



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 18 March 2014

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WELFARE REFORM COMMITTEE
5th Meeting 2014, Session 4

CONVENER

*Michael McMahon (Uddingston and Bellshill) (Lab)

DEPUTY CONVENER

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

COMMITTEE MEMBERS

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

*Linda Fabiani (East Kilbride) (SNP)

*Alex Johnstone (North East Scotland) (Con)

*Ken Macintosh (Eastwood) (Lab)

*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ian Black (East Dunbartonshire Council)

Lynn Brady (Perth and Kinross Council)

Jenny Brough (Scottish Government)

Margaret Burgess (Minister for Housing and Welfare)

Stephen Devine (North Lanarkshire Council)

Morag Johnston (Glasgow City Council)

Jamie MacDougall (Scottish Government)

Ann McVie (Scottish Government)

Nicola Reid (West Lothian Council)

Leslie Rendall (Orkney Islands Council)

Graham Ritchie (Angus Council)

Gary Smith (Scottish Borders Council)

Andrew Waugh (Scottish Government)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

Committee Room 2

Scottish Parliament

Welfare Reform Committee

Tuesday 18 March 2014

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

Decision on Taking Business in Private

The Convener (Michael McMahon): Good morning and welcome to the fifth meeting in 2014 of the Welfare Reform Committee. I ask everyone to ensure that their mobile phones and other electronic devices are switched off.

Agenda item 1 is a decision to take in private item 4, which is consideration of a draft letter to the Secretary of State for Work and Pensions. Do members agree?

Members indicated agreement.

Scottish Welfare Fund

10:00

The Convener: Agenda item 2 is an evidence-taking session on the Scottish welfare fund. On 11 February, the Scottish Government published the first official statistics on the Scottish welfare fund for 1 April to 30 September 2013 and, on 14 March, it published the responses to its consultation on the draft welfare funds (Scotland) bill. Members have been issued with the statistics and the responses to the consultation from the local authorities that are giving evidence today.

Today's evidence session provides an opportunity to explore with local authorities their experience of the fund to date and whether they feel that any changes should be made to the Scottish Government's guidance. It is expected that this committee will be the lead committee on the welfare funds (Scotland) bill.

I am delighted to welcome to this round-table discussion Graham Ritchie, revenues and benefits service manager at Angus Council; Ian Black, director of finance and shared services at East Dunbartonshire Council; Morag Johnston, assistant director of financial services at Glasgow City Council; Stephen Devine, Scottish welfare fund manager at North Lanarkshire Council; Leslie Rendall, revenues manager at Orkney Islands Council; Lynn Brady, revenues and benefits service manager at Perth and Kinross Council; Gary Smith, revenues and benefits manager at Scottish Borders Council; and Nicola Reid, team leader in benefit operations and Scottish welfare fund at West Lothian Council.

The round-table format allows us to bounce issues around. If the witnesses want to ask questions, make comments or bring points to the committee's attention, they may do so. We will keep the discussion as fluid as possible. Anyone who wants to come in should indicate as much to me; I will ensure that everyone gets an opportunity to have their say.

Stephen Devine tells me that you have not organised a leader or anyone to go first, so I am going to be biased and ask Stephen, who, like me, is from North Lanarkshire, to kick off. Having recently attended a conference at which a lot of ideas were bounced around about the operation of the Scottish welfare fund, I wonder whether Stephen will give the committee his view on how the fund is going and whether any change might be necessary.

Stephen Devine (North Lanarkshire Council): First, I thank the committee for inviting us here today.

The introduction of the Scottish welfare fund has meant quite a steep learning curve for local authorities. The rather rapid process of change that has been required to allow local authorities to deliver the service has been quite difficult in some circumstances, but quite natural in others.

The service, which was previously the social fund that was delivered by the Department for Work and Pensions, is now quite different. The fund delivered through the DWP allowed for cash awards, and customers were used to that sort of behaviour. Now that the councils have the remit for delivering the Scottish welfare fund, the service is wholly different and, indeed, is being delivered slightly differently in each of the country's 32 local authorities. There has been a wee bit of difficulty with the councils bedding in with the guidance from the get-go, and some of that is apparent from the figures for the first and second quarters.

I am in one of the local authorities that has found the process particularly challenging because of the high volume of customers pretty much from day 1. There is a real sense, particularly among the local authority officers, that the service is delivering high-quality, positive outcomes for customers, but that also presents a challenge. The outcomes that we are now providing are more holistic and involved with the customer. For example, when customers who get community care grants look for furniture as part of their claim, they get furniture rather than cash, and that big change for the customer has been particularly challenging.

The guidance has changed a couple of times, but it changed most significantly in October when it loosened the tight, narrow bandings that some councils felt were attached to certain descriptions and definitions in the previous guidance, particularly in relation to qualifying criteria for the Scottish welfare fund. Now that those bandings have been eased a bit, councils are becoming a wee bit more comfortable with the fund's discretionary element.

It has been a steep learning curve but councils are getting there. My colleagues will be able to give you some more evidence on that.

The Convener: That was a helpful start. Does anyone else's experience reflect that or are the experiences different in different local authorities?

Lynn Brady (Perth and Kinross Council): Perth and Kinross Council's experience very closely reflects the North Lanarkshire experience that Stephen Devine has described, with the same challenges and the same really good outcomes for customers. Even before the fund was implemented, we have striven to support the Scottish Government's view that a holistic service should be delivered at first point of contact, and

although we continue to strive to do that, it comes at a cost. For example, it takes longer to deal with a case. However, the outcomes are certainly better and we are taking a more preventative approach.

With regard to the first six months' experimental statistics, over the first few months Perth and Kinross concentrated on dealing with its decision-making processes and upskilling its staff to increase their confidence and, as a result, we delayed inputting applications into our system. Some of the information in the experimental stats is, through no fault of the statisticians, inaccurate. For example, it suggests that we took some time to process crisis grants when, in fact, most grants are processed within the first couple of hours. It is all about system timing.

In summary, the process has been very challenging but very encouraging and there have been some really good experiences for customers.

Morag Johnston (Glasgow City Council): I think that our experience is similar to that of my colleagues.

An issue that we probably all experienced, certainly in the first six months, related to the relationship with the DWP and getting the signposting between it and the local authority correct. What we established very early on was that, with regard to local authorities' expectations in relation to crisis grants, the number of people who were coming to us for those grants was not what we had expected. I think that a lot of that was because of the DWP and its processes for dealing with, for example, short-term benefit advances. A lot of the people who were coming to us should have been getting a payment from the DWP. In Glasgow, things have settled down and we are continuing to have that dialogue with the DWP.

One challenge for us might be the very current issue of sanctions. The challenge for the Scottish welfare fund is that it is being administered by the local authority and, although we need to protect people who are in a crisis, we must also ensure that a problem that has been initiated by the DWP is not simply moved over to the local authority.

Nicola Reid (West Lothian Council): In West Lothian Council, we found that the information technology system was not necessarily helping us an awful lot in the first six months, and we are only now getting a look at a system that will provide us with the stats that we actually want to produce.

With regard to Morag Johnston's comments about the DWP, local authorities are at an advantage with the fund because we have more local support networks and can find out more about customers through social work and housing departments than the DWP could. We can also refer customers to other organisations. The DWP

did not have those things at its fingertips. Providing the scheme at a local level is certainly helping customers get what they actually need rather than just a payment.

The Convener: Much of the evidence that we have received up to now has been anecdotal evidence about where people are finding out about the fund and what happens when they are referred on by it. At our recent round-table discussion on food banks, a concern was expressed that food banks should be kept out of the welfare system, and we have heard anecdotally that people who have made a request for a grant to the Scottish welfare fund have been referred to food banks. How prevalent is that?

Stephen Devine: Realistically, certain customers who apply to the fund will not get a payment from it. That always features in the decisions that we make, because the decision is effectively whether or not to make an award.

In North Lanarkshire, we have referred customers to food banks when we were unable to make them an award. The ability to say no to someone must be part of the system, but the difficulty lies in deciding when it is right to refer someone to a food bank. We have taken a rather pragmatic view on the matter, because the provision of food banks across North Lanarkshire is quite patchy. Because no one organisation deals with all the food banks, the situation is fairly straightforward for our decision makers: if someone is turned down for a crisis award and a food bank is available in their area on that day, we will refer them to the food bank for assistance. However, if no food bank is available on that day, we will make an exception, overturn the decision and make the award. We will not tolerate a person sitting without food.

We do not see a referral to a food bank as an alternative to a grant. The grant has to be in place first and the decision on the grant has to be made first. If you make that decision independently and as fairly and applicationropriately as possible, you can consider making a referral to a food bank. That is how our practice has evolved.

Linda Fabiani (East Kilbride) (SNP): Like others, I believe that the local link is very important. However, I am interested in the discretionary element of the fund. Stephen Devine said that since the guidance was loosened up in October councils now have discretion, and I am interested in finding out how that translates into practice in each council. Who sets the guidelines at local authority level that tells officers, "This is the discretion within which you can work"? From talking among yourselves at various fora, do you get the feeling that you are broadly on the same page, or are there big differences?

Gary Smith (Scottish Borders Council): One strength of the process that we have been through is that, as a result of meeting through the Convention of Scottish Local Authorities, we have been able to speak directly to the Government and raise certain issues. Typically, we as officers have encountered cases in which we have seen a need that we would like to fulfil and which it is reasonable to fulfil but they do not quite fit within the guidelines that have been developed. It is evidence of the trust that has been put in local authorities that the Government has been prepared to change the situation and relax the guidelines, partly in response to the low take-up of the fund and partly because there was budget available that we wanted to utilise.

One of the process's great strengths is that local authorities have been listened to and trusted enough for some of the definitions to be relaxed. The cases in question typically involved people who would have been entitled to a particular benefit had it not been for the fact that they were getting a different type of benefit. When it came to the criteria relating to families, there were people who were entitled to a grant but who did not strictly come under the definition of a family or a couple or under the definition of extreme circumstances. As a result, the definition was relaxed. I think that that is what Stephen Devine was referring to.

Linda Fabiani: Is there any uniformity across authorities?

Gary Smith: I think so, but they have very different demographics and have come up with different solutions for delivering payments, dealing with customers and that type of thing. However, although there is variety, when it comes to decision making we sit down, discuss the types of cases that we get and what we see as grey areas and learn from each other's experience. In general, across the whole of Scotland, we are working to the same criteria.

10:15

Linda Fabiani: That is good. At what level in local authorities are these decisions taken? As senior officers, are you left to work out, from your experience and in discussion with other members of staff, what further guidance should be in place beyond the Government guidance, or does that come from the chief executive's department or even the elected members?

Gary Smith: In my authority, it does not come from any higher than officer level. That is where we deal with it.

