



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 30 September 2014

Session 4

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WELFARE REFORM COMMITTEE

13th 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:

Dave Berry (Dundee City Council)

Susan Donald (Aberdeenshire Council)

Alastair Macarthur (Renfrewshire Council)

Councillor Norman MacDonald (Comhairle nan Eilean Siar)

Helen McGreevy (South Lanarkshire Council)

Nicola Reid (West Lothian Council)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Welfare Reform Committee

Tuesday 30 September 2014

[The Convener opened the meeting at 10:31]

Witness Expenses

The Convener (Michael McMahon): Good morning, everyone, and welcome to the 13th meeting in 2014 of the Welfare Reform Committee. Can everyone please ensure that their mobile phones and other electronic devices are switched off?

The first item of business is a decision on whether to delegate to the convener responsibility for arranging for the Scottish Parliamentary Corporate Body to pay, under rule 12.4.3, any witness expenses on the Welfare Funds (Scotland) Bill. Is that agreed?

Members *indicated agreement.*

Decisions on Taking Business in Private

10:32

The Convener: Agenda item 2 is a decision on whether to take agenda item 5, which is consideration of the evidence that the committee will receive on the Welfare Funds (Scotland) Bill, in private at today's meeting and at future meetings where that issue is discussed. Is that agreed?

Members *indicated agreement.*

The Convener: Agenda item 3 is a decision on whether to take consideration of a draft report on the Welfare Funds (Scotland) Bill in private at future meetings. Is that agreed?

Members *indicated agreement.*

Welfare Funds (Scotland) Bill: Stage 1

10:33

The Convener: Agenda item 4 is the committee's first evidence session on the Welfare Funds (Scotland) Bill. We hope to gain an insight into local authorities' views on the bill. This session and the other evidence sessions that the committee has planned will be used to inform our evidence session with the Minister for Housing and Welfare, Margaret Burgess, on 4 November and ultimately the committee's stage 1 report on the bill.

I welcome Susan Donald, benefits manager, Aberdeenshire Council; Dave Berry, head of service, finance, contracts and welfare rights, Dundee City Council; the only elected representative from a local authority on the panel, Councillor Norman MacDonald, convener of Western Isles Council; Alastair MacArthur, finance and operations manager, Renfrewshire Council; Helen McGreevy, Scottish welfare fund co-ordinator, South Lanarkshire Council; and Nicola Reid, team leader, benefit operations and Scottish welfare fund, West Lothian Council.

As this is a round-table discussion, I hope that the dialogue can be free and open. I might come to certain people to ask questions or to keep things moving forward, but if you want to contribute please feel free to indicate to me that you want to ask a question or to comment on anything that has been said. The freer and more open the discussion, the more information we get and the better informed we will be as we consider the bill.

I will show my parochial bias and start with Helen McGreevy from South Lanarkshire Council, since I represent that area. To start the ball rolling, can you give us an opening comment on your experience of the Scottish welfare fund and, looking at the bill, how things will move forward?

Helen McGreevy (South Lanarkshire Council): Since responsibility has moved over to local authorities, I have found that working with the variety of different organisations has been really helpful to the customers and to us. We are building up relationships. Our authority uses a furnishing service. We provide goods that are delivered to the claimants, which is extremely helpful.

Our only concern at the moment is that we might not have enough funding to be able to investigate any fraudulent claims, for example with visiting officers. We do that at the moment but, in the main, we manage our budget well. Our

processing times are really good. I think that, in the past few months, the figures are at 93 per cent for community care grants and 98 per cent for crisis grants.

There is one area where our systems perhaps fail us a wee bit. When we receive applications, they are recorded on our system but, if prisoners apply, they apply two months before they are released, which knocks our timescales out.

With crisis grants, it could be that we require some evidence and, therefore, cannot make a decision within two days. That skews our crisis grants as well. We tend to try to process them within 24 hours and it takes longer than that only in cases in which we look for evidence. We are very aware of the vulnerability of the people who we are dealing with and we try to process them as quickly as possible.

Is there anything else? I was caught on the hop this morning.

The Convener: No, that is fine.

Helen McGreevy: Does that give you a wee bit of background?

The Convener: We will try to get some information from elsewhere, too. How about you, Councillor MacDonald? You see it from a different perspective. Will you give us your views on how things have been and on anything in particular that we need to pay attention to as we consider the bill?

Councillor Norman MacDonald (Comhairle nan Eilean Siar): Even though I see the situation from a different perspective—an elected member's perspective—I echo what Helen McGreevy said. We have far better and far more effective relationships at a local level than existed before. I refer to engagement with the third sector and other partners and agencies, such as housing associations. That improvement has a significant benefit for the clients and people who are affected by welfare reform.

