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Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 7 October 2014

Session 4

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WELFARE REFORM COMMITTEE
14th 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:

Mark Ballard (Barnardo's Scotland)

Marion Davis (One Parent Families Scotland)

Duncan Dunlop (Who Cares? Scotland)

Paolo Mazzoncini (Sacro)

Jules Oldham (Homeless Action Scotland)

Beth Reid (Citizens Advice Scotland)

Scott Robertson (Quarriers)

Bill Scott (Inclusion Scotland)

Jon Shaw (Child Poverty Action Group in Scotland)

Lynn Williams (Scottish Council for Voluntary Organisations)

Derek Young (Age Scotland)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Welfare Reform Committee

Tuesday 7 October 2014

[The Convener opened the meeting at 10:00]

Welfare Funds (Scotland) Bill: Stage 1

The Convener (Michael McMahon): Good morning and welcome to the 14th meeting in 2014 of the Welfare Reform Committee. Can everyone please ensure that their mobile phones are off or switched to airplane or silent mode?

The first item of business today is the committee's second evidence session on the Welfare Funds (Scotland) Bill. Last week we took evidence from local authorities on the bill. This week we are taking evidence from the third sector. 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 our first round-table panel today, consisting of Derek Young, policy officer at Age Scotland—who will be here soon; Mark Ballard, head of policy at Barnardo's Scotland; Marion Davis, head of policy and research at One Parent Families Scotland; Scott Robertson, operational manager at Quarriers; and Lynn Williams, policy officer for the Scottish Council for Voluntary Organisations.

Some of you will have taken part in round-table sessions before. The idea is to encourage interaction. You can raise points or ask us questions, and the committee members will try to contribute also with questions or observations. We hope that that will allow us to gain as much evidence and information on the bill as possible.

If Mark Ballard does not mind, I will start with a question to him about Barnardo's Scotland's written submission. The first bullet point in your submission suggests one way to strengthen the bill, by

"Placing clear responsibilities on local authorities to promote awareness of and access to the Scottish Welfare Fund."

I wonder whether such responsibility should be put on local authorities, given that it is a Scottish welfare fund delivered by the Scottish Government and that the local authorities are the agency for delivery. Clearly, they will have a responsibility to ensure that people are aware of where they can

go locally. However, surely the primary responsibility for making people aware of the Scottish welfare fund should lie with the Scottish Government.

Mark Ballard (Barnardo's Scotland): The Barnardo's Scotland written evidence was born out of talking to our staff, who work with vulnerable young people and families who benefit from the existing fund. The feeling of staff is that knowledge of the fund on the ground is patchy and that it is easier to access the fund in some areas than it is in others.

In particular, we would highlight issues around timescales for the fund, in that some local authorities have done really well in trying to make the turnaround as short as possible so that people can access the fund within a day; whereas in other local authority areas people might have to wait a couple of days or three days. Our staff must cope with the latter situation, for example by working with someone who needs support on Friday but for whom the support cannot come until Monday or Tuesday. When you are talking about a family with children, that is a very long time to wait.

So, there is an issue about access arrangements at a local level and how information at a local level is disseminated through other services that, like Barnardo's, work with vulnerable families. I agree with you entirely, convener, in that our early experiences showed that there needs to be a strong national framework and strong oversight. However, we cannot miss the issue about how the fund is implemented, how the access arrangements work on the ground and how information is disseminated on how people access the fund on the ground. All of that must be taken care of as well.

So, I fully agree that there are responsibilities for a national framework that lie at a national level, but the experience of our services on the ground is that ease of access to the fund can be patchy.

The Convener: That is totally understandable. Do your panel colleagues have comments? Do you want to add to or detract from what Mark has said?

Scott Robertson (Quarriers): On the issue of the situation being patchy from area to area, a national framework is essential. It is the responsibility of the local authorities to ensure that good practice is shared from area to area and is embedded. Quarriers has worked in a range of local authority areas. In relation to youth homelessness, we have worked in a limited number of areas but we see a difference in how the fund is being delivered in them.

The Convener: We have received anecdotal evidence from people who mistakenly went to the Department for Work and Pensions, because that

is who was originally associated with crisis loans and community grants, and were not signposted to the local authorities, even though the DWP's officials say that staff are expected to do that signposting. Is that your experience? Was it something that was occurring at the start but which has dissipated now?

Marion Davis (One Parent Families Scotland): There is still confusion about where people go to access various parts of the system. There are three channels: online; by telephone; and on paper. We found that there are challenges around online and telephone applications. It can take up to 40 minutes to make a claim. If parents come to our office, our staff will support them to submit the claim over the phone. However, for those who are not supported by organisations, it can be challenging. Some people are in local authority areas where there is no face-to-face support. In Glasgow, for example, people cannot go somewhere and see someone.

There is an issue around the paper-based claims. We would like our organisation to be more involved in dealing with paper-based applications.

With regard to online access, a lot of the parents we work with do not have the internet. It is a bit of a struggle for them to go to the local library with kids under five and spend 40 minutes submitting a claim form.

Linda Fabiani (East Kilbride) (SNP): Mark Ballard was talking about different timescales and so on. What are people's experiences of the way in which the initial application is dealt with—gate keeping would be the catch-all phrase—and how the application moves through the system? Are there great variations between local authorities in that regard? From what I hear locally and from my discussions, it seems that there is a degree of confusion around how people go through the system.

Following on from that, I would like to hear people's impressions of how the initial contact with the local authority leads on to other departments in the local authority being involved, along with external agencies, if required. I know that the system is fairly new, but we have had two years of it now. Are we starting to see a joined-up approach?

Mark Ballard: I think that Marion Davis from OPFS makes a good point about the difference between the young people with whom we work and other young people being the fact that they have someone who is working with them. Barnardo's has taken on staff who specifically work in welfare rights advice and are supporting some of the young people and families to cope with the increased pressure that they are coming under due to greater benefits sanctions, more

delays to benefits and the effects of the recession. Those are the people who are getting support and who have someone to help them and guide them through the gateways that are there. However, Linda Fabiani is right to say that the process is not always clear, particularly if you are not helped by someone from either a voluntary organisation that is specifically focused on cases like yours, such as Barnardo's and OPFS, or Citizens Advice Scotland.

On a more positive note, Barnardo's welcomes many of the elements in the draft guidance, particularly with regard to decisions being communicated in writing and the need for greater clarity in the decision-making process. Those elements will help to make the process clearer for everybody because they will act as a good national framework within which we can fit locally appropriate variations. Much in the guidance is helpful already, and we would like to see more of that. The guidance will help us to deal with some of the gate-keeping issues.

Ken Macintosh (Eastwood) (Lab): I want to expand on that issue. A number of the submissions mention the variation in the process throughout Scotland. One of the criteria that have been set for administration is a two-day deadline for awarding grants, and a number of submissions picked up on that.

Under the previous DWP system, the grant-processing time was one day—people were experiencing a crisis, and they got their answer immediately. The submission from Quarriers states:

"If an application is received by a Local Authority on a Friday payment at the end of the second working day is not an effective response".

Can you expand on that, Mr Robertson?