Linda Fabiani: Does that apply generally? I see everyone else nodding—that is good.

Kevin Stewart (Aberdeen Central) (SNP): Morag Johnston talked about the initial stages and the lack of signposting from the DWP about the Scottish welfare fund, although she said that there has been some improvement in that situation. Is that the same in every area? I see everyone nodding. Since that improvement, has there been a higher take-up rate?

Ian Black (East Dunbartonshire Council): In East Dunbartonshire, prior to implementation, we focused on trying to make as many statutory and voluntary agencies as possible aware of the local authority role. I think that we did well, and that work was complemented by the Scottish Government's advertising at the time.

As for signposting, we work well and in partnership with our local citizens advice bureaux, which provide the council's welfare rights service, and we also have a network that involves bodies such as the national health service and local housing providers. Signposting is important but, frankly, despite the work that we have done, inevitably some vulnerable customers in communities can and do slip through some of the nets. In that regard, we have tried to work with the police and other agencies that are perhaps closer to the real crisis points. Our learning experience is that, no matter how well we publicise the scheme, some people will not listen or will forget about it. We have to keep on the case to publicise the arrangements.

Kevin Stewart: I wonder whether I can turn that on its head. Are your staff trained enough to spot cases in which somebody is not getting the right benefits from the DWP? Do you help people through that process to ensure that they get what they are entitled to?

Nicola Reid: All our Scottish welfare fund officers have a background in housing benefit and council tax benefit reduction, and along with that comes the knowledge of welfare benefits. Our staff have a grounding in what applicants are entitled to and can refer people on if they are not getting exactly what they need. As our Scottish welfare fund officers are housed in our revenues and benefits department, we have access to the discretionary housing payments system and can ensure that people get everything that they are entitled to in that respect. In addition, we have welfare rights and money advice officers at our fingertips. Our officers have a reasonably rounded knowledge of what an applicant is entitled to at the point of application.

Lynn Brady: In Perth and Kinross, we are fortunate that our welfare rights team is based in our revenues and benefits team, because it means that we can deliver a holistic service. That is one of our strengths. Officers who are the first point of contact for the Scottish welfare fund can carry out

a full income and benefit health check to ensure that the person gets all the income that they are entitled to in the first place, which will, we hope, prevent them from having to come back another time. That approach works well. Our welfare rights team has limited access to social work data, which has been exceptionally helpful in allowing us to understand vulnerability and to link up with key workers. We get a lot of support from our social workers—for example, we have a mentor—and that is helping us to learn new skills.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I want to raise an issue that I am not entirely convinced is controversial but which has been mentioned in recent weeks—that of providing vouchers and items rather than cash. So that we get a better understanding of the issue, I am interested in the views of people round the table, who are at the front line, on what their authorities tend to do and the reasons for that.

Stephen Devine: I will start with crisis grants. In North Lanarkshire, we made a decision fairly early on not to go with electronic payment cards and to pay cash. In part, that was so that the customer receives the value of their award when they receive it. If a vulnerable person is paid with an electronic payment card and someone else is demanding cash from them, in all likelihood, the value of that payment card will reduce, because they will sell it in the community to get the cash. To negate such behaviour, we decided early on to ensure that customers are awarded cash for crisis grants.

On community care grants, we have a furnishing service contract. We will shortly move to the national framework for furnishing, but we have provided furniture items from day 1. The feedback that we get is patchy, as Ms Ewing described. We get positive feedback from some customers, because they are delighted with the items that they have received, which have helped them to move on with their lives. However, some customers are used to getting cash—that is a legacy from the social fund—and they want the money rather than the bed or wardrobe that they told us they needed in the application. Those customers are less happy.

Professionals who support vulnerable customers have been almost completely up front in telling us that they find the model to be positive, because it helps them to provide the support that they are there to provide when they are involved with customers. Social workers and housing officers find the service positive, particularly for customers with addictions. The professionals do not want some people to get a large payment of cash, because they will dispose of it in an unpredictable way, given their need, and that presents a difficulty for front-line staff. The key

staff who are involved with vulnerable clients have been positive about the way in which we deliver the service.

Morag Johnston: In Glasgow, for community care grants we put in place a system of providing goods from day 1. We took the view that it makes sense to try to fulfil that requirement. We use our supported employment partner, Royal Strathclyde Blindcraft Industries. That arrangement was already in place, so we were able to mobilise fairly quickly.

We still pay out cash for crisis grants, although not directly. We use the Post Office and we are looking to move to PayPoint soon. We have started to consider whether there is an alternative in respect of payments for food and whether we could do something with supermarkets. Our approach is that, if we can provide goods, we will do so. We have not had any negative feedback from people, other than—as Stephen Devine outlined—people who in the past were not used to getting goods. We have had positive feedback on the quality of the goods that are provided.

Gary Smith: We took a slightly different approach from that of most councils. Because we have a geographically diverse area and low populations in many areas, we felt that it was not sensible to expect people to come and collect vouchers. Therefore, we use the mobile telephone network to send an SMS message, which includes a number that can then be redeemed via PayPoint. In some cases, individuals can get their payment within 10 or 15 minutes of the decision being made. We felt that, from the point of view of keeping to the two-day turnaround for making payments, that was the best way for us. In terms of technology, that process has worked extremely well for us. As far as the traders and the network are concerned, it seems to have settled down, and that is our route to fulfilment. Our experience is different from that of a lot of councils, but it seems to have been a wise decision to go down that route.

We were slow in being able to fulfil by delivering furniture. It took us quite a while to negotiate that and to get it through our procurement process. In the meantime, there were one or two cases in which we had supplied people with rather large sums of cash, which we then found had not been used for the purposes for which it had been supplied.

The move to electronic payment cards has meant that we can track people's payments. We had one client who decided to go on a spending spree in Glasgow, but we were able to stop his card before he had spent all his money, to put his social worker in touch with him and to bring the situation to a more positive outcome than might otherwise have been achieved. We have used a

combination of different solutions, depending on the person's circumstances.

Leslie Rendall (Orkney Islands Council): I would like to give an islands perspective, which is completely different from a mainland view. We have always paid crisis grants in cash. Quite quickly, we worked out that the levels of cash payments would be quite low, and the immediacy of the payment meant that cash turned out to be what worked well, although we considered other options.

As far as community care grants go, we work only with goods but, as we are an islands authority, it can be quite tricky if folk source goods from outwith the island, so we have concentrated on having informal discussions with local suppliers. As the committee will appreciate, the number of suppliers who can supply goods is quite small on the islands, so we ask the client who is applying for the community care grant to source the goods themselves from local suppliers, with whom we have an agreement that we will take over the payment side of things. We find that that distributes business equally among the local suppliers without preference, and that it allows us to ensure that there is local consistency of decision making.

In a small authority area, it is not quite the case that everybody is connected to one another, but those who claim community care and crisis grants will speak to one another, and if we do not make consistent decisions it is easy to get in a bit of a mix-up, with folk coming to us with false expectations. When we make a decision, as well as trying to be fair to the individual client, we are also aware of the need to be consistent within the revised regulations.

We always understood the regulations. From the start, it was clear from the initial training that we had, prior to the scheme going live, that they were just guidance, but the loosening and revising of that guidance confirmed that and we have had no problems. We find it quite a good scheme. Locally, we meet fairly frequently what is called a welfare reform committee, which involves the CAB, the DWP and social services. It is different, because we all know one another and can speak to people and find out what has gone wrong quite early on in the process.

The Convener: That sounds like a model for partnership and co-operative working.

Leslie Rendall: There is just one citizens advice office and one DWP office, so in the first few days—perhaps even on the very first day—we had to liaise with the DWP quickly on the short-term advance of benefits. That problem was sorted out within a week or so and it hardly arises

now. The system is well oiled and people know where to go.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): That comment by Leslie Rendall is useful, because that is an area that I wanted to explore. Morag Johnston also raised the issue, and we heard anecdotal evidence some time ago about there being an issue with the DWP referring people to the Scottish welfare fund in cases in which it would have been more appropriate to have paid a benefits advance. That is the sort of thing that rears its head now and again, so it would be useful to hear whether that is totally sorted or whether it is still an issue. What is your sense of what is going on? Is it just a case of the DWP passing the buck, because it is easier to say, "Go and see the Scottish welfare fund"?

Morag Johnston: As I said previously, that was an issue that raised its head in the early days but, at meetings before the Scottish welfare fund started to operate, we forged links and relationships with the local DWP Jobcentre Plus offices. We have a local liaison manager who had daily contact with the Scottish welfare fund when such issues were raised.

My impression was not necessarily that there had been a concerted effort by the DWP. Its situation was a bit like ours—it had to start working in a new environment. The DWP is a big organisation that has lots of staff to train. My view was that it was a question of getting the message out to staff about how such queries should be dealt with.

My understanding is that, if people being referred to the welfare fund is still an issue in Glasgow, it comes up only very rarely, because we resolved it at the beginning.

10:30

Graham Ritchie (Angus Council): Much the same happened in Angus. There were early meetings with local jobcentre managers before the welfare fund started operating. There were isolated incidents at the start, but they tended to be more down to individual members of staff at the jobcentre not taking on board the guidance that they had been given for dealing with the matter themselves instead of passing it to us. The local jobcentre managers have been very good in trying to resolve the issues. The situation has pretty much settled down now; there are just isolated cases now and again.

Nicola Reid: I agree with colleagues. There were issues in the beginning, but we have regular meetings with our Jobcentre Plus managers, at which we try to iron out any issues. I think that all local authorities will be the same in that regard.

Key for us is the ability of our staff to access the DWP system, so that they can see why people may have been refused short-term benefit advances. It is a matter of ensuring that notes and so on are updated so that whether somebody who comes to us should get a short-term benefit advance does not get put backwards and forwards. If the notes are clear, we can see exactly what has been the case and why.

Alex Johnstone (North East Scotland) (Con): I want to ask you specifically about that. A year ago and more, when we were first discussing this and other aspects of welfare reform, one of our concerns was to ensure a proper transfer of information between local authorities and the DWP. Do you feel that that has been a success, given what you said a second ago?

Nicola Reid: Yes. We have good links. We have phone contacts, and we have the notes system on the CIS—the customer information system. All those links and all that information can be held on that system. In the beginning, we struggled to make those links with our DWP staff, particularly Jobcentre Plus managers, but those links are now in place, and we have regular meetings at which we iron out anything that arises. There is good sharing of information between local authorities and the DWP, from our point of view.

Stephen Devine: I do not think that we in North Lanarkshire are alone in characterising the relationship with the DWP as having been challenging, initially, when it came to STBAs, but there has been a substantial improvement, not just in the relationship but in terms of the number of referrals that we are getting from the DWP in relation to STBAs.