The Scottish welfare fund has contributed significantly to the building of those partnerships and our being far more effective and proactive in recognising what the issues are for local people. That is certainly the case within our local authority area. Ours is a small local authority. Some of the issues are the same as elsewhere, but there is a big difference in scale and one of the things that has the biggest impact for us is fuel poverty, which affects people's ability to heat their homes.

A range of things that are particular to our authority affect that. Those are the things on which we will still face challenges as the bill goes through the Parliament and beyond that. We certainly look for the bill to include measures that will mitigate the impact of fuel poverty. As things

stand, supposing that we were to insulate every property in the Western Isles, there would still be an issue with fuel poverty purely because of the cost of fuel and the climate, which will have an impact on people.

Responsiveness on the targets that are set for dealing with crisis grants and community care grants is much better. We tend to give out five times more goods than cash to people through crisis care. The goods are material things. We know what the money is being spent on and that the goods that go into people's homes will be there for the benefit of everybody within that setting. That contrasts with giving out the money and then wondering whether it is being spent on what it is intended to be spent on.

The bill is a good, positive move for us as an authority. That may be the case for other local authorities, but there will also be local nuances that have to be taken into account.

The Convener: Talking about those local nuances, yours is a rural authority and South Lanarkshire Council is mixed—it is rural and urban. Is there anything specific that Mr Berry from Dundee City Council wants to bring to our attention from a city council's point of view?

Dave Berry (Dundee City Council): There are certainly high levels of deprivation in Dundee. We have the opportunity to work more closely with individuals who have applied to the Scottish welfare fund and to build on the work that we already do with a great majority of them. Many of the applicants are already known to social work and housing services. The ability to work in a more holistic way with those individuals allows us to try to get to the root of the problem so that we prevent repeat applications and support those individuals as best we can.

Following a similar theme to that in other local authorities, we have found that we are providing less cash and more goods through the Scottish welfare fund. Many of the goods that we provide are sourced locally, which means that we are able to support local businesses. We support a supported employment workshop through the provision of furniture and we use a social enterprise for carpet fitting. Through a locally based electrical distributor, we can create employment opportunities. We have found the fund to be very positive.

The Convener: Good. It is not that I am looking for conflict or problems, but if there are problems we need to address them. Mr Macarthur, my understanding is that you are not entirely happy about the potential role of the Scottish Public Services Ombudsman. Will you give us a flavour of your thinking on that?

Alastair Macarthur (Renfrewshire Council): In our response to the committee's consultation and to the consultation on the draft bill, in relation to the dual powers that will be given to the SPSO to not only review a decision but to then direct a council to change its decision, we commented that we do not feel that the nature of our review process sits particularly well with the existing ethos of the SPSO, which relates to managing and ensuring good customer service and dealing with complaints.

We also have concerns that relate to the potential volume of second-tier reviews that it is apparent are being generated. I appreciate that it is still early days with the Scottish welfare fund but, if we project forward using the number of second-tier reviews that have been incurred nationally in the first quarter of this financial year, we find that the overall number will be at the lower end of the range of numbers that have been suggested by the SPSO and in the financial memorandum. We have a question about value for money and using a separate organisation when the existing arrangements for managing second-tier reviews that we have experienced over the past 18 months or so appear to have worked well when they have been managed within each local authority area.

Kevin Stewart (Aberdeen Central) (SNP): I am interested in whether co-operation is taking place between those who administer the crisis grants and community care grants as part of the social welfare fund and those who might be doling out moneys by other means, such as social work emergency grants. Is there co-operation between the teams that deal with the social welfare fund and other funds? Have those teams been integrated into one team in some cases? I am interested to hear what is happening on that.

Susan Donald (Aberdeenshire Council): There is certainly very close co-operation between colleagues across social services. For example, emergency payments have not been integrated with the Scottish welfare fund, because the decisions on those payments have a strong element of care management involvement. An example of our working closely is that, when care managers are implementing, say, a new housing scheme for adults with learning disabilities, they will work with the Scottish welfare fund to provide community care grants for some of the furnishing items in that scheme.

10:45

Dave Berry: In Dundee, the scheme that we set up is integrated between social work and our revenues department in recognition of the fact that different departments have different skills. The revenue department is really skilled in the

processing side of things and social work brings a different dimension to that.