Scott Robertson: Again, it varies from area to area. In our experience, an application in North Ayrshire is processed in one day, whereas in Glasgow the time will be equal to two days. Our concern is not the difference between one day and two days, but the fact that an application that is made on a Friday or a Thursday evening may not be processed until late on Monday. The situation is a crisis by definition, but it takes perhaps four or five days for help to be given.

Ken Macintosh: Last week, the local authorities suggested that they needed the extra time to make further investigations and check the applicant's circumstances. They said that it was a grant and not just a deduction from a loan. They also said that they provided a holistic service and that it was therefore more important to take longer about it.

Do you accept that with regard to what is a crisis situation?

Scott Robertson: In our supported youth housing projects in Glasgow, where a support worker is likely to be supporting the young person to make an application, the process still takes two days. We have had very positive feedback from the youth housing managers with whom we met last week on community care grants. The comparison between the new system and the previous system is like night and day.

The timeline for crisis grants is a concern. Indeed, it is putting some of our young people off applying for a grant. As was pointed out, they may have a crisis but may not apply for a crisis grant on a Thursday or Friday because they might, for various reasons, decide that they do not need the grant if they cannot get it by the Friday.

It is a concern that the process can take two days when some local authorities are processing applications in one day. Again, there is a lack of consistency.

Ken Macintosh: I do not know whether other witnesses want to come in on that. Another point is that the bill does not stipulate that awards should be made in cash, and local authorities have expressed a view that there should be no element of choice for applicants. Many of the submissions—from Barnardo's, SCVO, One Parent Families Scotland and many others—mention the stigma of using a card system or receiving assistance in kind. Does anyone want to comment on that?

Lynn Williams (Scottish Council for Voluntary Organisations): I want to make a few points. First, the point about stigma is something that our members consistently mention to us. As our submission suggested, those who are using the fund are probably at crisis point anyway, and people have to swallow quite a lot of pride to come and ask for help. That is the case for many families, if someone is not able to provide for their families and they are suddenly in a position in which they have to ask for crisis help.

From reading the submissions that the committee received, it seems that the element of choice is critical, partly for stigma reasons but also just in general to ensure that we meet people's needs. For example, I do not want to steal Bill Scott's thunder, but I have attended events with Inclusion Scotland and other organisations where there is a lack of choice in what is provided, so it does not meet people's needs. It is actually more cost-effective to work with a family to work out what their needs are. There is a Fife example, and there are examples from the Child Poverty Action Group in Scotland and other organisations in which a good that is provided does not meet someone's needs and has to go back, and the person has to reapply. A whole element of time

and money is being wasted if the system is not responding to what people actually need.

10:15

I will pick up on a number of issues that have been discussed regarding access to the system and the lack of face-to-face applications, which would be of concern. One issue is around equality of access in general. For people who are deaf and hard of hearing or who have a learning disability, phone access and online access can be difficult, so the face-to-face element is important.

On the issue of gate keeping, a number of members are consistently raising the issue of whether that comes down to training or to understanding what a client actually needs. We were given the example of the provision of a specialist piece of equipment, which would prevent someone from needing to move into care. However, the person was told that it is just a white good that they can apply for under a community care grant. The issue is around that sort of understanding of how the system operates and of what actually meets clients' needs.

There is still a bit of a hangover from the social fund. Having spoken to activists and others, I think that some people still feel that there is a bit of stigma attached to applying for a crisis grant, for instance. People are genuinely a bit unwilling to apply to the fund, even if they know that it exists, because of the stigma that is attached to doing so.

Lastly, the element of choice is important. A number of members and colleagues in the third sector have mentioned the element of choice around having something that meets their needs. The cash versus in-kind assistance argument is a fresh and live one. Ultimately, just because someone is in crisis, that does not mean that they should be treated any less well or with less respect. If someone needs to buy something, it might make sense for them to have the choice. In some cases, it might be more cost effective for them to go and buy something that actually meets their needs, and which is of better quality.

There are a lot of issues around the matter but, for us and for other third sector members, the main issue is one of giving choice rather than telling people, "This is what you're having, so like it or lump it—on you go."

Marion Davis: In our written submission, we touched on some of the points that Lynn Williams has just made. We gave an example of some young parents in North Lanarkshire, for whom the choice of carpet was just blue or green—or was it? It would not be blue or green.

Ken Macintosh: It was blue or brown.

Marion Davis: Yes. That means that, when friends come round, they know that the carpet has come from the welfare fund, and that is a bit demeaning—although it is obviously better than having no carpet.

It is a question of choice. Other submissions from local authorities have said that there is a plus to in-kind assistance, as it can create jobs or make it easier for the person involved. The parents with whom we have worked would certainly like to have the choice, and to have the dignity of being able to make that choice. I support what Lynn Williams said about that.

Derek Young (Age Scotland): In our written submission, we also made the point about cash versus in-kind assistance. We can certainly envisage circumstances in which giving goods might address specifically a very direct need in a very immediate way. As a general rule, however, a voucher system carries with it a great risk of stigma. In our view, that particularly applies to old people, who tend to be quite protective and private about their finances. They are not forthcoming or willing to discuss them openly with other people, and that creates other problems elsewhere in the application process.

On some of the other points that have been made about how flexible people find accessing the system, there are also issues around the application of capital rules, and around whether any flexibility is applied to those. For example, payments of pensions and pension-related benefits such as pension credit, as well as wages, come in at a certain point of the fortnight or the month. People do not know when a crisis will strike but it may so happen that, when it does, they have less money coming in than they expected, but a bill might be going out in two days' time. That is a crisis situation, but those concerned might not qualify under a strict application of the capital rules. We have some evidence that different local authorities are applying the rules differently in respect of whether they apply any flexibility in taking that type of circumstance into account.

The main issue for us is that older people are simply not applying at the same rates as other age groups or social demographic groups. We covered that in our written submission. We have a number of suggestions for why that might be the case. People might be getting put off, and they might be getting inaccurate advice. It is worrying from our point of view that, although older people might well qualify and might have a strong case to make, the median ages for the awards that are being made are all in the mid-30s, whether for crisis grants or community care grants.

Kevin Stewart (Aberdeen Central) (SNP): Last week, we went over in some depth the cash-

versus-goods scenario with councils, some of which had the view that providing goods could often mean procuring stuff cheaper, with the money going further. The funds were therefore manageable over the piece.

I wonder whether common sense should apply in some of these cases. Marion Davis talked about carpet colours. If folk had a choice of different colours for the council's procured goods, perhaps that scenario would work. To my mind, that would make complete common sense.

One of the submissions mentioned a cooker. Rather than having one cooker that will not fit into a particular space, why can folk not choose?

Beyond that, can folk give their opinions on situations such as that in Aberdeen, where, rather than people using a voucher system, money is loaded on to the Accord card? Thus far, the Aberdeen Accord card has helped to reduce stigma because, for example, every kid uses it for their school meals, whether they get free meals or pay for them.

There are ways of striking the right balance in all those things to maximise the number of awards that can be made. Can we reach the right balance and take a commonsense approach so that there can be a mix, with folk still having choice and councils possibly being able to procure more?