However, the volume of customers who have been sanctioned, who have had an employment and support allowance—ESA—medical at which they have been found fit for work or who have had mandatory reconsiderations is beginning to increase, so there are other issues with the DWP that are starting to build up some traffic again. I do not want to suggest that customers are problem customers, but the problems that they present to us become a problem, because we need to communicate with the DWP quickly. Sometimes, despite having access to the CIS, which is the DWP's information system, the notes are not always up to date.

To be fair, some of the staff at the DWP write in code: they abbreviate everything. Our staff are getting up to speed not just with the code or shorthand that the notes are written in, but with how to interpret that from office to office.

Alex Johnstone: What is between the lines, in other words.

Stephen Devine: Absolutely.

There is a real difficulty for customers in that respect, as we need to try and fit them into our decision-making process while being acutely aware that the DWP has them firmly within its decision-making process, too.

The Convener: There was a realisation that the system was new and that there would be some teething problems, but there was still a sense of disappointment when the initial figures came out regarding the amount of money that was being distributed. We got an indication from Scottish Government officials that, of the £33 million that was available in the fund this year, about £28 million would be distributed by the end of this year. The figures that came out this morning indicate that the trajectory has been as expected, in that there will be a shortfall at the end of the year. What would you recommend that would increase take-up?

Lynn Brady: It is perhaps bucking the trend a bit, but I think that Perth and Kinross Council is likely to spend all the Scottish welfare fund money. Over the past week, we vired a small amount of money from crisis grants to community care grants. Those support the Scottish Government in trying to reduce crisis spend initially, to get preventative work in place and to increase community care. That is down to awareness and our good links with social workers, schools, the third sector, health colleagues and the police. There has been a concerted effort to raise awareness since about October 2013, and applications are now coming in.

I must agree with what Stephen Devine was saying about sanctions and conditionality in relation to the DWP. That is definitely an emerging issue, and it will impact on the fund in the future, I believe.

Linda Fabiani: My question is on the same point—it ties in rather well. I was thinking of the potential underspends this year from the point of view of sanctions and things that are likely to increase the spend. What are local authorities' views about what would happen if you were to run out of funds before the end of a financial year?

Graham Ritchie: This comment will be more on spend figures. We are revenues and benefits people and we make the original decisions about housing benefit. It is all based on regulations—whom we can pay and when we pay are very strictly regulated matters. We have now come to the point at which we are doing something that we are completely inexperienced in, which is making discretionary payments by way of the welfare fund and discretionary housing payments. That is completely different to decisions on housing benefit.

At the beginning, our thinking was that we should keep priority levels high in order to make the budget last all year. The initial spending patterns were completely different from the spending patterns for the past three months. Let us consider the set of figures to the end of September 2013—I also have more up-to-date monthly figures. We are overspending our budget every month now because we have brought the priority level down to low. Demand in our area has not really changed, but has been quite consistent and, from about November onwards, our spending patterns have given a much clearer indication of what we will spend in the future: we will spend our budget. We will not spend it for this year but, at the rate we are going, we will spend it in 2014-15.

Ian Black: I echo what Graham Ritchie said about the experience in Angus. We started with a fairly cautious approach, as we were conscious of having a finite budget. Given the revenues and benefits background and the strictures that we typically have to work within, we are conscious of the cash limit. The initial criterion that we applied was that we would make payments to high-priority claimants only. Very quickly—from June onwards, we used high and medium-priority claims and since October we have been using high, medium and low-priority claims, which has been complemented by the revised guidance from the Scottish Government, which colleagues have said is quite helpful. The profile now is that we anticipate being about £20,000 underspent over the course of the year; we expect to be about £40,000 over in community grants and about £20,000 under in crisis grants.

We are uncertain whether we will be able to award high, medium and low-priority claims for the entire forthcoming financial year, given the relaxation in the sanctions environment. We will spend as much as possible on appropriate cases this year. There will be another challenge in the future because, although we will have a similar environment, there will be a slight change. This has been one of our most difficult areas. The claimant numbers—the applications—have not changed, but awarding has become slightly easier over the latter part of the year.

Morag Johnston: The start of the year was similar in Glasgow. There was a lot of uncertainty and we thought that we would be inundated with demand, so we started off being cautious. One of the issues that we recognised quickly was that the cautious approach had been drummed into the staff in their training, and it took us quite a long time to encourage decision makers to be slightly less like gatekeepers. I do not mean any disrespect to the staff; that is just a recognition of the culture.

Glasgow, as did a lot of local authorities, overspent during the last three months of last year, so the council was then presented with the problem of moving into a new financial year and avoiding having to award low on 31 March and then move to awarding high on 1 April. What you want is to come in with a soft, steady landing. It all comes back to the question: what if we overspend? The challenge for local authorities is that overspends must come from somewhere else in the budget. Glasgow City Council monitors the budget daily; I am sure that other local authorities do the same. The welfare fund manager knows what his daily spend needs to be, and we monitor the priority levels in that way.

Our budget is about £7.7 million and we expect our outturn to be about £7.2 million or £7.3 million. However, when you get to that level, it is about timing. It is about cases in which, for example, goods have been ordered that will not be delivered until the new year. If we land somewhere around 96 or 97 per cent of our budget, we will, to all intents and purposes, have fully spent our budget.

Alex Johnstone: My question follows on directly from that and will cover some of the same ground. Looking at projections for the whole financial year that is now coming to an end, and at the actual expenditure, we must remember that we have talked about how the figures were initially low and that there were a lot of start-up reasons for that. However, I want to explore other reasons, and the first question that I want to ask of people who actually know what they are talking about is whether there is a natural seasonality and an assumption that demand on the schemes may be lower from April to September and higher from September to April. Is that the case?

Graham Ritchie: As regards community care grants, we started out initially using local recycling projects. When you compare what we pay for goods from those projects with the money that the DWP in the past gave people to buy new goods, it costs us a lot less, although we are probably dealing with the same number of applicants. We have subsequently moved to the national framework agreement, and the prices of individual items there are astonishingly low. It is quite bizarre to contrast the price of the goods there with the normal council procurement system. We can keep our community care grant spend down because we are using recycled goods and a national contract.

Alex Johnstone: In a normal year—one without the start-up impact—would you expect to see higher demand in the winter months than in the summer months?

Graham Ritchie: Yes. I should also say that we have been fortunate this winter in Angus, as you probably know, because we have had a really mild

winter and have not had storms, storm damage or the floods that have happened in other areas of the country. We have spent quite a bit in the winter period on topping up people's electricity and power; we would expect that spending to go up quite a bit in a normal harsh winter. We would probably start off with priority levels a wee bit higher in summer and reduce them in winter, so that we can help people more in the winter. I think that there will be fluctuation throughout the year.

Alex Johnstone: As we look forward to the transition that will happen at the end of this month into the new financial year, has that variability in demand been taken into account in projections for the subsequent year?

Graham Ritchie: Yes. We will probably start at the same low priority level, then raise it to medium through the summer period from June to September, when we should not be topping up very many people's electricity and power.

10:45

Jamie Hepburn: I will make an observation about what will be spent of the overall Scottish welfare fund. Clearly, we do not know how much will be spent; we will be able to assess that only at the end of the financial year. We clearly hope that as much of the money will be spent on helping people as possible. If we take the £28 million figure that was posited, I am pretty certain—if I remember correctly, casting my mind right back to the start when we looked at the issue—that that level of expenditure would be slightly higher than the expenditure under the equivalent schemes in previous years. If local government and the Scottish Government together had not topped up the DWP funding—in Wales, the National Assembly for Wales has not topped it up—we would not have been able to reach that level.

Witnesses can feel free to comment on that observation. However, my question goes back to something that Gary Smith talked about. There is clearly a good relationship between local government and the Scottish Government through COSLA, as it has been accepted that the guidance needs to be tweaked here and there and guidance has been changed. We know that the Scottish welfare fund will be put on a statutory footing. Are you confident that your experience will influence formation of the legislation?

Stephen Devine: This will probably be quite a dismissive answer in one respect. The social fund was a mature DWP service that had existed for more than 20 years and was delivered in various economic circumstances. We now find that, in the middle of a huge process of welfare reform, we are introducing not a replacement for the social fund but an almost wholly new service, which

delivers wholly different outcomes. The challenge for local authorities is that we would dearly love to be able to give you a very clear picture of what demand will look like in three months and six months, but the truth is that we do not yet have sufficient experience of the new service to do so. The figures that have been released to the public domain are for the first two quarters. In effect, we are comparing 26 weeks' worth of statistics like for like with a mature service that lasted for 20 years.

I know that, as my decision makers put in their shifts every day in the office, they are gaining more experience, gathering more knowledge and getting better outcomes for customers. I think that when we are another 12 months down the line we will probably be able to provide much better answers to your questions about demand and budget issues. That is why I suggested that my answer might sound dismissive; it is not meant to be dismissive, but to be a bit of a reality check on the statistics that have been produced thus far.

Jamie Hepburn: I do not find that to be a dismissive answer at all; it is very helpful.

I first made an observation, but I am more interested in how the benefit of your experience will inform the legislation when the Scottish welfare fund is put on a statutory footing. Your input will be essential because you will be the people who will deliver it.

Lynn Brady: I think that it has so far been an excellent example of joined-up working prior to implementation with the Scottish Government, COSLA and all the local authorities. We have moved forward and it looks as though the intention is to continue to do that. The people who are putting together the legislation are listening to us and to our experiences. They are visiting local authorities and that is making a difference.

I think that it is right that the Scottish welfare fund will be enshrined in legislation and that the duty will sit with local authorities, but it will definitely come at a cost to the local authority—certainly in Perth and Kinross Council; I can speak only for it—because the administration fund does not currently cover administration of the scheme.

We can help customers and we are getting really good outcomes. The Scottish welfare fund is holistic; it is not transactional like the previous fund.

Annabelle Ewing: My question in part picks up on a point that Lynn Brady has just made. We will soon consider legislation, so I will ask about the delivery model. The Scottish Government's preference has clearly been for delivery to be through the local authority. In other parts of the United Kingdom, that is not the case. For example, in Wales a private sector company is used—not local authorities. In the light of the fact that

legislation is coming, is it your general feeling that the local authority is best placed to deliver the fund?

Morag Johnston: We have heard today that local authorities can take a more holistic approach. From a practical perspective, that makes sense. The only note of caution about putting the fund in statute relates to the funding obligation that local authorities will have. At the moment, the funding is, to all intents and purposes, ring fenced in the settlement, although it is possibly not formal ring fencing. Local authorities are a bit uncertain about the financial burden that they might be taking on.

Gary Smith: I would echo what my colleagues have said. A great strength of local delivery is that we can tailor delivery mechanisms to our local area.