Under the scheme, we employ two welfare rights officers who are based in social work to assist decision makers and liaise with various social workers and housing support officers, for instance, to assist with the decision-making process.

Norman MacDonald: In response to Mr Stewart's question, there is a great deal more co-operation between teams. I hesitate to use the word "informal", but it is informal because there is no formal structure of integration. We have certainly started discussing it in the context of health and social care integration and what happens to what remains of the traditional social work department within the local authority. There will undoubtedly be more formal integration between welfare reform and what used to be the social work department.

Integration already happens informally, and it probably happens more so with us because we are a small and quite compact local authority. Other local authorities will probably be looking at that as well as health and social care integration in general moves forward.

Nicola Reid (West Lothian Council): I agree that it can be very difficult to administer the Scottish welfare fund without the support of our social work teams, which have in-depth knowledge of some of the applicants who present to the Scottish welfare fund and can give valuable advice and assistance when required. Across councils, you will find that there is a very close working relationship between Scottish welfare fund teams and social work departments.

The Convener: Is that everyone's experience?

Helen McGreevy: We have had the same experience. We liaise quite a lot with the authority's welfare rights service. We put in all our standard letters to people and if they are unhappy with a decision, we give them phone numbers to contact. We have a good working relationship with the welfare rights service and with social work for cases in which there are mental health issues and we need a wee bit more information. The service is very supportive and it helps our decision makers come to the correct decision for the applicant.

The Convener: I want to give Mr Macarthur an opportunity to comment on that.

Alastair Macarthur: I echo what my colleagues have said. There is very close working between my service, which administers the welfare fund from a more transactional perspective, and our colleagues in social work and housing.

In a similar way to other authorities, we employ advice services that provide money advice as part

of our social work service. We were successful in securing awards from the welfare resilience fund to provide energy advisory services, so we employed two energy advisory officers to provide a more holistic service for those who find that they need to apply to the welfare fund for support.

Linda Fabiani (East Kilbride) (SNP): Something that Helen McGreevy said earlier probably relates to council departments working with other agencies. You said that crisis grants are sometimes held up because of the evidence gathering that is required. Are you having issues with particular agencies in gathering evidence, or are the issues all internal?

Helen McGreevy: We tend to be looking for what we call pink slips from the police. It tends to be lost wallets and lost purses, and we might be talking about cases in which the claimants have lost several wallets and purses. We try to get evidence and that is the only way that we can get it in that situation. I think that that is the only area in which there are delays. When an applicant makes an application, we give them two days from that date to provide us with evidence to enable us to process the claim.

Linda Fabiani: Okay. That is fine.

Alastair Macarthur said that Renfrewshire Council was not totally pleased with having the SPSO for second-tier reviews. That is the main thing that I wanted to ask about. I am interested to know how local authorities deal with their first-tier reviews and the variations among them. The Scottish Parliament information centre said that some third sector organisations were concerned about

"gatekeepers' who refuse applications before full consideration is given to the case."

Can we link the two issues of who makes the initial decision and who does the first-tier review?

Susan Donald: The first-tier review is done by someone other than the officer who made the decision. It is usually done by the team leader. That is partly because the volumes of first-tier review requests, certainly in Aberdeenshire, have been so low that that workload has been manageable.

Following on from that, if a second-tier review is required, we have a panel that comprises the head of housing, a housing manager, social work involvement, the revenues manager and the head of finance, which relooks at the decision. I will be there to advise that panel, based on any new information that has come to light. In the very few reviews that we have had, we have upheld original decisions, overturned others and sometimes we have met in the middle.

Linda Fabiani: What kicks in that review?

Susan Donald: It kicks in following a request from the applicant. The letter that goes out to the applicant explains what has been awarded, why the award was made, what has been refused and why. It then gives the applicant the option to request a first-tier review. After that has taken place, they are advised what they can do next to instigate a second-tier review.

Dave Berry: I want to follow up on the issue of gatekeeping—I will speak about my own authority, in which there is nothing like a gatekeeping process in place. Once the applications come into the local authority, they are allocated, through the Northgate system that we use, to a decision maker who gets the case there and then. The same process that Susan Donald described is then followed for any reviews that are requested.

Nicola Reid: I agree with that process. When our applicants phone to make an application, our customer service centre takes the application regardless of whether it thinks the person would qualify for a grant. Local authorities take a holistic approach to the scheme—the person might not qualify for a grant, but if we cannot help them in that way we can help them to access other services should they require further assistance.

As Susan Donald said, the first-tier review is dealt with by someone who is completely independent of the person who made the first decision. That is usually the team's line manager. The second-tier review is done with people who are outside the service and completely independent of it. However, the number of our second-tier reviews is so low that it is very difficult to keep the knowledge for someone to be able to carry them out.

