw a line and say that a person's condition is at this or that point on the spectrum and that, as a result, they might need to be accompanied. Indeed, such a decision might well need a doctor, which will require a new series of medical assessments with subsequent costs to the NHS—or, if the NHS cannot bear those costs, to local government or the Scottish Government.

11:45

Jamie Hepburn: But would that assessment not have been undertaken anyway? If the needs have been identified, surely the assessment has already happened.

Bill Scott: In schools, such assessments relate very specifically to educational needs: what assistance is required with reading and writing, whether the individual has a sensory impairment that requires them to have a computer adapted to their needs and so on. The school might look at mobility issues, whether the individual needs someone to accompany them to new places or whatever. If such assessments do not happen, things could become quite difficult. Although, as I have said, existing information could be drawn on to determine new proxy indicators, there would need to be real discussions with social work, education and so on about the level of information held and the ways in which it could be used.

Jamie Hepburn: We really need to get our heads around this issue.

The Convener: Perhaps Maggie Kelly can help us.

Maggie Kelly: I do not think so.

With regard to working out who might be entitled to passported benefits in the future, we must remember that the new tests for the PIP and ESA are much narrower. Under current criteria, those who receive the higher rate of DLA, for example, get such and such a benefit, and extending those criteria to some of the lower rates might help to catch some people. I admit that such a move will not help the people Bill Scott was talking about—those who should be getting some benefit but who would not get anything; instead, I am thinking of people who in the past would have got a higher rate of a particular benefit and might now just sneak into the very low rate. I wonder whether that approach might be a way of catching some people who are beginning to fall through the net. It is more of a comment than a firm proposal, but it really needs to be considered.

Margaret Burgess: I want to echo a comment made by Jamie Hepburn. Leaving to one side the question whether everyone on universal credit should get passported benefits, I certainly think that there is a real issue with disability benefits. There will be considerable cost implications in setting eligibility criteria for things that cannot be determined but, on the other hand, we cannot simply say that everyone in receipt of the PIP should get passported benefits, given the number of people who will be taken off it. Is that what you are saying to us?

Bill Scott: Yes.

Margaret Burgess: That will be a real issue with regard to disability benefits and we will certainly have to examine the matter in much more detail. Do we know, for example, the number of people receiving DLA who do not get any other benefits?

Bill Scott: Unfortunately, that is where you need the kind of detailed modelling that we have never had from the DWP. We have asked for it. The Westminster Parliament's Joint Committee on Human Rights, with regard to its report on how the welfare reform changes would impact on independent living, asked Maria Miller whether the DWP had carried out any modelling of how people might be affected and she replied that there was no need for it. As a result, prospects of modelling happening at UK level are about nil. Given that, modelling needs to be done at a Scottish level to determine the number of losers, the likely consequences for them and the possibility of extending the criteria.

One suggestion might be that somebody on the lower rate of the new mobility component could qualify as though they were on the higher rate. However, somebody would have to consider the cost implications of doing that; we have not done it yet. I will provide the committee with a copy of my paper, which is just a couple of pages, on the losers in respect of the mobility component. I think that it is useful because it illustrates that the headline figure of 500,000 losing out masks the roll-out implications for disabled people.

Annabelle Ewing: I am shocked but not surprised by the DWP's response, which is outrageous. To inform our work, the committee may wish to consider whether to write to the DWP and the Secretary of State for Work and Pensions to seek modelling information.

To pick up on Jamie Hepburn's point on the important matter of status issues and so on with respect to disability benefits, it would be worth exploring in detail the extent to which we can use existing information. There is a weight of evidence from general practitioners, social work departments, education services and so on, but the UK Government has selected just one body to operate the system that says the converse. Can Bill Scott tell us from his experience of successful appeals what weight is carried by the contradictory information about an individual that is provided by that person's GP?

Bill Scott: It is important for a successful appeal to have medical evidence from a GP or a consultant who has dealt with the person involved for years, because they are in a much better position to know how the individual's condition or impairment affects them on a day-to-day basis. My Citizens Advice Scotland colleague is not here any more, but I am sure that CAS would say that having accompanying medical evidence for an appeal was crucial in most of the successful cases.

I heard last week that there is a pilot project in Fife—I have forgotten what it is called—that is attempting to draw together information from sources such as education and social work into one hub so that there can be lifetime tracking of a person's needs. The problem at the moment is that a lot of young disabled people are well known to education and children and family services when they are at school, drop off the radar completely when they leave school and re-emerge only when they are in crisis. An attempt is being made to track through and ensure that some transitional support is provided when the young disabled person leaves school. That might be something to investigate further.

Alex Johnstone: A thought occurs. Inclusion Scotland suggested that eligibility under the new system could be based on previous entitlement.