I have said that the way in which we have worked together has been a great strength. I welcome the fund being put in legislation but, as a small council, Scottish Borders Council is worried about finance, to which Morag Johnston referred. For example, we can afford from our admin funding two members of staff, but we are using five. I imagine that all my colleagues round the table have different numbers, but the same message that we are heavily supplementing the admin side.

The Convener: I was going to come on to that point. When we took evidence from local authorities about administration of DHPs, we heard staggering figures for the additional administrative costs. Ian Black wants to come in; I do not know whether you want to comment on that.

Ian Black: East Dunbartonshire could replicate the figures that Gary Smith cited. We were allocated funding for approximately two staff to deal with the Scottish welfare fund, but we have at least five on it every day. We are a small and relatively affluent authority, but I am pretty sure that such a metric is common.

Local authorities are well placed, if not uniquely placed, in the community planning partnership environment to be the central point for delivering the welfare fund. However, my concern is that that comes at a cost. My team prioritises welfare fund applications and processes, but that has undoubtedly been to the detriment of our core housing benefit, council tax reduction and DHP work. We have had to make that value judgment because of the nature of crisis payments and the longer-term resettlement arrangements that relate to community care grants. If we had more resources, we would augment the team.

The Convener: It would be interesting to contrast the bigger and smaller authorities. Does

Stephen Devine have an idea of the administrative burden?

Stephen Devine: We were resourced to the tune of just short of £500,000. We started with 16 staff, including me, but we are now up to 25 staff. Initially, the challenge to councils has not just been to resource a model that is similar to the social fund. The indication to councils was that they could make so many decisions in a day, which so many staff would be needed to administer, but most of those calculations were based on delivering social fund decisions. Most councils have found that a lot more work has had to be done after the fact, particularly for community care grants, as Ian Black said. Even crisis grants involve a lot more holistic work, such as referring people to other services, which takes additional time.

In measuring the resource, the decision is less important than the outcome. It can be costly to get someone who is incredibly vulnerable into a situation where they are less vulnerable. Councils' experience has been that the administration funding has fallen some way short of what was needed. I do not think that there is a council in the country that thinks, "It's all right—we got enough money and we're delivering happily." Every council has faced pretty much the same issues.

The Convener: Is that the case in Orkney Islands Council?

Leslie Rendall: From an islands perspective, the admin funding does not cover even our software costs, but we welcome the use of the local authority. Ian Black touched on community planning partnerships; the community planning partnership is at the forefront of delivery in Orkney.

Being a small local authority, we are similar to the others in that the work seems to sit well with revenues and benefits. We have already moved away from having a specific member of the benefits team doing it so that it can be done within that team. Social services did not seem to be too keen to take it on, and as it seems to fit within our service, we have no problems with it at all. However, we get about £6,000 in admin funding, but we need about £18,000, which is three times what we get.

The Convener: Is it the same for West Lothian Council?

Nicola Reid: Yes. Our funding covered six officers and a section leader. I am working on it as one of the managers, and four staff are taking calls. We, too, are vastly underfunded.

Graham Ritchie: Angus Council is in exactly the same position as Gary Smith's and Ian Black's councils with regard to the number of staff that we employ and the level of funding that we receive. It

is only because the housing benefit service is still there that we have been able to move resources to provide the right level of service for the welfare fund. At the end of the year, however, it will be seen that the situation has been to the detriment of the housing benefit service.

Lynn Brady: Perth and Kinross Council has administration funding of roughly £77,000. The council has more than doubled that amount, but the funding is non-recurring, so that is quite challenging.

The Convener: That was the experience that we heard about from the local authorities that are dealing with the DHP. The changes are having an impact beyond the impact on people who are being affected by the benefits changes. Administration by local authorities is being looked at again and I am not quite sure that all that has been taken into consideration.

Kevin Stewart: I do not know whether any analysis has been done on this, but it would be interesting to find out whether that movement of staff is creating a saving in other services by dealing with the problem at its root. We all know that if folk are not helped at the initial stages, other services often end up having to deal with crises. Social work, education, housing, and so on, can all be affected. I know it is early days, but is anyone analysing how much staff are saving other services by dealing with the problem appropriately at the beginning?

Stephen Devine: Kevin Stewart is right that it is too early for such analysis. Councils have been running at such a pace to deliver the service initially that we are only beginning to look outwards to other services and asking them to provide information about how our preventative work is helping them. We are keen to get information on some areas, such as section 12 and section 22 payments within social work, homelessness and such issues. We would like to gather that information.

This goes back to the issue of administrative funding. The staff are barely financed to deal with the situation at hand, so collecting all those data in order to get a full picture is very challenging because the other departments are also in the middle of welfare reforms. For example, housing sections have to deal with underoccupancy. All council departments work with very vulnerable groups, so it is a challenge to measure from a baseline whether things have improved because everyone is affected slightly differently as benefits change.

Kevin Stewart: It is also important to find out whether each local authority is following a welfare reform strategy or a poverty strategy. I know that Stephen Devine was talking about his council's

staff, but I see a corporate responsibility here for some such analysis. I would be happy to hear comments on that.

The Convener: We will come to Morag Johnston first. I do not know whether you can add to that, but you want to make a point.

Morag Johnston: Stephen Devine made the point at the end of what he said. We are in a changing landscape—not a steady state. We have had the changes around the underoccupancy charge, the council tax reduction scheme and DHPs; we are still seeing some changes coming through from welfare reform. That makes it difficult to measure whether what has happened with the Scottish welfare fund could be classified as preventative spend, and what its impacts are.

11:00

I will pick up on Kevin Stewart's next point about a corporate approach, if I may. Like all councils, Glasgow City Council has a group of officers within and outwith it who meet regularly to look at what welfare reform changes mean holistically for the council area, both practically in the council's having to implement the Scottish welfare fund, for example, and in respect of the wider implications for individuals. The council also has a poverty leadership panel, which has set out clear strategies to take matters forward.

Ian Black: It is important to align the various corporate policies. The strategy for our welfare reform group was initially focused on reacting to mitigate the adverse impacts on individuals of the welfare reform changes, but it very quickly developed to look to the council's economic development strategy and to enhance employability through providing levers for individuals to make choices and to move on from the circumstances in which they had found themselves.

The Convener: To wrap up the discussion, would our witnesses like to bring anything to the table that we have not yet discussed? Is there anything that you wanted to get on the record when you came to the meeting? I give you the opportunity to do that now. I will not force you to speak if you do not want to, but is there anything that you think we need to be aware of or that might be helpful? If you go away and you realise that there is something that you should have brought to the committee's attention, we will be more than happy to receive written information from you, because we want to be as well updated as possible. As things change with you, we will benefit from your keeping us posted on that.

Ken Macintosh (Eastwood) (Lab): I apologise because I could not make it to the meeting earlier than half past 10.

I want to ask specifically about authorities not giving cash awards to people. Has that been covered? It is being indicated that it was. That is fine.

Ian Black: In East Dunbartonshire, we do not provide cash for crisis grants. We use Allpay Ltd, which is one of the electronic means of passing on the payment facilities, and we have not had any resistance or adverse feedback from any of the claimants. We have found that one of the advantages of that is that we can focus on allowing specific commodities. For example, utilities and food can clearly be allowed using that company's software, while other commodities, such as alcohol, can be barred. We can exclude it because it is clearly outwith the terms of the crisis intervention.

Ken Macintosh: Has assessment, independent of the local authority, been made of how successful is the use of such systems, or of vouchers or goods, as opposed to cash?

Ian Black: We have not undertaken any independent assessments. We find that the system gives us a clear audit trail in respect of where the resources have been applied.

The Convener: As I said earlier, we thought that there were some teething problems, which we were made aware of anecdotally, but obviously the practical work that the witnesses have done at the coalface has filtered through and some changes have been made as we have moved forward. Obviously, as we move towards the legislation, we will continue to look at what guidance and direction are required to ensure that the maximum number of people get the maximum amount of support. That is what it is all about.

I thank you all very much for coming along and informing us; your input it has been very helpful.

I suspend the meeting for 10 minutes.

11:04

Meeting suspended.

11:12

On resuming—

The Convener: Our next panel of witnesses comprises the Minister for Housing and Welfare and her officials.

Minister, if you introduce your officials and make some opening comments, we will then discuss the points that you want to bring to our attention.

The Minister for Housing and Welfare (Margaret Burgess): Okay. Andrew Waugh is from the communities analytical services division;

Ann McVie is from the welfare team; and Jamie MacDougall is from the housing team.

I welcome the opportunity to appear before the committee to give evidence on the Scottish welfare fund and discretionary housing payments. The discussion is timely, as the statistics for DHPs were published this morning. They show that £21.9 million has already been expended, to 31 December. As members are aware, we have asked the DWP to lift the cap on DHPs. The Deputy First Minister wrote to Lord Freud on 31 January, to Iain Duncan Smith on 10 February, and again to Iain Duncan Smith on 26 February to request an urgent phone call to discuss the matter. We have had no response.

The Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney, also wrote to George Osborne about the matter on 10 March, because we firmly believe that lifting the cap on DHPs would allow the Scottish Government to take the most effective action to help those who are affected by the bedroom tax, and it would cost the DWP and the Westminster Government nothing. They would make the savings that they intend to make through the bedroom tax, but that approach would allow the Scottish Government to take the actions that the Scottish Parliament passed by agreeing that lifting the cap on DHPs would be the most effective way forward.

11:15

However, lifting the cap would not make up for the cost to the other parts of the Scottish Government's pressured budget, and it would not be a solution to the bedroom tax. I think that we are all agreed that only abolition will solve the issue but that DHPs are the best way to mitigate the effects. The Scottish Government is of the view that it is shocking that, to protect our citizens and our devolved housing policy, we have had to divert funds from other devolved responsibilities to mitigate the damage that the Westminster Government has done. We continue to pursue that. We think that it is wrong, because we cannot mitigate all the impacts of welfare reform.

I listened to the discussion with the previous panel, and it is agreed that the Scottish welfare fund had a slow start. However, informal monitoring of the fund is showing that the spending in the fund is increasing and is coming close to the projected levels. We reacted to what we heard from practitioners and local authorities and we widened the guidance to make access to the fund easier. We also co-ordinated a significant marketing effort to publicise the funds through various media channels and through third sector contacts, because we recognise that it is not always individuals who approach local authorities

to make an application; often, that is done by a third party or third sector organisation that works with vulnerable groups, so they had to be well aware of the fund. We believe that those actions are working. I have some copies of our latest leaflet, which I will leave with the clerk.