In the original consultation back in February, we therefore said that we were in favour of the SPSO's involvement. However, there was an option on the questionnaire about whether the SPSO should have the ability to overturn a discretionary element of the decision. We said no to that, but we thought that it could make decisions on points of law. That does not seem to have been reflected going forward and it now appears that the SPSO can overturn decisions in any part of the decision-making process. Depending on the numbers, that puts in question whether local authority budgets will be under pressure if a number of second-tier reviews are overturned, particularly on the discretionary part of the scheme.

Linda Fabiani: Like the convener, I would be interested in finding out how partisan it is.

Helen McGreevy: I have the statistics with me. As far as first-tier appeals are concerned, many people who apply for grants do so online without speaking to anyone on the phone, and sometimes

they do not put a great deal of information on the form. In May, there were 14 first-tier appeals, 11 of which were overturned in the applicant's favour. That happened after we had spoken to the applicant and got further evidence. We found that a lot of them had put very little information on their application or had provided information after a decision had been made. As far as the overturn rate is concerned, our welfare rights and citizens advice services also support the applicant and, as a result, we get more information that we can use to overturn the original decision.

Ken Macintosh (Eastwood) (Lab): I have a couple of questions about your opening remarks, Ms McGreevy. That is the trouble with opening remarks.

You said that most crisis grants are turned around within a day, even though the deadline is two days. The old Department for Work and Pensions crisis grant system had a one-day turnaround time, and I wonder whether the other local authority representatives can tell me whether they would be able to turn crisis grants around in one day. If so, why did the Scottish Government give you a two-day rather than a one-day deadline?

Helen McGreevy: First of all, the DWP system gave out loans, not grants. As a result, no criteria had to be met; the application was simply taken and processed.

As far as crisis grants are concerned, we must ensure that applications meet the conditions and that the reasons for applying—lost purses or whatever—are not constantly the same. We have a budget that we need to take care of, and we must ensure that the moneys are going to the most vulnerable people. The DWP took the application and paid out the money—and that was it. That money was repaid through deductions from customers' benefits, whereas with our system people just get a grant. That is probably why we get a lot of applications.

Dave Berry: I agree with that. Under the holistic approach that has been described, we also have extra time to make further investigations, check applicants' circumstances with social workers and housing support officers and potentially identify the root of the problem. It helps in providing that information.

Councillor MacDonald: The intention with crisis grants is to ensure that they are awarded as soon as is practicably possible after the tests are carried out. However, we are delivering a more holistic service that involves speaking to other agencies, some of which are not part of the council and, ultimately, those discussions might flag up issues that those agencies might need to deal with, whether they be with a tenant in a

housing association property or whatever. The intention is certainly to award the grant as soon as possible, but with the onus on joint working and dealing with the issues in a collaborative way, it is inevitable that the process will sometimes go into the second day. I do not necessarily think that that is a bad thing.

Ken Macintosh: I actually had three questions, the second of which relates to Councillor MacDonald's point about giving awards in kind rather than in cash. Leaving the community care grant to one side and focusing on the crisis grant, I wonder whether the witnesses agree with the voluntary sector which, when it gave evidence on the interim welfare scheme, strongly suggested that, in order to build individuals' resilience, you are far better to give them cash to allow them to make their own choices and that one of the weaknesses of giving support in kind is the element of distrust and the suggestion of a focus on fraud rather than on resilience. Given the mixture of practice across local authorities, I simply wondered whether the local authority representatives had any views on the matter.

11:00

Helen McGreevy: I have to say that this relates more to community care grants, but through the furnishing service that we use we have been able to get more value for our money and help more people. The service also employs a lot of staff and provides work experience, which also helps the community.

I can see where the third sector parties are coming from when they talk about letting people make their own decisions, but not everyone can get that sort of support. We have found that many of those applying for crisis grants are finding it really difficult to manage the small amount of money that they get every fortnight, and we refer people to our budgeting teams. We might well be able to help them out at that point, but we need to try to resolve their problems and ensure that they are able to manage their budget. If they have debt problems, for example, we refer them to debt counsellors. It is all about providing an extra bit of support to applicants, and I think that that is the route that we should be going down.