Scott Robertson: I mentioned young homeless people moving on from supported accommodation, and the councils made the point that it was hoped that more furniture could be purchased when the welfare fund was set up.

We have spoken to project managers, and the experience in some local authority areas is that it has been like night and day. Previously, young people were in a catch-22 situation. They either needed to wait until they got their community care grant, which took many weeks and meant that they were unable to move into their new tenancy and got into a lot of rent arrears, or they moved into their new tenancy straight away, got their housing benefit straight away and did not get into rent arrears, but had no furniture.

The current community care grant seems to be enabling young people in some areas to move in straight away with a good furniture package that involves some choice. Kevin Stewart suggested that there could and should be more choice, and choice seems to be greater in some local authority areas.

I will make an important point. In one of our local authority areas, when a young person who is in supported accommodation is passed for housing—if it has been acknowledged that they will be housed—the application for the community care grant can be made straight away. Once they

are housed, they will then get the furniture straight away. In other local authority areas, that the young person has to wait until they sign for a tenancy, so there is still a potential delay.

An advantage of the new system is that applications can be made straight away. Young people may be at Quarriers or in other accommodation, but they will have been accepted as being homeless and will be housed in partnership with the local authority, so applications could and should be made at that point.

Kevin Stewart: I have one further question, which is on the different topic of the care leaver's situation. Parliament has paid pretty close attention to how we can deal with the often fraught situations in which folk do not have the support networks that many of us have.

Barnardo's and others have mentioned in their submissions how care leavers are often sanctioned more than others and therefore must access welfare funds more than others. How are care leavers treated in relation to the Scottish welfare fund? Further, how would the Scottish welfare fund and other funds be impacted if the United Kingdom Government goes ahead and withdraws housing and other benefits from young folk?

Mark Ballard: I particularly want to come in on that point. While Barnardo's Scotland welcomes the bill and urges the committee and the Parliament to back it fully, we are concerned about some of the language.

In particular, section 2(2)(a) says:

"Qualifying individuals' means individuals who have been or, without the assistance, might otherwise be—

(a) in prison, hospital, a residential care establishment or other institution".

The term "residential care establishment" is problematic and not in keeping with the vision for supporting young people who are or have been looked after that is set out in the Children and Young People (Scotland) Act 2014.

Under the 2014 act, there is a much greater emphasis on the corporate parenting responsibilities held by local authorities and other public bodies for formerly looked-after young people, whether they were in residential or foster care, in another community placement—such as kinship care with friends or family—or looked after at home. We want to see greater alignment of what is in the bill with what is in the 2014 act because, under the act, all formerly looked-after young people under the age of 26 should be deemed to be qualifying individuals. Such integration between the two pieces of legislation would be helpful in ensuring that formerly looked-after young people do not slip through the cracks.

Duncan Dunlop from Who Cares? Scotland will also make some points about care leavers later in the meeting.

The term "residential care establishment" is not particularly contemporary. We want the vision of the responsibilities that we have for all formerly looked-after young people to be properly reflected in the bill.

Kevin Stewart: What about the effects of further benefit changes on care leavers and young folks without support networks?

Mark Ballard: In previous evidence to the committee, I highlighted that although schedule 5 to the Scotland Act 1998 reserves welfare powers in general to Westminster, it makes a specific exemption for benefits and welfare support given to young adults who were formerly looked-after young people. It is important that that is reflected and that, whatever debate takes place on the extension of further powers over welfare to the Scottish Parliament, that power in the existing legislation, which enables support to be given to formerly looked-after young people by virtue of that status, is recognised. We want to see that awareness in the bill and in how local authorities generally work. That approach is crucial. Whatever happens on welfare, we must recognise that there are existing powers and existing obligations on corporate parents that we want to see borne in mind in all the decisions taken by local authorities.

Lynn Williams: I have a couple of points to make. First, there are a number of concerns across the third sector about the wording in section 2(2) and how it might exclude other groups. Bill Scott, Marion Davis and others have called for amendments to that section in relation to families that are under exceptional pressure and, in particular, people with disabilities.

We need to be careful that the language used in that provision does not, by dint of being so tight, exclude people. The SCVO would support a number of the proposed amendments from third sector colleagues that look at the wording. We need to ensure that how the fund operates does not become so tight that people are not able to access it.

10:30

On Kevin Stewart's second point about the impact of last week's announcements, I was going to save these comments for my closing remarks, so I am probably pre-empting myself, but I think that many of us are concerned about those announcements. There is significant evidence of the impact of welfare reform on families across Scotland and the UK—indeed, the SCVO is about to publish some more research on that issue—and our call to all parties, civil society and others is for

a summit to take place immediately or as soon as possible so that we can begin to look at the impact of what has been announced on the Scottish welfare fund and other policies. I think that what we are going to experience will be pretty horrific. The impact already has been bad enough, and collectively we have to look at what the announcements mean, how they will affect families and how they will impact on the fund. We have called for the bill to contain a review provision to ensure that we understand the changing context in which the fund operates.

We need to prepare for what is coming. We think that things are bad now, but they are going to be a heck of a lot worse, and we need to look at what collectively the Scottish Government, the Convention of Scottish Local Authorities, the third sector and others can do. I note that the draft budget is being published this week, but what are we doing collectively? Are there any collective actions that we can take on the welfare fund? Can we increase it? Is there anything else we can do in policy terms to prepare for what we know is coming over the next year or so?

Marion Davis: Although about a quarter of all claims to the community care fund come from lone parents, they are not always made because of an emergency. As has been recognised, benefit rates are too low and people on benefits are living below the poverty line. In addition to emergency costs, people also have to meet intermittent costs. For example, the cooker or washing machine that they have used for a long time might just burn out, and they will not be able to pay for another out of the regular money that they have to live on every week.

The announcements that have been made are, of course, going to have an incredibly detrimental effect on families with children. As the officials pointed out last week, the welfare fund plays a particular role; it is, in a way, a sticking-plaster for a welfare system that is broken, does not provide a safety net and leaves people in severe hardship. Looking ahead, we can see that the situation is only going to get a lot worse and that there will be immense pressures on the welfare fund. What we have at the moment will probably not suffice to meet people's needs or tackle the child poverty that we know is going to increase massively. It is predicted that by 2020 child poverty is going to increase, rather than reduce, even though the present Government said that it would have eradicated it by that time.

Mark Ballard: As the conversation has been widened out, I want to make a number of other points.

Barnardo's Scotland and the NSPCC Scotland recently published a report on the experience of Scotland's family support services. Across

Scotland, increasing numbers of families are struggling to cope with extreme levels of hardship that are often linked to benefit sanctions, payment delays, the increased cost of living and the increased cost of basic essentials. Regardless of what might happen after the next UK election, that is the reality now.

I have already mentioned section 2(2) but I think that some improvements could also be made to section 2(1), along the lines that Marion Davis has outlined. At the moment, short-term need is described in the bill as

"arising out of an exceptional event or exceptional circumstances",

but many of the families with whom we work are under what I would describe as exceptional pressure. That is a long-term pressure that might have arisen from a benefit sanction of three months, six months or even a period of years for a family member, and we want the wording in the bill to be extended beyond "event" or "circumstances" to cover exceptional pressures. I know that CPAG Scotland has made the same point.