We think that the fund is on track. We have in place a scheme that benefits from local delivery, as was clear from the previous panel. It offers the potential to address the underlying needs of applicants by providing access to a broader range of services. I am pleased with the part that all of us have played in establishing the fund and with the hard work that local authorities have done. We recognise that the fund has been a challenge and was something new, but we can see how it is helping vulnerable people in communities throughout Scotland. We are not complacent—we know that we can do more and we continue to work with our local authority partners to ensure that the fund gets out to everyone who requires assistance from it.

I am happy to take questions.

The Convener: Thank you, minister. I concur with much of what you said about where the problems lie and how difficult it will be to mitigate the impact of the changes.

I am glad that you have some statisticians with you, because we have been getting into some of the figures. To help us to identify how we are progressing, it would be helpful to know whether the demands are being met. When the Deputy First Minister announced the creation of the Scottish welfare fund, she said that it would help 100,000 extra people. We sought clarification of that and we have been trying to get the exact figures that we are talking about. We have had clarity that it does not mean 100,000 extra people. Possibly, it is 100,000 claimants, which means that, as people can make multiple claims, the number of people might be lower than that. As an indicative figure, that needed a bit of clarification. The figures that we have so far, which are up to September 2013, show that about 39,000 or 40,000 applications were made, with about 25,000 awards. Are we getting near to the figures that the Deputy First Minister set out when she announced the fund? How far short are we?

Margaret Burgess: When the fund was announced, I think that the figure was for the number of awards rather than the number of individuals who would be assisted. It was for the number of awards, compared with the number under the previous social fund. I think that Andrew Waugh has the exact figures.

Andrew Waugh (Scottish Government): The statistics work on a number of levels, so we can look at the number of households that received

awards or how many awards those households got. In the first six months, up to the end of September 2013, about 36,000 unique households received funds from the Scottish welfare fund. Of those, 33,000 received crisis grant awards and about 12,000 received community care grants.

Alex Johnstone: I want to talk about global figures and early reported performance by local authority areas. I will not go into detail about the extreme differences that there are in the figures up to 30 September, as we have already discussed what the problems were with representatives of different local authorities. Is there now a greater understanding of why there were substantial differences in the early performance? How can we avoid that wide variation in the future?

Margaret Burgess: Are you referring to the variation in the number of awards per local authority area?

Alex Johnstone: Yes. It is the old problem of trying to get the money into the hands of the recipients. We have a graph in front of us that shows that the best performance up to 30 September was above 95 per cent of the projected figure and the poorest performance was only 25 per cent of the projected figure. Are you confident that you understand why that variation occurred and how we can avoid that wide variation in the future?

Margaret Burgess: Yes, we are confident that there is now a better understanding and more consistency in local authorities. We heard earlier from witnesses who spoke about the challenges of the funds going straight to the revenue and benefits sections, which work to a very strict legal framework but are now having to apply discretion. Extending the guidance has helped.

Another reason for the differences was that many local authorities decided at the outset, because they anticipated a huge demand for the service, that they would give awards only to those who were the highest priority. They now recognise that they can offer the service to middle or lower-priority cases. Local authorities are now well on top of the scheme in their areas and know how it works and what changes they have to make. We will continue to work with them to ensure that the funding is kept up to the level that it is now reaching. We are hearing from all local authorities that they are approaching their anticipated spend. I hope that that will continue, and we will work with them to ensure that it does.

Alex Johnstone: Can we assume that the Government's guidelines for the administration of the scheme will, from now on, ensure greater consistency, or will it be necessary to give additional guidance to local authorities to make sure that we have more consistency in the future?

Margaret Burgess: The scheme is designed to allow local flexibility. That is what makes the scheme very successful, in some ways. We would not want to take away the local flexibility. The guidance on how the scheme can be accessed and on those who are eligible for it is just guidance. However, to get consistency, we have regular meetings with practitioners who come from all over Scotland to talk to one other about how they make the awards. I am confident that local authorities are working towards that. The will is there and everyone wants the money to get to those who need it most. I am confident that local authorities are working towards that, and I am sure that there will be consistency.

Alex Johnstone: One of the surprising things in the graphs that we have been given is that local authorities—in some cases, neighbouring local authorities with similar needs and demands—found themselves in very different positions in the first six months. Are we confident that those wide variations, sometimes within specific local areas, will not be repeated in the future?

Margaret Burgess: We hope not to see such a wide variation between neighbouring areas, although I maintain that there must be local flexibility. We do not expect to see wide variations, and we expect the spend to be as projected as we move into the new financial year.

Jamie Hepburn: In our previous evidence session, I think that we all got a sense that there has been good co-operation and dialogue between local government and the Scottish Government in finessing the scheme if a need has been identified—as it has been—to alter the guidance. How will you and the Scottish Government draw on the expertise and experience that has been built up in local government to inform the legislation that will be needed to put the Scottish welfare fund on a statutory footing?

Margaret Burgess: We will use that and the feedback that we get from Heriot-Watt University, because we will conduct a review. We want to ensure that the partnerships continue to work together, not just with local authorities but with the third sector, and continue the dialogue. There has been very good dialogue regarding the Scottish welfare fund in putting together the current scheme, and we will continue to do that before we finalise the welfare funds (Scotland) bill. All that we have learned so far, we will continue with. That is important. The scheme has worked well and there is a lot of good will out there to ensure that it all works correctly.

Jamie Hepburn: We had the folk from Heriot-Watt University here, and they were very helpful for our deliberations, too.

I turn to the issue that you raised about the discretionary housing payments and the various pieces of correspondence that have been sent to the UK Government. May I clarify one point? You referred to the fact that a number of letters have been sent, and I think you said that one letter that had been sent from the Deputy First Minister to the Secretary of State for Work and Pensions had called for an urgent phone call. When was that letter sent?

Margaret Burgess: I think that it was sent on 26 February.

Jamie Hepburn: We are now at 18 March, so I think that that is a fairly lax interpretation of the word “urgent” from the UK Government.

Margaret Burgess: It is extremely disappointing that we have not yet had a response, particularly when we have made it very clear that we would like a response by 1 April so that from that date we can know the way forward for discretionary housing payments and the bedroom tax. It is disappointing, but I hope that the letter that Mr Swinney wrote to George Osborne might speed things along. However, we would certainly like to know by 1 April.

Jamie Hepburn: The committee is in touch with the UK Government, too, so I wonder whether we might want to reflect on that.

The Convener: We will be looking at a letter to Mr Duncan Smith later.

Linda Fabiani: Maybe he is too busy.

Kevin Stewart: All these letters are going back and forth and there are always pretty negative responses. One day the UK ministers might actually appear in front of this committee—then again, pigs might fly.

The results from the local authorities are pretty varied. I am all for flexibility and autonomy when it comes to local government, but there are huge differences in the proportion of CCG applications that have resulted in awards. Unfortunately, Aberdeen City Council is away down there whereas, according to the chart in the briefing paper, almost 100 per cent of those who applied to Orkney Islands Council received an award. We heard earlier from Perth and Kinross Council in particular, which is talking about using CCG payments as preventative spend. I think that that is what we would all like to see.

How do we encourage the local authorities that are doing less well? How will we benchmark each local authority to see what good practice is going on and where there is room for improvement? Do the Heriot-Watt people have a remit to do that, or will your own statisticians look at benchmarking, minister?

Margaret Burgess: Once we get a full year's statistics, we will have a much clearer picture. There was a slow start in the first six months, which was not how we anticipated the fund would go. Informal monitoring shows that the situation is changing and improving, but I think that we need to wait until we see the statistics for the next six months before we can look at how we can benchmark and share good practice.

However, good practice is currently being shared. We fund a COSLA officer to deal with the Scottish welfare fund and to go around and talk to people in the local authorities. I, too, am visiting local authorities. I visited Aberdeenshire Council on Friday, and it was very useful to talk to those who are operating the fund to hear about the challenges that they face and how they want to take it forward. We would certainly want to look at that across Scotland, because you are absolutely right to suggest that the preventative aspect is quite high on the agenda, particularly with the community care grants. It is about preventative action and providing an holistic service to individuals.

Ann McVie and Andrew Waugh may want to comment.

11:30

Ann McVie (Scottish Government): We have referred previously in the committee to the workshops that we have had with local authority practitioners. We have had two rounds of workshops with decision makers based around the four DWP districts in Scotland so that there is an opportunity for the partnership managers from the DWP to take part in some of the discussions to enable us to share practice.

With our development officer at COSLA, we are in the process of organising a third round of workshops to take place towards the beginning of May so that we can reflect on the experience of the first full year's operation of the welfare fund informed by the publication of the statistics. The fact that the stats will be published every quarter gives local authorities an opportunity to see where they are in the charts, reflect on their performance and think about what they might want to do at a local level to help to reduce the variation in practice or spend.

Andrew Waugh: Chart 12 and chart 13 in the statistics on the first six months of the Scottish welfare fund have been done on the average award so, going back to the different levels and whether a household receives multiple awards, it might be that some local authorities give multiple awards of a small amount, whereas another local authority might wrap that up in one award.

Therefore, there might be a multiple-awards effect for each household. We will do more work on that.

We will do a lot more work. The figures cover the first six months of data. There were issues with a couple of local authorities having incomplete data or not having submitted all their data by the time of publication, but we are addressing those issues and working to resolve them with the local authorities.

The Convener: How quickly after the first year will we get that type of breakdown? Will we get statistics on the figure of 100,000 beneficiaries and, if some local authorities identify each individual pay-out whereas others allocate multiple claims from the same claimant to one beneficiary, will we be able to break them down to test whether the number of people who received awards or the amount of claims that were awarded was anywhere near the predictions that were set out?

Andrew Waugh: The statistics for the full financial year are scheduled for release in July 2014. The date has been set and it is on the Scottish Government website. Obviously, I cannot comment on what the data will say, because we have not received and published it yet.

Kevin Stewart: It seems that most councils have slotted the welfare fund work into their revenues and benefits services. We have heard that there are pressures on other parts of the business that those services previously undertook and still undertake, such as housing benefit. Will the benchmarking consider the impacts not only on the Scottish welfare fund pay-outs but on housing benefit pay-outs and other benefits payments, including council tax reduction, on which Scottish councils' performance has been particularly high? If it is going to do that, will we also ensure that the DWP is aware of the impacts of the decisions that it has taken on those folks in local authority revenues and benefits services and, beyond that, the obvious impact on the people of Scotland?

Margaret Burgess: Housing benefit is reserved and we can keep statistics on discretionary housing payments only. Information on housing benefit comes from the UK Government. Am I correct in saying that?

Andrew Waugh: Yes.

Margaret Burgess: Council tax reduction is our own scheme and we can look at how councils perform in relation to that—I think that they perform very highly.