Nicola Reid: With regard to the crisis grant system, which is what you asked about, I am sure that other local authorities, too, have found this, but we have to ensure that the money that we are giving is being used for its intended purpose, whether it be for the buying of food, fuel or whatever. It is right to say that the money is not often used for that purpose. If we go down the route of supermarket vouchers or fuel cards, we know that our money is being spent on what that family needs. Historically, we have found that the

£30 that we might have given to buy food for the weekend has been spent on alcohol or drugs if the people in question have an addiction, and we are trying to move away from cash options for crisis grants towards supermarkets providing food to ensure that the money hits home and is used as intended.

Ken Macintosh: I certainly recognise that, but has any research been done on or is there any evidence to support the idea that people are misspending this cash? Is there simply anecdotal evidence for that idea, or is it evidence based?

Nicola Reid: The evidence can be found in the repeat applicants. When we give cash in good faith that it will be spent on whatever it has been asked for, we sometimes find the same applicants repeatedly coming back and asking for money for the same item. The client group we work with can be very honest and will tell us that they have not spent the money on its intended purpose. There might not be any official information but, operationally, we have seen that that is very much how things are.

Susan Donald: As a rural authority, Aberdeenshire faces particular challenges in providing goods for crisis grants, which is why we provide cash or energy vouchers. Given the distances that people might have to travel, there is no predominant supermarket or outlet that we can enter into a voucher scheme with.

As Nicola Reid has pointed out, the clients who misuse the crisis grants system will be repeat applicants. In a couple of instances, however, we have provided goods that have been sold on for cash after the packaging has been removed. It is very difficult to prevent people from misusing a system that relies quite heavily on trust and the assessment of need when they first apply.

Dave Berry: Again, this is anecdotal—it is not from formal research. When we started the Scottish welfare fund, we were given cash, because we did not have the fulfilment options in place. When we introduced energy advice officers—which is similar to what was done in Renfrewshire—rather than somebody getting £50 of energy, an energy advice officer would be sent to the house. They would liaise with the energy company so as to review the tariff and negotiate lower tariffs. We found that there was quite a significant drop in the number of people accepting the award, which indicated that the money was not going to be used to cover the energy costs that people had stated required to be paid.

In a similar vein, we started to introduce arrangements to cover travel costs, whereby we would buy the travel ticket, whether it was a bus ticket or a train ticket. Again, a number of applicants declined the offer of that award.

Helen McGreevy: We have statistics on the number of vouchers that are paid out but not redeemed. The figures amazed me when I started with the project. We award energy vouchers after going through the whole process and explaining it to people, but they do not cash them.

The Convener: Is that money lost?

Helen McGreevy: No, it is paid back into the fund. I review that on a monthly basis. The voucher expires after a month, and we pay it back into the system. It is quite a large amount.

Ken Macintosh: Voluntary sector representatives have raised concerns about one of the powers under the bill, which allows local authorities to outsource the whole process to other bodies, and that includes privatising it. What do local authorities think about that concern regarding that power? Do any councils plan to outsource it, or do you already outsource it?

Alastair Macarthur: The answer to your final question is no—Renfrewshire has no plans to outsource our current operation.

We are content to have the flexibility to outsource under the bill. It is not so much about bringing the private sector on board; it is more about looking across local authority boundaries and engaging a bit more with the very organisations that you have mentioned in order to get assistance in administering the fund. That is where we are coming from, as there are opportunities there. Our only concern is that, if we outsource things across local authority boundaries, local knowledge about the available local support services could be diluted slightly. However, having flexibility under the bill is useful given the cash-limited amount that local authorities have, in terms of both the overall fund size and our administration resource.

Alex Johnstone (North East Scotland) (Con): On my reading of the bill, that is the why the section on outsourcing is included. A number of key areas of local authority responsibility are outsourced to the third sector. Does this area lend itself to that approach?

Alastair Macarthur: There is potential for that, but it is not something that we have explored to any great extent. One of the first things that we would need to be content with as a local authority is that the third sector has the capacity and ability to help us in that regard, and we have not explored that yet.

Councillor MacDonald: I do not think that there is any doubt that local authorities are engaging with the third sector and are working in partnership with it. That includes Citizens Advice Scotland and Scottish Women's Aid. Perhaps elements of the work that requires to be done can be outsourced,

but that will come through time—working through the process, seeing what works best for the client and establishing what makes it more certain that the resources are going where they need to go.

We do not have outsourcing as a policy aim, but it is important, in a local context, to engage in the process agencies that have a far longer reach into communities than even we have as the local authority. That very much involves the third sector.