The definition of short-term need also refers to the

"risk to the wellbeing of an individual",

but I am sure that Marion Davis will agree that for many families there is also a risk to the wellbeing of an individual's dependants.

Extending the definition beyond the individual's wellbeing to include dependants' wellbeing would align the bill better with the purposes of the Children and Young People (Scotland) Act 2014. That would make a helpful link between the positive vision of wellbeing and of Scotland being the best place in the world for every child to grow up in and the Welfare Funds (Scotland) Bill, which can help to support families at times of exceptional pressure.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): In the submissions, every organisation—except the SCVO, which was a bit more neutral—supported using the Scottish Public Services Ombudsman for second-tier reviews. Last week, we heard concern from local authorities about that approach, although one local authority—I do not remember which one—accepted that it might be difficult for it to have a significant enough case load to allow it to build up expertise; Age Scotland also made that point, which is why it supports using the SPSO. Why do organisations think that the ombudsman should conduct second-tier reviews?

Derek Young: As Mr Hepburn mentioned our submission, I had better respond. The ambition that the Scottish Government stated when the Scottish welfare fund was created on a non-

statutory basis was that the funds should be locally administered but that the approach should be consistent nationally. Our firm view is that, if second-tier reviews cannot be done at a Scotland-wide level, no structural dynamic will ensure consistency.

We accepted that the other option in the consultation paper—a tribunal—could lead to further delay, be more expensive and be more off-putting for applicants if it had formal procedures. That is not the experience of people who contact the ombudsman.

We hope that consistency would be promoted in the same way as it is promoted by the Scottish Information Commissioner, for example. The commissioner has developed a body of decisions, and authorities to which freedom of information legislation applies are encouraged to act in accordance with that body of decisions. A similar possibility exists to develop consistency in relation to welfare funds.

I know that local authorities said that using the SPSO would be an added complicating factor in their appropriate management of funds. However, that is not a problem that local authorities cannot cope with. They must manage the implementation of national legislation with a local budget in many areas. The welfare funds might be no different from other areas in which local authorities have such a responsibility.

Mark Ballard: I fully support what Derek Young said. The most important thing is ensuring that the learning from the SPSO's reviews is used to improve the practice of local authorities across the board, and not just the practice of the authority to which the review related, as Derek Young said. The great virtue of the overall review structure is that it enhances learning and the dissemination of best-practice models, which can be taken up across the board.

Lynn Williams: I do not think that we necessarily disagree; it is more that we recognise our third sector colleagues' experience on the issue. Across the board, we agree with and support colleagues on the need for an independent second tier and for authorities to learn from the process, as Derek Young and others have said.

Our point is about accessibility of and timescales for appeals. For example, social care reviews can take a heck of a long time. The process should be as quick as it can be. I understand that SPSO colleagues recognise that issue. Accessibility, the learning points from evaluations and ensuring that we learn from good and bad practice are important. We support our members' views. If using the SPSO is the best option, we should ensure that that works as

effectively as possible and that it is as accessible and easy to use as possible for applicants.

Marion Davis: It is important that claimants can be represented by a welfare rights officer, that they can give further evidence to support their case and that they are given the option of a face-to-face hearing. I add that to what colleagues have said, which we support.

The Convener: I might return to the issue later.

Annabelle Ewing (Mid Scotland and Fife) (SNP): Good morning, everyone. I want to pick up on a point that was made a while back, but I will start with a new point, which we have not touched on yet: the basic ethos of the welfare fund, which is a grant-making fund. I note many comments in the witnesses' submissions about that. It seems that they welcome that approach but have concerns about some of the language that is used in the bill, which some might interpret as having to do with being able to claw back funds from fraudulent claims. It would be interesting to hear from them on the basic point of grants versus loans and why they have concerns about the language in the bill.

Lynn Williams: From looking at colleagues' submissions and ours, it seems that the approach that the Scottish Government has taken of making grants is considered across the board to be far favourable to a loan-based approach. As Marion Davis suggested, the people who apply to the fund are in absolute crisis and, for many of them, to have to think ahead about how they will pay a loan back is a very big issue. Therefore, across the sector, there is a view that grants are far preferable. On how we make that award happen, we have already rehearsed the arguments about vouchers versus grants and cash versus kind.

Our concern about the language picks up on the Child Poverty Action Group's response about the withdrawal or reclaiming of funds. After looking at the evidence from last week's meeting, my concern is whether we are starting from a position that people will fraudulently claim from the system. We need to ensure that we do not unintentionally give a message that says that people will defraud the system from the beginning. To say in the bill that it will be possible for the funds to be reclaimed assumes fraud and we know that fraud is a tiny proportion of the benefits system.

The issue is unintentional messages. What are we saying? The fund is the absolute basic of safety nets. People go to it when they are in absolute crisis and need support. Dignity and respect are important. In our submission, we call for the bill to reflect that ethos in some way. In Scotland, we talk a lot about creating a different approach to welfare, so we need to ensure that the language that is used in the bill reflects the fact

that we are taking a slightly different, far more caring approach and that we recognise that people need support and should not be stigmatised for that.

The language that is used in the bill and how that filters through to regulation and operation are incredibly important. I do not know how you do it, but we call for up-front principles around the bill that say that we are taking a rights-based approach and that, because when people go to the fund they cannot afford to provide the most basic of human rights, such as food and shelter, how they are treated is critical. Dignity and respect must be at the heart of that.

Mark Ballard: I go along entirely with what Lynn Williams said. The key point is that, if section 5(2)(f) is going to talk about

“circumstances in which”

moneys have

“to be repaid”,

that needs to be balanced by something in the bill that defines the fund as a grant-making fund not a repayable loan-making fund, to clarify exactly what that reference to moneys being repaid means.

The committee and the Parliament have always been supportive of the role of credit unions, which provide a positive model if we are looking for repayable loans to support families. However, as Lynn Williams said, the fund is a crisis fund for exceptional circumstances. It is important to maintain that distinction.

Marion Davis: In our submission, we support the grant model over loans. When witnesses were asked at, I think, the previous meeting what the evidence base for fraud was, it came through to me that there was no clear evidence base. There may be anecdotal cases, which we will probably always get, but there is no evidence of widespread fraud or the reselling of goods on a massive scale. When we met Scottish Government officials, they agreed that that was the case.

As Lynn Williams said, it is important that the feel of the fund is a rights-based approach. We are dealing with people who have been on the lowest level of benefits and, unless there is some evidence of widespread fraud, I think that the rights-based approach is the correct one and should be in the bill.

10:45

Derek Young: I want to make a very short point that reflects some of the points that others have made. We did not address grants versus loans specifically in our submission, but the bill should reflect the culture and the level of expectation for

the operation of the scheme, as Lynn Williams said.

In our experience, we have found that older people have what we have described as a propensity for thrift. They will quite often use goods for much longer than other people would consider to be their useful life. Therefore, the point at which they identify something as unusable is a significant point to have reached. At that stage, a grant system makes much more sense, in the sense that it reflects the fact that maximum use is being got out of goods anyway. We are talking about situations that involve a direct, like-for-like replacement, which the fund can support.