With regard to the Scottish welfare fund, the key priority is ensuring that the money that we have set aside to assist people gets to them—to vulnerable people in emergency situations; people in situations where they have no money; people

who are getting a new home and have nothing to put in it; people who are staying in the community; people who are coming out of prison; and people who are coming out of care. We need to ensure that we have a quick and responsive service for them and that the money gets to them. That is the priority.

If, at the end of the year, we find that that is not happening in some areas, we will need to talk to people in those areas. We need to look at where the process is going well, and we need to talk to the areas where it is not going as well. We will continue to do that.

Benchmarking in relation to council tax reduction does not fall within our remit, but Andrew Waugh may know—

Kevin Stewart: First, I will just clarify my point about benchmarking in relation to housing benefit. I am well aware that most of the benchmarking is dealt with at UK level, but housing benefit processing time, which is a key indicator for local government in the benchmarking suite—

Andrew Waugh: As housing benefit is a reserved matter, I am not responsible for the housing benefit statistics. I am not quite sure what information the DWP collects on that.

Kevin Stewart: I may be confusing things—there is a benchmarking statistic that is used for processing times in relation to what councils do to help with the benefits process. I am trying to establish whether there has been an effect on that type of everyday work that is done by the revenues and benefits teams in local authorities, given that they have had the added work on CCG and crisis grants. That is what I was trying to find out, but maybe you do not have that information.

Andrew Waugh: I am not sure what information the DWP collects on housing benefits. If it has that information, it could be cross tabulated with processing time statistics and we could look at the different datasets. However, any information that the DWP might collect might just be presented at an aggregate level by local authorities.

Kevin Stewart: I am still not making myself clear. Maybe I should have one last bash.

Alex Johnstone: Keep trying.

Kevin Stewart: I realise that the DWP collects most of the stats on housing benefits, but one of the key indicators in local government has always been the processing time for housing benefit claims—a process that is carried out by local authorities. That process has been carried out in the main by revenues and benefits services, which obviously now have this additional work.

I am wondering whether it is taking local authorities longer to process housing benefit

claims, which would then go to the DWP. It would be interesting if you could compare the previous stats on what local authorities achieved with what they are managing to do now, with the additional work that they now have because of the DWP changes. Is that clearer?

Andrew Waugh: I understand. If it is possible to compare the two figures, you might be able to draw some conclusions from them. However, if you did compare them and there was a difference, how would you know that it was the welfare fund that had caused any change in performance vis-à-vis other welfare reform changes?

Kevin Stewart: I understand that point. We have heard today in evidence from folk that they are now managing to deal with the Scottish welfare fund after a slow start. However, they indicated that they were perhaps not doing as well in relation to their other areas of business, on tasks that they used to carry out daily.

We need to look at all the impacts on the folk in revenues and benefits services across the country—from not only the additional Scottish welfare work that they have to do but all the other burdens that the DWP has thrust upon them. We need to look at how that is affecting folk because, at the end of the day, if it is taking folk in revenues and benefits offices longer to process the likes of housing benefit claims, that could end up getting folk into even more crisis if they do not get the required housing benefit.

It is grand for the committee to concentrate on the Scottish welfare fund, but there will obviously be an impact on revenues and benefits offices from the additional work, plus the extra burdens that the DWP has placed on them. It is important that we do not examine things in isolation.

Margaret Burgess: I am happy to look at the issues that Kevin Stewart has raised. However, in some local authorities the social fund is administered not by revenues and benefits offices but by the social work department, so we need to look at the amount of work that is involved there.

We believe that the funding that local authorities were given to administer the Scottish welfare fund was a fair amount—approximately 15 per cent of the total cost of the fund—but we will look at the points that have been raised. It is right to highlight the cost of administering the fund, as local authorities and COSLA have done in the past, but that issue does not concern just the revenues and benefits offices that process housing benefit. We would also have to look at the impact on the local authorities that use social work staff to administer the fund.

I do not know how much information we can gather, but we can look at the matter and come

back to the committee if we can get any data on that.

Kevin Stewart: Obviously, whether the impact falls on revenues and benefits office staff or on social work staff—whoever it may be—the level of business that those folk are now undertaking has obviously increased, which means that some of the things that they did previously are probably not being done.

We need to highlight to the DWP all those things that have happened as a result of changes that are supposed to save us a lot of money but which are in reality probably leading to a lot of crisis grants being administered to folk right across the board, which is costing the state much more money.

The Convener: I think that those figures are out there, minister, because some of our earlier witnesses were able to tell us the number of staff by which they have had to increase their teams in order to administer the Scottish welfare fund, and some were able to give specific financial figures for the increased cost. Perhaps we could collate that information and see what the direct impact has been.

Margaret Burgess: I am not saying that we would not do that. The Scottish Government has given local authorities money through the funding settlement to administer the Scottish welfare fund. We certainly cannot take money from the fund to give to local authorities for further administration, as that would mean that the fund would assist fewer people.

I do not disagree with the idea of giving the full figure to the DWP, but it is clear that we have not had a great deal of success with that department so far. Nonetheless, I am willing to highlight those issues. As Kevin Stewart pointed out, the UK Government is making the savings, but the cost will be on the Scottish Government rather than Westminster, and on the people living here. That is the difference. The UK Government is happy that it has made its savings, but the cost does not fall on it.

The Convener: I think that there is agreement round the table that that is a fact. However, we also heard earlier that the money that was allocated for administering the fund has been short of what is required to perform that task. You say that local authorities were given a fair figure to administer the fund, but the evidence that we took this morning showed that the resource is falling short. We cannot ignore that.

Linda Fabiani is next.

Linda Fabiani: I have a point on the same theme; Andrew Waugh will probably find my

attempt to talk about the statistics even more confusing than Kevin Stewart's attempt.

Kevin Stewart: Maybe not.

Linda Fabiani: I buy in to what Kevin Stewart said about having to look at the issues holistically across authorities. The word "holistic" was used extensively this morning by the officers who gave evidence, and it was generally recognised that such an approach is needed.

Having said that, I understand the pressure that ministers and departments are under to come up with all these statistics on all the different aspects of the reforms. I know that we are only six months in, but I would like to see—to expand the holistic approach that Kevin Stewart mentioned—some statistics covering the concept of preventative spend, even in just one area.

What I am trying to get at is that I would like the data to be qualitative rather than quantitative. Governments often fall into the trap of producing all these graphs, and it costs local authorities and other bodies quite a lot in resources to come up with the figures.

I will take charts 12 and 13 as an example—Andrew Waugh can tell me if I am reading this completely wrong. They both contain the caveat that

"There is no evidence ... to suggest any ... relationship between these two variables."

As a lay person, my first question is, "Well, why are they both on the same chart?"

11:45

There is also another way to look at the charts. We heard this morning that there is great support out there for the local administration of the fund as opposed to what happens with the equivalent fund in Wales—people are pleased that there is local flexibility.

In chart 12 on community care grants, Aberdeen City Council is way down below 40 per cent, and Orkney is up at nearly 100 per cent, and at first glance it looks like there is absolutely no uniformity across the country. However, then I think, "Well, there might be loads of other reasons for that variation." Perhaps some local authorities run their system in such a way that people do not have to apply for grants because the authority has found another solution for them.

There is so much that is not said in the statistics that we have to question whether the statistics are in fact worth while.

Andrew Waugh: Those are good points.

We looked at the proportion of applications awarded versus average spend. If that graph had

not been included, people might have levelled at us the question, "Are the local authorities that are giving the biggest awards being tighter and not awarding them to as many people?" That is the reason for stating that there is no evidence—there is no evidence to suggest that the more generous local authorities are giving fewer awards or vice versa.

I am pleased that the stats are getting so much coverage and debate, as it shows that there is some value in them. I recognise that the stats cannot answer all the questions, but they are very important can-openers. The fact that we spent 10 minutes at the start of the session looking at charts 12 and 13 suggests that they might be particularly helpful to the committee.

With regard to the burden on local authorities, the data monitoring system has been set up so that we get a dump directly from local authority systems. Where an authority's system is working well, which is the case in about 30 out of 32 local authorities, it takes less than a minute to transfer the data from its system to ours. The information that has been collected is the day-to-day information that the local authority would be gathering in any case in administering the fund.

We are getting a lot of high-quality useful information; the information in the document is just a subset of the information that is available, which can inform us as we move forward on the welfare fund.

Linda Fabiani: All I can say to that is, "Hmm."

The Convener: Ken Macintosh might have more to say.

Ken Macintosh: I want to recap for a moment, minister. Do you think that the discretionary housing payment funds will be fully allocated by the end of the financial year?

Margaret Burgess: The problem with some of the DHP funds relates again to the DWP allocation, which does not necessarily meet the need. In areas in which there is greatest need for DHPs the funds will be fully allocated, whereas in areas in which the DWP allocation was too generous they may not be used up. However, the Scottish Government is clear that no local authority should, at the end of the financial year, be in a situation in which people are in arrears as a result of the bedroom tax and yet the authority still has some of its allocated DHP funding. That should not happen.

Ken Macintosh: If they have arrears, will they be able to carry them over and claim some in the subsequent financial year?

Margaret Burgess: We are considering that issue at the moment. We will have to wait until we get to the end of the year to see what arrears

there are in general and what arrears there are solely because of the bedroom tax. How local authorities deal with that is one thing, but the Scottish Government has made it clear that there will be full mitigation for the next financial year.

Part of that concerns a situation in which the cap is not lifted. If the cap is lifted, that resolves part of the problem, because DHPs can be backdated. They can be made as a one-off payment for arrears that are sitting at the end of the year. We have not ruled out the idea that arrears from the current year will be met by funding from the Scottish Government.

Ken Macintosh: If you took the bedroom tax out of it, DHPs would still be used in some cases to help some families, would they not?

Margaret Burgess: DHPs have been on the go for a long time, but they were not used very frequently by local authorities. They were generally used in the private sector, to allow people in financial difficulties to meet their housing needs. Generally, they were used for short periods—one month or three months, for example. The top-up funding that the Scottish Government has provided will enable local authorities to make the award for a longer period.

Ken Macintosh: Are you able to make any kind of assessment of that? I am slightly concerned that the focus on the bedroom tax will have displaced any support that would have been given to some private sector tenants.

Margaret Burgess: There is no intention that that should happen. DHPs are topped up to the maximum.

Ken Macintosh: What I mean is: have you made any assessment of that?

Margaret Burgess: No, because it is local authorities that determine that issue. Local authorities should not be acting at the expense of other families who would be eligible for a DHP. A DHP is there to be paid to people who struggle to meet their housing needs. Whether they are struggling because of the bedroom tax, because they have a top-up to pay in the private sector or because of anything else, local authorities should make those payments in a consistent way.

Ken Macintosh: On process times, the statistics document says:

“82% of Crisis Grant applications were processed within the two working day limit”.

How does that compare with the speed with which crisis loans were awarded?