Dave Berry: On a practical level, one of the benefits of a local authority providing goods and services is its VAT status, which affects affordability. The local authority can claim back VAT so the pot—the fund—goes further than it would if it was being delivered by an external agency.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I will continue on that subject, perhaps not so much in relation to formal outsourcing and all that it would entail but more in relation to what is happening at the moment in local authorities. To what extent are local authorities engaged with the third sector on a daily basis to try to deliver for the applicants? There seems to be a lot of capacity out there and it would be a shame, including in terms of value for the public purse, if that capacity was not being called on. What is the current state of play?

Dave Berry: The main link with the third sector is around the local advice services—Citizens Advice Scotland in particular. It is about working with those services, whether that involves signposting applicants on to them or following up with them on some of the issues that individuals are facing.

We have quite a good network in Dundee and we are away to work further with the advice sector on the issue of sanctions from the DWP. It is about focusing on sanctions as a priority. When people present themselves to the Scottish welfare fund because they have been sanctioned, it is about our next step and about how we can use the wider capacity in the voluntary sector to assist those individuals.

Alastair Macarthur: There is a reasonable level of engagement between local authorities and the third sector already, but work can always be done to improve it further. It is helpful in cases where a claimant has already engaged with a charitable organisation. For example, we had the case of an ex-soldier who had already engaged with the Help for Heroes charity; we were able to engage with that charity and get a much clearer picture of that individual's circumstances and their family circumstances, which helped us arrive at what we think was a better decision and a better outcome for that individual.

It is helpful in cases where the third sector is already involved with claimants to be able to link into that involvement because, as Councillor MacDonald says, some of these organisations have a much deeper reach into the community than the council does. Engagement is helpful in that context.

Annabelle Ewing: It seems to me from the few comments that have been made thus far that there is a recognition that there is probably more scope for that. What do the local authorities plan to do to determine what further scope there is and how to bring that on board? What would the next steps be?

Councillor MacDonald: I refer back to what I said about health and social care integration. That will drive forward that agenda for us to a large extent. We have already indicated to the third sector in the Hebrides that the challenge for it is to be able to step up to the plate to deliver these services, because we believe that working with it will provide a far better service to clients across the board, not just in relation to the social welfare reform agenda.

Across the board, a far better service will be provided across the community as a whole through mechanisms such as service level agreements that are renewed from time to time or other formal processes. The intention is that engagement will become more formal without damaging the independence of the third sector, because that would be counterproductive—people would see the third sector as just another arm of the local authority, which might not be the most advantageous position to be in. However, I certainly think that it is something that will increase across the piece over the next two or three years.

Linda Fabiani: Is it the general view that the services will increase over the next few years, as Councillor MacDonald said? I am aware that there are, for example, advice services in some councils and there are citizens advice bureaux. Is there any view on how the situation might change in the future in terms of outsourcing advice services only to CABx?

11:15

The Convener: Would anyone like to comment on that? You are up again, Councillor MacDonald. [*Laughter.*]

Councillor MacDonald: It does not have to be a case of either/or. We already have a service level agreement with the local citizens advice bureau, and we have fairly senior people liaising. For example, the head of service in the finance department, who deals with the community services section, liaises on a daily basis with the citizens advice bureau.

Linda Fabiani: Good.

Councillor MacDonald: We are not palming things off on the third sector. There is real engagement, and the third sector welcomes that arrangement with the local authority. The most important thing is that it sees the far greater benefit to its clients—our residents, who are the ones who show evidence of the benefits of that arrangement.

It does not have to be either/or. It is important that the local authority still has a degree of control over services that are outsourced either informally or formally, because we will ultimately be held to account for delivery of those services to some of the most vulnerable people in our community.

Linda Fabiani: Good. Thank you.

The Convener: In previous discussions about the implementation of the new Scottish welfare fund in the early days, there was anecdotal evidence that one of the reasons for poor take-up was the lack of information and knowledge about where to go. One issue that arose in evidence to us was that there was a tendency for people to believe that the DWP was the place to go to secure such support. Although the DWP believed that it had systems in place to signpost people to where the help is, there was enough evidence from witnesses to suggest that that did not take place.

The take-up of the Scottish welfare fund has improved, but is there, in your experience, still a lack of knowledge out there about where to go? Is the DWP signposting people as they believe they should be signposted? Is there evidence that there are still communication problems?

Alastair Macarthur: I cannot talk about evidence on the DWP's signposting. Early on with the welfare fund, Renfrewshire Council recognised that the level of knowledge out in the community, and particularly among our stakeholder groups, was not what it should have been. Therefore, as part of the council's economic development policy, we employed three interns, whose role was essentially to go out and act as advocates for the welfare fund, to a range of stakeholder groups including the Scottish Prison Service, local charities, local housing associations and health services. They even went into general practitioner surgeries to ensure that the information was available to anybody who could be linked with someone who might have found that they needed to make a claim from the welfare fund. That approach has been reasonably successful in raising the profile of the welfare fund. I am sure that other authorities have done similar work.