Annabelle Ewing: I want to return to an important issue that was raised earlier on access and awareness, on which I did not succeed in catching the convener’s eye. Marion Davis mentioned that it would be useful to have forms issued, in the way that social work departments apparently already do. I would like to explore that further. Is it the case that no local authority issues the forms? Why do they not do so, if that would help the process, given that there is a precedent in other parts of authorities? That is an important point to address, because access is key. Does anyone have any information on that?

Lynn Williams: I guess that the assumption is that, because the form is online, people can download it, but Marion Davis rightly said that we should not make that assumption. We have picked up that there is an assumption that local charities, for example, will just download the form and print out batches of it. I do not know whether anyone can say any more about that.

As we said in our submission, the fact that the third sector is expected to take on those costs and pull these things down will have an impact on the sector. Most front-line organisations think that they will probably do that, but the assumption that, because everything is online, everyone will have access must be challenged. Some organisations have said that they have been timed out, or that the system has frozen when they have been online and they have had to go back in and repeat the whole process. As is often the case with online applications, it does not always work. There are issues. Access generally must be looked at. I know that the Scottish Government is aware of that, but there are wider equality issues that need to be looked at; phone access should be considered, too.

Scott Robertson: Our experience is that the system is working well because we have support workers who are used to supporting young people to make applications. I am talking about young people who are in supported accommodation, so good working relationships have been built up with the relevant local authority department but, as far

as publicity is concerned and people getting access to forms and being able to find them, that would be difficult.

Linda Fabiani: I do not know whether I am asking the right people, but a couple of things that have been said struck a chord with me. Lynn Williams talked about assumptions being made. It seems that quite a lot of assumptions are made about the operation of such a fund. One that bothers me is the assumption that people who will try to utilise the fund may, to some degree, already be in the system. I see from Derek Young's submission that there is a view that not only are elderly people much more reluctant to approach such a fund but some of the language might well be off-putting. I just want to put that on the record so that the committee can look at it. In the language that we all use, is there an assumption that folk are already in the system? What can we do to make sure that those who hit hard times perhaps for the first time in their life and have never been involved with any agencies know that they might be able to tap into something that could help them with that one-off crisis?

Derek Young: Thank you for that question. In our experience, quite often older people will not be in ready contact with professionals who are in the habit of giving advice about the availability of funds, the criteria that will be applied and the guidance and regulations.

The state pension is administered through the pension service. Once you attain state pension age, that money can be paid directly into your bank account or accessed through the post office. However, through neither of those routes is there contact with people who have ready knowledge of, or can give advice about, accessing the funds.

Similarly, you might have had no reason at all to contact the local authority social work department, so social workers might be a professional group with whom you are entirely unfamiliar. The people whom you do come across, such as health and social care professionals, might have no knowledge, or only poor knowledge, of the funds, which means that they might give inaccurate advice.

Age Scotland is an information and advice provider. We try to cover some of that gap, but we cannot reach everyone. The point that you made about language is important. I know that colleagues have made specific recommendations for changes in the language of the bill or the regulations, which would certainly help. You gave the example of families suffering under exceptional pressure. That criterion applies to an older person living alone, but that person might not believe that they are a family and they might have a different level of social expectation as to what exceptional pressure constitutes.

It is really important that the information and advice about the availability of the funding that will support the legislation once it is in place is much more accessible, inclusive and approachable, so that it does not dissuade people. As I said previously, the dissuasive effect seems to be significant for older people, given the low numbers of applications that older people are making—even though rates of success for those who do apply are reasonably high.

Marion Davis: The point is relevant, given that a high percentage of the children in poverty have one parent who is working and has perhaps never been in the system. Likewise, often the people who are using food banks are in work. As a result of welfare reform, the cuts and other things that are impacting on families, a whole pool of people are being pulled into the system who were never involved in it before.

Mark Ballard: I agree with everything that Derek Young and Marion Davis said. There is often a discussion about the role of the third sector in all this. The term “third sector” can mean an organisation such as Barnardo's, which has staff with specialist knowledge of this and internal systems for it. It can also mean community groups, church groups or sports clubs—a variety of organisations that might have a relationship with some of the people who Derek Young talked about but which are not seen as organisations that need this kind of information. When we think about the role of the third sector in supporting awareness and access, we need to think about the breadth of the sector, rather than simply focusing on organisations such as Barnardo's, which already have that knowledge. The third sector is much broader; it includes organisations such as sports clubs, which might be the point of contact that somebody needs.

Ken Macintosh: Given that the UK Government has devolved crisis loans and community care grants, it is essential that the Scottish Government puts in place a scheme—and puts it in statute—to provide those resources where they are needed. I was surprised that we have not taken advantage of this moment to address some of the failings that we see in the overall welfare system and to adopt some of the principles of a rights-based approach that we have been talking about in recent years.

I would say that there are a few mistakes in the bill. It is not a radical bill; essentially, it just replaces the old system with a very slightly altered similar system. What really surprised me, though, is the section that would allow services to be outsourced or privatised. That is a very strange approach, given that we want local authorities to adopt a holistic approach. Several organisations picked up on that section, and the Barnardo's

written submission commented on whether an outsourcing provision would be desirable.

Mark Ballard: Our point is that there would need to be very clear guidelines on suitability and that they need to be set out in regulations. Third sector providers might be able to offer support, but they would have to demonstrate very clearly that they understood the vulnerabilities of the people involved.

There is a challenge across the system, though, in that the regulations talk about working days. Scott Robertson and I have both referred to that. If someone makes an application on a Friday and two working days away is next Tuesday, that is a very long time to wait. Barnardo's has started to shift more and more of its services—I imagine that other organisations are also doing this—to offering support seven days a week rather than just in the working week. That is part of our and the third sector's role in finding ways to deliver support to people outside working days.

As I said, there must be clear guidelines on suitability and they must be set out in the regulations, but there may be areas where third sector organisations can support the effective delivery of some services.

Ken Macintosh: Does Marion Davis from One Parent Families Scotland agree that what is meant by outsourcing needs to be slightly clearer?

Marion Davis: We certainly noted that in our submission. Outsourcing could open the door to contracting out to private companies. The evidence shows that contracting out to the private sector in the welfare system has not been successful. We feel that there is a conflict of interest that has led to poor outcomes. For example, the work programme had a poor outcome. We know the situation with Atos and all that was involved in that.

We feel that, as in other areas of delivery, outsourcing may result in a lack of democratic accountability, so we are not really in favour of the section in the bill on outsourcing. In fact, we recommended in our submission that that section be withdrawn.

Ken Macintosh: Finally, I have a question for Lynn Williams. Your SCVO submission highlighted that

“a high number of decisions are successfully challenged.”

That refers to successful appeals. Your submission showed that there is a higher level of appeals for welfare fund decisions compared with the level of appeals on benefit sanctions. When we heard evidence in this committee on benefit sanctions, we forcefully used evidence of the level of successful appeals to insist that the benefit sanction system was not working. What

conclusions can we draw from your evidence on welfare fund appeals?