Ann McVie: I do not have figures for that comparison with us.

Margaret Burgess: We will find that out and get it to you.

Ken Macintosh: I ask because the voluntary sector has raised concerns around delays. I am not sure whether there are any statistics to back up that concern or to say how the two situations compare. Clearly, there is a different system, and people will be confused by the different processes and so on. I would just like to find out whether the process is taking longer.

Do you think that it is right that people who are applying to the welfare fund are referred to food banks?

Margaret Burgess: I have said several times that I do not think that anybody who has been assessed as being eligible for a payment for food support from the Scottish welfare fund should be sent to a food bank. However, there will be people who make an application to the Scottish welfare fund but who, for whatever reason, are not eligible for a payment from the fund, and they may be referred to a food bank.

A discussion that I had with people in a Scottish welfare team is relevant, too. They were processing an application from someone who had come out of prison at the weekend, and they could not get the payment out—they do not hand out cash; the applicant collects the money at a cash machine, as the process involves PayPoint. The Scottish welfare fund was a great success story for that person, but the team could not get the cash to him in time, so they said to him that he could get food at the food bank to see him through until Monday, when he could get access to the money that he had applied for and the other support that had been put in place.

In an emergency situation like that one, when the money cannot be given to someone immediately, one way to proceed might be to refer them to a food bank—rather than say to them, “Come back on Monday.” That is part of the discretion that the officers have when they arrive at their decision. However, it is absolutely not the case that they should be referred to a food bank in the first instance. Anyone who is entitled to a payment from the Scottish welfare fund should get that payment.

Ken Macintosh: I agree. There have been food banks for a long time, but the more worrying trend is perhaps the huge increase in reliance on food banks. When the Scottish welfare fund is more established, will it help to reduce reliance on food banks, as we would want?

Margaret Burgess: I think that everyone in this room wants a reduction in the reliance on food banks. We are all ashamed that, in a country as prosperous as Scotland, so many people are having to rely on food banks—that goes without

saying. However, we do not know what other changes will come from Westminster. A very strict sanctions regime has been introduced, and the Scottish welfare fund will not be able to support every single person who receives a sanction for the period of the sanction, because people can be sanctioned for weeks and months, and up to three years.

If things remain as they are, once the Scottish welfare fund is used to the full, and when the mitigation comes in for the bedroom tax, along with all the other measures that the Scottish Government has put in place to help families to increase and make best use of their income, there should be less reliance on food banks. However, the main reason why people are going to food banks is not anything that has been created by the Scottish Government; it has been created by the Westminster Government, and we cannot control what it will do next.

Ken Macintosh: I am certainly not implying that the issue has been created by the Scottish Government. However, to put the question in another way, is it a specific policy objective of the Scottish welfare fund to reduce people's reliance on food banks?

Margaret Burgess: No. When the fund was set up, the escalation in the use of food banks was not an issue. The committee was very much involved in the setting up of the fund and in preparing the guidance and the criteria that should be set, as was the third sector. The reliance on food banks was not part of that. We have the Scottish welfare fund, and the spend is as projected, but people are still relying on food banks, because of issues that are outwith anything that the Scottish Government can do.

Ken Macintosh: The Scottish welfare fund is the last resort for most people, and it is the ultimate safety net. Given that, should it not be a policy objective of the fund to try to reduce reliance on food banks?

Margaret Burgess: I have said from the start that food banks should not be part of the welfare system, either in an independent Scotland or in the current system. Food banks should not be used to replace any part of the welfare system. The Scottish welfare fund is there to help people in an emergency. Some people use food banks for a one-off situation, but all the evidence suggests that more and more people are turning up at food banks because of problems with the UK welfare system. We hope for less reliance on food banks, and nobody who is entitled to payment from the Scottish welfare fund should be referred to a food bank in the first instance. I sincerely hope that we will have fewer food banks in Scotland, but I cannot say that other measures that Westminster takes will not put further pressure on the Scottish

welfare fund and on Scottish local authorities and food banks.

Ken Macintosh: Finally, the statistics are useful in giving us a picture of what is happening, but are you making a qualitative assessment of the impact of the fund and possibly even of discretionary housing payments? In other words, are you assessing whether the measures are working, how they are helping people, what people's reaction to them is and how they are affecting people's mental and physical welfare?

Margaret Burgess: As I said, the fund was slow for the first six months, but we are looking at that. We are getting case studies and information from local authorities across Scotland about the impact of the payments from the Scottish welfare fund and on the positive impact that the integration with other services can have on people's lives. We hope to continue with that.

Ann McVie might want to add to that.

12:00

Ann McVie: The evaluation work that Heriot-Watt University is undertaking for us at the moment is looking at the effect of the scheme from the users' perspective. We hope to publish that work in the next couple of months.

Ken Macintosh: The Heriot-Watt University study is the main study that will give us a feel for—

Ann McVie: It is the most systematic way of looking at the effect of the scheme and how well the scheme is operating at the moment.

Ken Macintosh: Will the study cover whether people are falling between the different systems? The situation is very complicated at the moment because of the changes, with some responsibilities being devolved to the Scottish Parliament, with the growth in the number of food banks and so on. Will the study look at whether people are finding their way between the two different systems and their bureaucracy?

Ann McVie: There are a lot of questions to be answered about how easy it is to access the Scottish welfare fund. I hope that we will get some information from the study about whether people are being signposted to the most appropriate sources of help.

Ken Macintosh: Thank you.

The Convener: For the record, I note that representatives of Heriot-Watt University will come before the committee again to talk about that report.

Annabelle Ewing: As we heard the other week in our discussion with food bank providers, an awful lot of the problems are directly the result of

Westminster policies that many of us do not support and that we certainly do not have any control over. I would argue that the way to solve the problems would be to take control of those policy areas—it seems quite straightforward to me.

We had an interesting discussion earlier with our local authority partners about the best delivery method for the Scottish welfare fund. I asked whether they felt that local authorities were the best delivery method or whether, for example, the Welsh Government has got it right in using a private sector outfit. Can you confirm that the Government's intention is very much to stick with the local authority delivery model when we get to the stage of looking at the legislation that is to come?

Margaret Burgess: That is very much the Scottish Government's intention. I was heartened by what I heard of the discussion this morning. The scheme can be flexible and preventative and can meet the needs of individuals in different areas of Scotland. I am heartened by how much local authorities have bought into that and worked to get the scheme up and running. It is very much our intention to continue to work with local authorities, and the Scottish welfare fund will be administered through local authorities, allowing the flexibility to meet local need.

Annabelle Ewing: That is heartening to hear, minister. We have discussed flexibility and discretion both in this evidence session and in the previous evidence session. In the earlier evidence session, we also had a discussion about the different local authorities' approaches, which involve cash payments, vouchers and the provision of goods. There are good reasons why each local authority that discussed the matter came to the view that it did on how to proceed, taking local circumstances into account. Is it the intention that, under the legislation that is to come, the general approach will be decided at local authority level?

Margaret Burgess: We will consider different methods of providing the support, but there will be discretion in local authority areas on whether to use cash, PayPoint or new goods. It has emerged that local authorities can get a lot more for their money by procuring goods for individuals, and local authorities would want that flexibility in any future scheme. Evidence has shown that community care grants are generally used to supply goods and that crisis grants—for use in an immediate crisis—are paid in cash, whether via PayPoint or through an account. We would want that to continue.

Annabelle Ewing: The representative from Glasgow City Council talked about how using Blindcraft and recycled goods was cheaper for the local authority budget, and many other social

goods are involved in that approach. I was pleased to see a broader approach being taken that ticks many different boxes and is not just about a straightforward budgetary consideration.

We have all looked at the detailed statistics and, while it is good to have those, it would be good to have an easily understood statement about where we are, as far as the Scottish welfare fund is concerned. The Scottish Government has topped up the basic provision from the DWP to the tune of some £9 million, but if we take that away and just look at the percentage allocated by the DWP, where are we at the moment in Scotland? That might be easier to understand than many of these charts, as well produced as they are.

Margaret Burgess: Andrew Waugh might want to say something about that. From our informal monitoring, it is clear that if we had not topped up the fund, by the end of this financial year it would have been exhausted. Obviously, Andrew Waugh might not want to talk about informal monitoring.

Andrew Waugh: I have only the stats up to the end of September to talk about. I have not looked at the DWP component of the funding, so I am afraid that I cannot give you any more detail.

Annabelle Ewing: Perhaps we could get that in due course.

Margaret Burgess: We have the information up to September.

The Convener: It is always helpful for the committee to understand this more fully.

Ann McVie: That is not something that we have with us today but we can get it to you.

The Convener: If you could do that, that would be useful.

Minister, you mentioned at the outset that you are waiting on a phone call back from Iain Duncan Smith. I hope that you are not holding your breath. In the meantime, we are aware that Audit Scotland approved two alternative methods for hardship support to social housing tenants. I have had conversations with local authorities that have looked at mechanisms that are different from that of Renfrewshire Council or the East Lothian programme. However, in the small print of Audit Scotland's report, it said that if a local authority was operating a method that supported hardship funds, it would require only the authorisation of the Scottish ministers to allow it to continue to do that. Are you involved in discussions with local authorities about other ways—other than discretionary housing payments—of delivering support to people affected by the bedroom tax?

Margaret Burgess: Officials will be meeting Audit Scotland. Jamie MacDougall might want to add something on that.

We are aware that there are other schemes out there. We are very clear that we believe that DHPs are the best way forward. They entitle people to the money at the start and the money goes immediately to people's rent account. It is legal. People do not build up any debts with DHPs, which, to me, is far preferable to people building up debts with the potential of getting them written off.

There are problems with some of the other schemes in terms of regular payments going into someone's rent account. If someone is on a means-tested benefit and they get a regular payment every week, that payment could be considered as income. There could be a whole range of unintended consequences.

Jamie MacDougall will perhaps correct the figure but, from 1 April, more than £30 million will be available for local authorities for discretionary housing payments. The Scottish Government has committed to ensuring that there will be full mitigation of any scheme. Such schemes may include debt write-off. However, we must bear it in mind that we are talking about not just local authority tenants; 46 per cent of affected tenants are in housing associations. We need to ensure that any scheme is based on need. It will not be just a straightforward allocation.

Jamie MacDougall (Scottish Government):

On the DHP scheme, £35 million will be available from 1 April through that fund. That includes £20 million that the Scottish Government has confirmed will be added.

We have been in regular contact with COSLA and councils about other schemes. Unfortunately we are working within very tightly constrained boundaries in terms of the reservations set out in the Scotland Act 1998. Similarly, local authorities are bound by other legislation.