Our challenge now is to sustain that level of knowledge in the community; there is significant staff turnover in some of our stakeholders, so

knowledge can dissipate quickly. We have found a challenge over the current year in maintaining the level of knowledge in the community. However, the approach appears to have worked well in respect of the number of applications that we have received.

The Convener: Is that the case elsewhere?

Susan Donald: Yes. Aberdeenshire Council has done quite a lot of work to raise the profile of the welfare fund. We have also done a bit of work with the third sector and social work services to change perceptions, because there was for quite a while a feeling that there was no point in applying to the fund; people were prejudging on the basis of how the DWP had administered the social fund.

Now that the third sector and social work have got used to working with us, there has been a significant increase in uptake: the number of applications has risen by 24 per cent compared with the first five months of last year. As well as that increase in the number of applications, there has been an improvement in the quality of the information that we are getting. Quite a lot of work is being done ahead of time—whether it involves a new housing scheme or the homelessness strategy—to see how the welfare fund fits in.

Dave Berry: Dundee City Council's response to the implications of welfare reform has been to form a partnership arrangement with our local DWP officers, with whom we have worked closely to identify issues around welfare reform, so we have tried to work together to mitigate them. There are a number of projects for which the partnership has successfully obtained funding to get the message across in response to welfare reform, regarding not just the Scottish welfare fund but other assistance that is available. For example, volunteers are being used in the library service and there are some community-based projects being assisted by staff who are themselves based in the community. The whole profile of the Scottish welfare fund comes under that process. The situation is not perfect. There are people who are still not aware of the fund, but we are getting better in that regard.

Annabelle Ewing: What is the general feeling among those who are here today about the necessity and/or desirability of proceeding by way of legislation? One response out of 48 or so to the Scottish Government's consultation suggested that it is not appropriate to proceed with a bill.

The Convener: I noted that one specific response, and I have been contacted by two or three other organisations whose representatives have said that they are not sure that putting the measures that we are discussing into legislation is the best way to proceed. They want maximum flexibility and think that legislation would be too

restrictive. Have you had any discussions around that?

Dave Berry: The proposed legislation would give local authorities assurance. In fact, they will now have a duty that must be done. That can only be good for the continuing development of the Scottish welfare fund.

The interim scheme worked well, but lasted for only two years. Because we have not been able to employ staff on permanent contracts, given the two-year length of the scheme, we have started to have high turnover. Alastair MacArthur mentioned expertise and knowledge; we get into situations of constant training and recruitment of new staff. Certainty that the Scottish welfare fund is here to stay would help greatly in that regard.

The Convener: That is an important response. I had not picked up on that.

As I said, I have been approached by people saying that they are a bit concerned about the proposed legislation being too restrictive, but that is a good counterpoint, which I take on board.

I will come to Councillor MacDonald in a minute, but first Alastair MacArthur wishes to comment.

Alastair MacArthur: I will echo that point, which was picked up in a recent national report by Audit Scotland regarding benefits performance in 2013-14. Audit Scotland highlighted the difficulty that many councils are having in securing and retaining benefits-qualified staff—people who are experienced in making the types of decision that we need to make in order to administer the welfare fund. Dave Berry made an excellent point about statutory backing for the welfare fund doing a lot in terms of security for our existing staff. We hope that it will be useful.

Councillor MacDonald: As I have said, whether there should be legislation is not something that we have discussed in any significant way in the context of welfare reform, but legislation will give certainty not just to local authorities but to the clients about what is in place.

We have noticed that the administration grant does not cover the staff time that it currently takes to work through applications and to build relationships with the other groups on the islands. We can sustain that for a couple of years, but not in the long term. Again, such provision would have to be made either by the local authority or through the funding on a long-term basis; having it in legislation would give confidence that that would be the case. I cannot see any reason why we would not want to give people certainty about something that is clearly very important, as long as the legislation allows flexibility.

The Convener: You have all had a look at the bill. Is there anything that you think is missing? Is

there anything that you are concerned about in its content, or is there anything specific that you would like to comment on in order to get us to focus on it in our scrutiny? Are you all fairly content with the bill? If that is the answer, that is fine—

Councillor MacDonald: On something that was mentioned previously, we would like some kind of loan scheme for people who do not meet the criteria for the community care grant or the DWP budgeting loan, either because they are single adults or because they do not experience exceptional pressures. A loan fund as a backstop would help a number of people. It would not be a huge number of people, but they would likely be people who are quite vulnerable and very much on their own.