Lynn Williams: I think that maybe you are comparing oranges with lemons—I do not know. What struck me in looking at the statistics for last year is that, although a low number of people appealed fund decisions, the number of successful appeals was relatively high. It comes back to some of the discussion that we have had about discretion in making decisions. Perhaps people are not getting what they want or need, or they are being gatekept out of the system.

Our point is that a turnaround rate of 50 per cent plus for decisions is relatively high. The question is what is happening in the decision-making process. Is it discretionary or flexible enough? Does it recognise people's needs? The level of reviews is still relatively low. I think that we are talking about a number in three figures, which is lower than that for previous funds. For us, the issue is that decisions are being challenged and a relatively high number are being overturned. We should keep an eye on that. What is going on in the decision-making process? Are the decisions the right ones? Why are so many reviews overturned? Are people being kept out of the system by gatekeepers, or do we need to think about the decisions that are being made by staff on the front line?

11:00

Kevin Stewart: That is an interesting line of discussion. Last week, the lady from Aberdeenshire told us that, often, during the time between the original decision and the appeal, much more information is forthcoming, which ensures that the folks get what is required. Perhaps the difficulty is to do not necessarily with the wrong decision being made, but with a decision being made based on the information that is available at that time. Is there any way in which the system could be improved so that the folks at the front line get all the information that they possibly can at the initial stage, rather than waiting for an appeal?

The Convener: We came across that same situation when we looked at the Atos system. We were told many times that the reason for decisions being overturned later was that information that was not available at the outset had become available. With regard to the work capability assessment, the sanctions and the Scottish welfare fund, clearly it is vital to get information at the outset. How do we improve that?

Kevin Stewart: With regard to Atos, the numerous Harrington reviews have tried to ensure that the situation with information is good. The issue is complicated and I should probably not go

there, as it will lead to me going on a long rant. However, my point is that the process should be much simpler. I cannot remember the exact words of the lady from Aberdeenshire, but perhaps we should ask councils what kind of information is lacking at the point when a decision is taken to refuse an award, and what kind of information is available at appeals that result in awards being granted. If that latter information were available earlier, problems could be resolved quite quickly.

Derek Young: Lack of information is certainly a factor, and it can occur for a couple of reasons. In the case of a crisis grant, the information might not be readily available at short notice. However, since the nature of the need is that it is exceptional and short term, the priority tends to be getting the application in. That means that it is understandable that further information to support the application might become available later.

Another factor is that there is sometimes a tendency for older people to treat a local authority as a single entity that shares information perfectly within it. If they have contact with one individual in a local authority, they might believe that the information that they have given them has been shared with the relevant department already, so it comes as a surprise when that information cannot be relied on as the basis for the making of a decision. It is only at the stage at which a review is undertaken that further information is sought or becomes available and that tendency can be counteracted.

Kevin Stewart: Perhaps one of the things that need to be asked at the initial stage is whether the person is in contact with anyone else in the local authority at that time about any particular issue. That could iron out those difficulties.

Lynn Williams: I absolutely agree with a lot of the points that have been made. The questions that are asked at that stage are important, and that requires people at the front line to have a particular skill set. With my former careers adviser hat on, I can say that knowing what questions to ask and how to ask them is important.

The intention of the fund is to be holistic and to be better linked at a local level. The link between the third sector, in all the guises that Mark Ballard has described, and local authority staff is better in some areas than others. I have seen examples in which there have been joint training and joint sessions, which have ensured that people know what information has to be shared to make the system work perfectly. I would like to see that happening across the board.

I attended a session in Renfrewshire last year on behalf of the SCVO to speak about welfare reform in general, but the third sector and the council talked specifically about what is working

well with the fund and how the system can be tweaked. Information was being shared on how to make the fund work more effectively at the front line.

There are opportunities in joint training and information sharing. The Government has brought third sector organisations into practitioner networks to discuss how they can make more effective decisions. There is good practice out there in that respect.

The Convener: I will ask just a couple of questions because we are starting to run up against the clock. The discussion with local authorities last week and my subsequent discussion with Jamie Hepburn at the Finance Committee, on which we both sit, focused on the efficiency of the system and the cost of administration. Have you considered whether the administration costs represent a problem in delivering the service? The point has been made that the fund is £33 million while the present administration costs are approximately £5 million. Some people think that that is excessive and inefficient. Has anyone taken a view on that?

Lynn Williams: It does seem like a lot, yes.

The Convener: Yet the local authorities said that they were seeking additional funding to cover administration costs.

Lynn Williams: I would be slightly concerned. It is a lot of money—a ratio of about 1:5 with the fund overall. The question is how the money is used. There are already examples of inefficiencies in the system and of people having to reapply for something when, if they had been given what they wanted in the first place, it would have prevented a dual process from taking place.

There are clearly lessons to be learned from the first year and a half of the fund. There is a risk that the process becomes overly bureaucratic, as we have seen from some of the case studies. The question is how we use the administration money more effectively and how we ensure that we are not creating a process that costs more in the long run and makes it far more difficult for applicants to get through the system or puts them off in the first place.

Information sharing is one aspect, as Derek Young outlined. As we noted in our submission, there is an assumption that the third sector will pick up additional costs in responding to the scheme. We mentioned that the social fund had been managed down prior to the current situation. Suddenly people are starting to get more involved—as my colleagues have outlined—in seeing people through the application process and in advocacy. Staff are being trained in the new system on existing budgets, so there is a hidden cost to the third sector there.

Going back to the point about administration, we need to ensure that we learn lessons as early as possible with regard to how the fund operates. We need to iron out the nuances in the process. Otherwise, it suddenly becomes more difficult and more costly to apply, and applications are repeated, which seems to be pretty daft.

The Convener: Notwithstanding the arguments that we heard earlier, concerns have been raised about the cost of the SPSO becoming involved as the second tier of appeal in order to create a national standard. In the experience of anyone round the table, is the SPSO more efficient or more bureaucratic? Would it add to the level of bureaucracy in terms of timescales? Would the length of time for appeals be extended if the process was undertaken through the SPSO rather than being administrated locally by the local authorities?

Mark Ballard: As I indicated earlier, one of the virtues of involving the SPSO is the opportunity for learning from individual local authorities to be disseminated more widely. On reading the relevant papers in advance of the meeting, I was struck by the proportion of the budget that had been spent in 2013-14. There were 10 local authorities that had spent less than 75 per cent of their budgets, but there was no clear pattern or any link between the local authorities that appeared to have an issue in spending that budget.

I have not looked at a breakdown of the £5 million cost to which the convener referred, but I wonder whether there is, again, significant variation between local authorities in spending. The challenge that remains is to have a national framework while ensuring that learning is disseminated effectively to allow local authorities to identify best practice and bring down costs or, if there is a variation in costs, to find out why certain local authorities are doing all this more effectively and efficiently than others. After all, we are talking about a new fund and a new way of doing things, and I hope that this will be a learning phase in which individual local authorities can learn from others about how they can effectively constrain the costs that you have referred to.

The SPSO might have a benefit as part of the learning structure. It might be able to support local authorities to deliver within their local constraints and context and to adapt best practice, where possible.