That is a general suggestion, but I would like to look at it more specifically. We have talked about the range of passported benefits: some of them are quite complex and expensive, but others are not necessarily so. Can you say a bit more, Mr Scott, on the historic entitlement approach and whether it might be more effectively used for cutting the cost of the analysis process or whether it has a role in other areas?

Bill Scott: John Dickie could probably give evidence on this. The historic entitlement approach has been used when benefits have changed in order to continue to give people residual entitlement that is based on past entitlement. There is a question mark over the approach, though, because some disabled people and some people with long-term health conditions have conditions that improve. It is therefore not always the case—nor should it be—that somebody who has had an entitlement in the past will continue to have that entitlement for the rest of their life.

It will create a problem in the future because people may no longer fit the criteria for a particular type of support. A blue badge, for example, entitles someone to park because their mobility is restricted or they need to be accompanied. If they no longer have that need because their mental health has improved or they have a form of paralysis that then improves, why are they getting that entitlement? People may perceive that someone is getting a blue badge when they do not need it. The historic entitlement approach is a partial solution, but in no way a perfect one. We have suggested it because it is the best solution that we can think of, rather than because it works in every case.

Alex Johnstone: Even if that was not a long-term approach, could it play a transitional role?

Bill Scott: Yes—it could definitely play a transitional role. I support Maggie Kelly's suggestion that it might be worthwhile to consider extending automatic entitlement to blue badges to those on the lower rate of the new personal independence payment.

Jackie Baillie: You have answered my points about subordinate legislation without my needing to ask.

The council is the delivery agent, and we understand that legislation on the payment of the successor to council tax benefit is required. You will have heard me ask the other panel what the appropriate legislative vehicle is. That is missing from the bill; I understand that ministers are looking for legislative vehicles. Given the interrelationship, as council tax benefit is in itself a passported benefit, is there any obstacle to putting that in the bill?

John Dickie: There is an argument for getting the bill through, given the specific job that it does, but that does not take away from the need for equal urgency in developing the legislative framework that is required for council tax benefits and for the discretionary social fund. We have not taken a view on that, other than that there is an argument for getting those things through, although not at the expense of one another.

We are keen that a national legislative framework should underpin the replacement for the discretionary social fund and the passported benefits. It is important that minimum eligibility criteria continue to be in place for key passported benefits—even where benefits are administered locally—to ensure that, wherever people live in Scotland, they will be able to access those benefits when they need them and would benefit from them.

Jackie Baillie: Some of you participate in the working group that is dealing with the successor arrangements for the social fund, and the consultation on that has now concluded. Are you involved at this stage in devising some of the regulations? I anticipate that, although you do not know the ultimate figures, you could devise regulations on how the fund would operate in the future. Is that happening?

John Dickie: It is not yet happening at that level of detail, but we are continuing to press for a national legislative framework to be in place to underpin those replacement schemes. We understand that the delivery agents would be the local authorities, certainly in the short to medium term. That does not take away from the need to ensure—indeed, local authorities would be supported by this—that clear national eligibility criteria are set out in law. Given that the funds are limited pots of money, clear criteria will mean that those involved in delivery, as well as those who rely on the crucial support that crisis loans and community care grants currently provide and that the replacements will provide, are clear about what people are entitled to, with regard to managing those budgets. That work is in progress, and we hope to be involved in helping to shape the detail.

12:00

Maggie Kelly: I also sit on the working group that is looking into this and, to echo John Dickie's comments, we have not yet had sight of any detailed criteria. We hope that details will come forward soon, although there is still debate about how the system will be put in place. As John Dickie said, COSLA will be the delivery agent. We have—like CPAG and our colleagues in SCWR—been pressing strongly for a legislative framework that will, as John Dickie said, protect individuals in

need and ensure that the system is delivered fairly throughout Scotland so that areas of deprivation do not run out of money and the fund assists people based on their needs, rather than on where they happen to live. We are discussing that with the Government at present, and we look forward to seeing details on the criteria quite soon.

To go back to Jackie Baillie's question, it would be fantastic—the ideal situation—if those things could all be dealt with in the bill. I do not have a view on exactly what the procedure ought to be, except to say that those things need to happen as a matter of urgency. We are certainly keen to engage on the social fund and on council tax benefit.

The Convener: There are no more questions. I thank the witnesses for coming this morning; I am sure that we will see them again as we consider the regulations and other aspects of the bill.

Bill Scott indicated that he will provide the committee with some documentation. If any of you wish to submit to us any further comments in writing, we would welcome that. As we said to the previous witnesses, the cabinet secretary is with us on 26 April, so you are welcome to suggest areas of questioning or raise points before then. Please get in touch with us at any time.

I echo Jamie Hepburn's comment that if you have any case studies, you should encourage people to take the opportunity to use our website to get that information into the public domain so that we can take cognisance of it, as it is vital that we do so.

12:02

Meeting continued in private until 12:16.

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