Alex Johnstone: As we have heard previously, the bill does not specifically exclude that. *[Laughter.]*

The Convener: I wonder whether we need to pursue that issue a bit further. It is certainly something that the committee could discuss with the bill team.

Alastair Macarthur: In Renfrewshire, we are exploring exactly that through discussions with local credit unions on setting up loans, essentially for white goods and so on. That is just an observation.

The Convener: This is an area that we need to start exploring a bit as a committee.

Annabelle Ewing: What information might be available that would help the committee in looking at that issue? Councillor MacDonald says that there is a demand for such loans. What is the level of the demand as a proportion of the total? What kind of numbers are we talking about? It would be useful to have an idea of that in order to be able to look at that issue in more detail as a committee.

Councillor MacDonald: We can certainly supply that information. Loans are an issue that has come through from the officers who have been dealing with the funds—they are still seeing people falling between two stools, as it were, who could be helped. We are not talking about huge numbers, but those people are as worthy of support as others.

Linda Fabiani: I would like to explore the credit union aspect. I know that a lot of discussions are going on between credit unions and the Minister for Energy, Enterprise and Tourism, Mr Ewing, about how credit unions can take part. It is certainly worth pursuing linkages between local authorities and credit unions. I am interested in how loans would be paid back, what power local authorities have in that respect and how they can work alongside credit unions.

The Convener: I think that we will come to that later in our agenda. The point has been made and we need to consider the issue during our scrutiny of the bill.

Kevin Stewart: I agree with Linda Fabiani about credit unions. Although I certainly would not be against a loan scheme, there have in the past been difficulties when councils have operated loan schemes in other spheres. If we are going to explore that, we have to take cognisance of the pitfalls that have been experienced in the past. Information on that, too, would be useful.

The Convener: If any witnesses can provide evidence or even just give us their perspectives on the issue, that would certainly inform us as we scrutinise the bill. We can contact the Convention of Scottish Local Authorities to explore the issue further. It would be useful to get a clearer picture. Would anyone like to add anything? Does anyone have any final comments that they would like to make, or anything that they would like to leave us with in relation to their views on the bill?

11:30

Helen McGreevy: On the loan scheme suggestion, I think that some of our customers get confused between the budgeting loans that they get through the DWP and the crisis grants that they get through us. A loan scheme might also confuse people quite a bit, which you will need to take into consideration.

South Lanarkshire Council's only other concern, as an authority, is that there is nothing in the bill—as far as I am aware—on fraud, such as people misusing the budget. Will there be something in the bill to deal with that? I know that the DWP has a fraud section and we are going on to the one-tier approach for fraud. Should we be considering that in relation to welfare reform?

Dave Berry: I have just one last thing to add. Councillor MacDonald raised the issue about the administration grant. In Dundee, we have been quite frustrated about the level of grant compared with investment in the holistic approach. However, even stripping out what we might call the added elements and looking purely at the cost of processing the applications, we feel that we are still short by around 30 or 40 per cent in relation to the actual administration grant funding, which is a concern, going forward.

The Convener: We always need to look at the financial memoranda that accompany bills to see whether they are adequate. If that is a point that you want us to address, we will certainly take it on board.

Annabelle Ewing: I noted that point in some of the submissions but, again, absent any sort of

analysis of the claim that is being made, it is just one statement. If there is evidence of a shortfall, it would be useful for the committee to see it.

The Convener: We will put that invitation out to the witnesses: if you have evidence on the administration costs and the money that is made available to you, that evidence would be beneficial to us as we look at the bill.

Helen McGreevy: COSLA is currently doing a benchmarking exercise. One area that it is looking at is how people are using their budget and how it is perhaps getting shored up by other departments within the council. COSLA recently sent out a survey to all local authorities; it is meeting at the moment to examine the findings, so the committee might get some useful information from it.

The Convener: That is an area that we need to pursue.

Thank you very much, everyone, for your contributions this morning—they have certainly started the ball rolling for us in our looking at the bill. We will give the bill the maximum amount of scrutiny and consideration.

Obviously, if anything occurs to you after this morning that you want to inform us about, and which we might not have covered so far, or if there is anything that you want to add to the points that have been made, feel free to contact the clerks and we will take on board any views that you have. Thank you, again, for your helpful contributions.

11:33

Meeting continued in private until 11:43.

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