The Convener: Mark Ballard's reference to the fund being new brings me neatly to what will be my final question before I ask for final comments. In making the same point, the SCVO has suggested that we could be legislating too hastily on this matter, and I wonder whether Lynn Williams will expand on that comment as well as

talk about the SCVO's proposal for a review. The SCVO has been the only organisation to make such a suggestion in its written submission, although others have raised questions about the efficacy of putting this into legislation.

Lynn Williams: We put the submission together a couple of months ago; I am not saying that our view has changed, but we have had to take into account last week's announcements of further changes. When we initially called for a delay, we did so because this is one of the first major welfare funds that the Scottish Government has operated, and when you look at the evaluation and the statistics, you will see significant gaps in, for example, the recording of vulnerabilities. Indeed, colleagues have picked up other gaps in the operation of the fund, whom it is reaching and whether it is working well enough.

The rationale for the legislation was not immediately clear to me. We have an agreement on the operation of the fund but, with regard to delaying the legislation, if it is felt that legislation is required to address concerns about protecting applicants and ensuring that the fund stays in place and is working effectively, we will support that. However, we had a sense that people were rushing into things; they were not looking, for example, at whether the context in which the fund was operating might change and whether it was working well enough before they jumped into legislation and put things on a more permanent footing.

That said, after speaking to colleagues—indeed, I was discussing the issue this morning just before the meeting—we wonder whether there might be a risk to the fund, whether the fund will stay in place or whether local authorities will want to change its operation. The question, then, is whether legislation will protect the fund for applicants. There are a number of questions to be answered so that we are clear about the rationale for the legislation and what we are trying to achieve with it.

Secondly, we feel that if the bill is to go ahead as it is it could contain a review clause. There are a number of clear reasons for such a move. First, we need to ensure that we are getting this right, that it is working and that it is achieving its purpose. Will the context in which it is operating change over the next couple of years? Given that we are potentially in the middle of further powers being devolved to Scotland, would such devolution change things? Would we have to look at what the fund is doing and why it is doing it? Having done some work with the Standards, Procedures and Public Appointments Committee on the operation of legislation in the Scottish Parliament, I know that we do not review the working of legislation enough. As a result, a standard review clause

stipulating a review a year or two years in will allow us to revisit the matter and ensure that the fund is doing what it was intended to do and that people are being supported. We just need to ensure that the scrutiny is there.

In response to your question, I think that we are a bit more ambivalent about delaying the bill. If it is to be delayed, that is fine, but the more important thing is to ensure that, if it goes through, it is being reviewed regularly and it is working on the ground for the people whom it is intended to help.

Derek Young: We do not call for a specific review or delay as such in our submission, but we point out that a great deal of the scheme's detail has been left to regulations. We also note that changes to the regulation are subject to the negative procedure, which slightly hinders proper parliamentary scrutiny in the event of those regulations being subsequently changed. If those regulations are changed, the committee has a clear role in trying to address some of Lynn Williams's points about the need to reflect on further practice and to incorporate that in the regulations. There is still a need for scrutiny and the committee has a role to play in that respect.

11:15

My second point, which Lynn Williams alluded to in her comments, is that we need to ensure not only that the legislation is right but that the fund is financially viable in the long term. In its first year of operation, the DWP put in £23 million or thereabouts, with the Scottish Government adding £10 million. However, the DWP is considering withdrawing the funding for local authorities under the equivalent system in England and Wales. Since we made our written submission, there have been a number of developments. For example, there was a judicial review in England that has now been settled.

It would aid public understanding if there were an agreement or some formal understanding between the DWP and the Scottish Government about the DWP's continued contribution to the funds that are available for the Scottish welfare fund. Even if the Scottish Government's assumption is that it will fund the scheme at its current level whether or not the DWP's funding comes, I see no reason why the Scottish Government would not want to make that public to ensure that there is an understanding and some confidence that, despite the process of putting the legislation on the statute book and getting it right, there will continue to be a fund at a level that at least addresses current need.

The Convener: It strikes me, though, that if the Scottish Government were to say that it was going to maintain the fund regardless, that would be a

signal for the DWP to remove its funding. These are things that we have to deal with in politics, but that is the reality of the situation.

I thank everyone for their contributions. If, after you leave, you feel that you want to provide additional information or make other observations, you should feel free to write back to us. After all, the more information we have, the better we can scrutinise the legislation. I certainly found your comments this morning helpful and informative.

I suspend the meeting until we get our next panel ready.

11:16

Meeting suspended.

11:25

On resuming—

The Convener: For our second round-table evidence session this morning, we are joined by Jon Shaw, welfare rights worker at the Child Poverty Action Group in Scotland; Beth Reid, policy officer at Citizens Advice Scotland; Jules Oldham, national policy and practice co-ordinator at Homeless Action Scotland; Bill Scott, director of policy at Inclusion Scotland; Paolo Mazzoncini, director of operations east at Sacro; and Duncan Dunlop, chief executive of Who Cares? Scotland.

I know that you were all in the public gallery during our previous round-table session, and some of you have been here for these discussions before. I genuinely hope that you will be able to make contributions as and when you see fit. Please ask questions, make observations and give us information and we will see where the discussion takes us.

I hope that Jon Shaw will not mind if I kick off by coming to him first. In the two discussions that we have had so far, a major issue has been that of grants versus loans, and you have commented on that in your written submission. Will you give us CPAG's views on the merits, demerits or otherwise of the dynamic and how it should operate?

Jon Shaw (Child Poverty Action Group in Scotland): We have always been firmly in favour of a grants system. The issue with loans is simply that the repayment causes further on-going financial pressure to those on the lowest incomes.

There is also the issue of clarity, which came up in the previous discussion. The provision in the bill could be aimed at recovering funds that have been fraudulently claimed or there could be the possibility of local authorities moving to a loans-based system in future.

In your evidence session with local authorities, one authority—wisely, I think—highlighted the possibility of making arrangements with local credit unions. To me, a holistic Scottish welfare fund service could provide a crisis grant and then signpost the applicant to a credit union that could provide a sustainable form of credit. To us, that would be a much better way of operating the Scottish welfare fund than moving towards a loans-based system.

The Convener: Are there any other comments on that issue?

Jules Oldham (Homeless Action Scotland): We would hate anybody who is in crisis to be put off by the fear of needing to pay something back. They might be a minority, but quite a few people feel that they can go for the grant now that it is a grant system, whereas with the loans of the past, they feared that their crisis would just be put off for two or three months.

Kevin Stewart: We have talked about the costs of administering the fund. I asked about that last week, but I cannot remember whether it was in the public session. Councils have previously administered loan funds in other spheres, but the administration costs have been immense. If there were a move to a loans system rather than grants, would even more money be swallowed up by administration instead of going to the folks who are in need?

Jon Shaw: I definitely agree that that would happen. With the crisis loans system, the DWP had the ability to make deductions at source from benefit entitlement as a way of recovering money, whereas local authorities are simply not in that situation. An administrative mechanism would need to be set up to recover money from people, and that would add to the costs of the scheme.