We are speaking to North Lanarkshire Council on Thursday to talk through its scheme, and we are talking to Audit Scotland tomorrow to discuss the technical bulletin that it sent out to councils. I draw to the committee's attention the fact that Audit Scotland looked at the Renfrewshire scheme, on which, I believe, it based the letter that was sent to all councils, which states:

"We recommend that this type of mitigation is clearly described as debt write-off in policy and procedure documents and communications with tenants, and reported as debt write off in the financial statements and any other financial reports."

We see that two options are available. One is discretionary housing payments, and the minister has clearly set out why that is the preferred route. I believe that that was discussed and agreed in the Parliament during the budget debate. However, there is an alternative, which we would consider in

the event that we do not get the cap on DHPs lifted. As I say, we will be discussing that with Audit Scotland and with other councils this week and, from our point of view, it boils down to there being debt write-off schemes.

The Convener: North Lanarkshire was one of the examples that I was thinking about, because I had a conversation with the council. Although it has been using DHP and had maximised the amount available before the Scottish Government made the money available, it prefers the system that it operates to DHP and it wants the minister's approval for its scheme, which apparently is also used by some local authorities in England.

I will let you get on with those discussions, but I just wanted to make it clear that there are alternatives and that some local authorities prefer their alternatives to DHP.

Jamie MacDougall: We will discuss it with the council on Thursday. We understand that some councils would prefer that method due to the lesser administrative burden that it places on them and because under DHP rules an application must be made, whereas a council can choose just to write off debts as irrecoverable. They are definitely using an argument about reach and administrative burden.

What is happening in England is something that I would like to pick up with Audit Scotland tomorrow. I understand that the direction that was provided by UK Government ministers, or that was asked for, was about using the housing revenue account to top up DHPs, rather than debt write-off, but I shall get clarification on that.

The Convener: I know that those discussions are under way and I wanted to get some clarification, given that the minister had raised the issue at the outset, on just exactly where you are in those discussions with local authorities. Whatever the outcome of the phone call that you are waiting for, we need to get the money to the local authorities to help the individuals affected.

It is useful for the committee to know what position we are in with regard to the discussions with individual local authorities, COSLA and whoever else is looking to address the problem, so your evidence has been helpful. Thank you, minister, for your time this morning.

12:13

Meeting suspended.

12:15

On resuming—

Subordinate Legislation

Council Tax Reduction (Scotland) Amendment Regulations 2014 (SSI 2014/35)

The Convener: The next item is consideration of the Council Tax Reduction (Scotland) Amendment Regulations 2014 (SSI 2014/35). The instrument was considered by the Delegated Powers and Law Reform Committee at its meeting on 4 March, and that committee did not draw the attention of the Parliament to the regulations on any grounds within its remit.

In considering the regulations, we are joined by Jenny Brough, who is team leader in the local government finance and local taxation unit at the Scottish Government. Do members have any questions on the regulations?

Ken Macintosh: The regulations do not seem to say what measurement has been used to uprate the figures. Was the rate of inflation used?

Jenny Brough (Scottish Government): The regulations uprate various components in the council tax reduction scheme, including the amounts for deemed living expenses and premium and non-dependant deductions, which are the amounts by which a contribution is deemed to be made to council tax if there are others in the dwelling who are not dependants. It is informed by the schedule of benefit rates for 2014-15, which was published by the UK Government in December. The schedule sets out those components, which are used to uprate the figures in the council tax reduction scheme, so it reflects the UK Government's benefits uprating but applies those figures to the scheme.

Ken Macintosh: The principle, I take it, is to keep in line with the same uprating as applies south of the border and across the UK.

Jenny Brough: When housing benefit and council tax benefit were jointly administered, the benefits uprating was applied. Now that there is the council tax reduction scheme, those who are in receipt of benefits will have those benefits uprated every year by the UK Government. If we were not to similarly uprate the components in the CTR scheme, that would mean that someone whose benefits income was being assessed would be deemed to have more income, but their living expenses—the amount that they needed to live on—for council tax reduction purposes would not be increased, so they could get a lower council tax reduction because they would be deemed to have

more income, even though that may just be because their benefits were uprated.

Ken Macintosh: Do you happen to know whether the UK Government uses the consumer prices index or the retail prices index as its benefits uprater?

Jenny Brough: I do not have my schedule with me, but I can certainly follow up that point on the detail of the UK Government's approach for 2014-15, if that would be helpful.

Ken Macintosh: As a matter of interest, in relation to uprating, does the Scottish Government have a policy on using the CPI or the RPI as its measurement of the level of price inflation?

Jenny Brough: I will clarify the exact UK Government measurements for its components. In terms of what has been applied to the regulations, where we have taken those components from the UK schedule we have transposed them, but for non-dependant deductions we have modelled the figures on the corresponding increases in housing benefit, and there is now no direct comparator to the former council tax benefit deduction in the social security system. However, I can write to you to outline the UK Government's approach if that would help.

Ken Macintosh: The question is more about whether there are other benefits that the Scottish Government uprates and, if so, which measurement of inflation it uses. I want to know whether it has a consistent policy or whether the policy varies.

Jenny Brough: I am not aware of another comparator to council tax reduction, as we have had that only for the current year. There is no comparator that comes to mind.

Linda Fabiani: My question may already have been covered, but I would like to clarify something, because I got a bit lost there. Could you confirm that if the regulations do not come into force, the effect would be to financially disadvantage people who require help with their council tax?

Jenny Brough: If the uprating were not applied, it would affect the calculation of council tax reduction for those in receipt of income from a social security benefit, which will be uprated under the UK Government schedule, because they will have more income next year from that social security benefit. When that is considered for council tax reduction, there would not be a corresponding increase in their deemed living expenses, so they could effectively be penalised for having more income and could therefore receive a lower council tax reduction award than if an uprating were applied in adjusting their higher rate of income from benefits.

Linda Fabiani: Thank you. It is crucial for some of the worst-off in our society that the uprating is applied.

Jamie Hepburn: Ms Brough has clarified that, if we did not amend the principal regulations, we would be giving people money with one hand and taking it away with the other. Linda Fabiani made that point as well. However, I note that three members of the Delegated Powers and Law Reform Committee did not want the regulations to go ahead. I do not know the reason for that, but I certainly hope that we do not agree with that position.

Alex Johnstone: You do not need to worry, convener. I am not going to vote against the regulations or create any trouble. However, I am concerned that a division took place in the Delegated Powers and Law Reform Committee when it considered whether the regulations are *intra vires*. The fact that a division took place comes as a bit of a surprise. Do the concerns that were raised in that committee have any long-term consequences for these or any subsequent regulations?

Jenny Brough: Before the Delegated Powers and Law Reform Committee considered the regulations, it wrote to ask the Scottish Government to explain why the regulations do not relate to any matters that are reserved under the Scotland Act 1998, and specifically social security assistance. The Scottish Government's response, as it was when it was asked about other council tax reduction scheme regulations, was that the regulations reduce council tax liability, which is a matter that is within the Scottish Government's competence. The regulations do not make provision for a payment or a subsidy to meet liability.

The Scottish Government's firm view is that the regulations are within competence. The Delegated Powers and Law Reform Committee also asked us that question in relation to other council tax reduction scheme regulations, and the answer has always been that they relate to reductions of liability.

Alex Johnstone: Is this an area that we should be concerned about? Should we look at it further to try to eliminate any future discussions?

Jenny Brough: All that I can say is that, as has been stated, the Scottish Government's firm view is that regulations relating to reductions of council tax liability are within competence.

Ken Macintosh: I have a further question for clarification, in case colleagues were confused about my line of questioning. It would be odd if the Scottish Government did not uprate the benefits, but my understanding is that the UK Government has moved from using a higher measure of

inflation—the retail prices index—to using a lower measure, namely the consumer prices index. It is within the Scottish Government's competence to use the higher measure if it wishes to do so.

We are uprating the benefits to keep them in line with the UK because of the benefits of having one system across the UK—I believe that that is the Government's logic in this situation—but am I right to say that the Scottish Government could have used the traditional method and had a more generous uprating?

Jenny Brough: Part of the decision underpinning the approach to the regulations is the policy commitment of the Scottish Government and COSLA to protect the entitlement that would have existed under council tax benefit. That is the reason for the approach that has been taken in aligning with the UK Government's uprating, as it is reasonable to assume that it would have applied to council tax benefit had it continued. That is the rationale behind the decision.

Ken Macintosh: But a more generous uprating would have protected entitlement too, would it not?

Jenny Brough: In terms of using different rates, or higher rates?

Ken Macintosh: A more generous uprating would also have protected entitlement.

Jenny Brough: It would have—actually, I am afraid that I cannot say for definite what the impact of using higher rates would have been, as that is not something that we considered for this year's policy.

Kevin Stewart: Convener, on a point of clarification, people keep calling council tax reduction a "benefit". I wish that the benefits system was under the control of this Parliament, but this is a reduction and not a benefit. That is probably why the Delegated Powers and Law Reform Committee got itself tied into knots. We have to get it right. This is not a benefit. It is a reduction scheme that was put in place to mitigate the slashing of a benefit.

The Convener: Thank you for that clarification.

Annabelle Ewing: I was going to make that point as well. I think that I made it way back when we first considered the regulations. This is clearly not a benefit; if it were, it would be *ultra vires*.

The bare bones of the matter, as I understand it from what Jenny Brough has said about how council tax reduction is calculated, are that one side of the equation has been uprated in line with whatever measure has been used, and if we fail to uprate the other side of the equation—presumably in line with the same measure, as we have apples and apples as opposed to apples and pears—a

negative impact would be felt by some of the poorest members of our society, as Linda Fabiani said. That is certainly not something that I wish to see.

The result of the division in the Delegated Powers and Law Reform Committee was four for, three against and no abstentions. Who voted against?

The Convener: The information is in the public domain, so we should know.

Simon Watkins (Clerk): Yes. Those who voted against were Richard Baker, North East Scotland; Margaret McCulloch, Central Scotland; and John Scott, Ayr.

Annabelle Ewing: So, Labour and the Tories voted against. Anyway, that is what happened in the Delegated Powers and Law Reform Committee. Given the explanations that we have always been privy to in this committee, I do not recall that we have asked for any opinion about vires.

The Convener: I assume that, given that the issue was devolved to us, we have to deal with it. We had to bring in the legislation. There may have been some other technical issue, but I am not aware of any such discussions. I cannot help any more than Jenny Brough can in clarifying why that division occurred.

We have exhausted the issue. At least we had some questions for Jenny this time; the last time she was here, we did not manage to get one question in.

Do members agree to note the regulations?

Members *indicated agreement.*

The Convener: Thank you for coming in, Jenny. If you can pass on any information or any clarifications based on the questions that we have asked, that would be helpful.

As agreed at the start of the meeting, we will now move into private session.

12:26

Meeting continued in private until 12:30.

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