Bill Scott (Inclusion Scotland): I did a quick, back-of-an-envelope calculation when the £5 million figure was mentioned, and I worked out that that comes to about £160,000 per local authority across the 32 authorities. That is not a lot of money. It might pay for half a dozen staff, and when we consider that they will need cover for holidays, sickness and so on and that the service needs to be maintained five days a week, there is not a lot of leeway there. That is particularly the case for the smaller authorities, because I guess that a lot more money is spent in Edinburgh, Glasgow and the other big authorities. I have to say that I do not see the administrative costs as being particularly high, and they are probably lower than the old DWP costs.

11:30

Linda Fabiani: Last week, we discussed the idea of loans being made available in addition to

grants. A couple of local authorities were particularly keen on clawback, but we should make it plain that those things would be separate. The idea of setting up some kind of loans system that would be completely separate from the bill is fine, but the bill talks about amounts requiring to be repaid. In its submission, Citizens Advice Scotland asks for clarification that the provision in the bill is for dealing specifically with fraud and suggests that we look at the wording to ensure that it does not muddy the waters if there is a move back to loans, which should be a separate matter.

Beth Reid (Citizens Advice Scotland): The fact that it is a grant-making scheme is stated clearly in the regulations and in the explanatory memorandum but not in the bill, and I think that the bill needs to state that we are talking about a grant-making scheme. I cannot remember off the top of my head but I think that under the old system the recovery rate of loans was not particularly high. That supports the points that were made earlier, and you need to think about that in deciding whether it is worth trying to recover loans.

Bill Scott: There is evidence that, under the previous loans scheme, people took out payday loans to repay the money to the DWP, which put them in even worse debt and made them more reliant on benefits. Such a scheme rolls what is sometimes a one-off crisis into a long-term obligation on people to pay back money that they do not have, and it just does not work.

Jules Oldham: There is also the possibility that the scheme could be tied to support, and if someone owed the person who gave them support they would be far less likely to turn up to appointments to access that support. Not much would be gained if somebody lost out on a whole support package.

Jamie Hepburn: I think that most of our current witnesses were present for the previous evidence session, so I will ask them the question that I asked the previous panel. It relates to second-tier reviews. All the organisations that expressed an opinion on whether the ombudsman should be the body to conduct second-tier reviews were in favour of such a move, but that contrasts with what we heard last week from local authorities. Why do you think that the ombudsman is the appropriate body?

Beth Reid: The arguments were set out clearly in the previous evidence session. It is important to have a source of review that is independent and is seen to be independent. We would be concerned about some clients being put off the review process because they felt that the matter was going back to the local authority and they were not confident about the process. It is also important to

have national consistency—the points that were made about monitoring are important—and a reporting mechanism.

We have been thinking quite a lot about what the review process should look like. At the moment, there is provision in the bill only for a statutory basis for second-tier review. I understand that that is to do with how the ombudsman is governed and so on, but we need to ensure that the second-tier review process is clearly defined by rules and timescales. Whether that is done through the bill or in further legislation relating to the ombudsman's own legislation, the matter still needs to be addressed somehow.

Jon Shaw: I want to make a small point about the independence of the review process. In your evidence session with local authorities, one of the welfare fund managers said that she would be in the room with the panel to assist it. I am not suggesting that that would make the process less independent but, in terms of the perception of independence, it would be a real issue if somebody from the decision-making team were there but the applicant themselves had no access to the panel.

For us, there is a big question mark about quality improvement. One reason why the independent review service was so respected in the sector was that it looked at the decisions that had been made, identified themes and issued directions that bound everybody. The issue with a binding decision on one local authority is how the other 31 become aware of the terms of the decision to ensure the fund's national consistency. Therefore, the unanswered question about the review mechanism is: how do we ensure the quality improvement of the scheme?

Bill Scott: When we asked disabled people who have experience of making applications which scheme they would prefer, their response was not overwhelmingly in favour of the ombudsman—there was a marginal majority in favour of it—and the second choice was an independent tribunal. However, nobody—not one single disabled person whom we asked—said that the local authority should do it. People said that that would not be perceived as fair. Even if the decision was correct, the local authority would still be reviewing its own decision, and that was just felt to be unfair.

That was what we found when we asked people who had gone through the process what they would like. They were marginally in favour of the ombudsman. Unfortunately, I think that the tribunal service would be expensive and slower. Beth Reid is right that we need clear guidance on timescales for the reviews, so that people have expectations that can be met and are not left living in crisis for months.

The Convener: I am keen to hear Duncan Dunlop's and Paolo Mazzoncini's points of view on the importance of independence in the appeals process.

Duncan Dunlop (Who Cares? Scotland): As an independent advocacy provision service for care-experienced young people, we quite often have a parallel conversation going on with local authorities, many of which believe that their children's rights services can provide advocacy services that are independent from the authority. That comes down to the individuals and the management framework within which the service is governed, so it is not foolproof by any manner of means. Young people who access that children's rights service are far less likely to want to use the advocacy service because it is not independent. Therefore, with an ombudsman, they are less likely to even bother asking for a decision to be reviewed because they will believe that it is part of the same system and the same management and hierarchy. Given that it is part of the same establishment that rejected the first claim, why would they go through it again? Obviously, people are very vulnerable emotionally at such times, and it would be great if they thought that the matter would be reviewed independently.

Paolo Mazzoncini (Sacro): I echo many of the comments that have been made. The appearance or perception of independence and transparency is really important. Sacro works with people who could, broadly speaking, be described as being in the justice sector. We have not made a submission to the committee on the welfare fund proposal, but we think that most of the individuals with whom we work will be affected by it in some way, shape or form.

The SPSO acknowledges that it would face challenges in doing the second-tier reviews. There might be issues with developing expertise if there is a low number of reviews, or there might be a different challenge if the figure is at the higher end. Certainly, the feedback that we are getting from our service users and the people for whom we provide services is that it would be valuable to have an independent body or person to look at the original decision.

Alex Johnstone (North East Scotland) (Con): I will play devil's advocate. During the discussion with the previous panel, the convener said that, when we look at appeals procedures, we invariably find that they are successful, because they do all the things that were probably not done properly in the initial application. As a result, the quality of the application might be upgraded and the evidence that had been required might be provided.

I just wonder whether we are taking a sledgehammer to crack a nut by going straight

from the initial rejection to a high-level appeals process without there being something in between that provides an opportunity for that correction and review to take place. That often seems to be what the appeals procedure is delivering.

Bill Scott: But there is such a stage. There is the first-tier review, which is carried out by the local authority.

The Convener: The SPSO is the second tier.

Bill Scott: I agree that the best, most efficient way to carry out a first-tier review is for somebody else to consider the decision and ask whether discretion was properly applied and whether all the evidence that was needed to come to a determination was available.

As was made clear in earlier evidence, 40 per cent of the recommendations made by Atos—I was going to call them decisions, but it is the DWP that makes the decisions based on Atos's recommendations—were found by the DWP to have been based on inadequate information. That means that they should not have been made in the first place. If extra information is needed, it should as far as possible be gathered before a decision is made. If not, the first-tier review stage would be the best place to gather that additional information, if that is all that is really needed. Cases will probably be taken to second-tier review if there is a perceived feeling of injustice about a decision.

Alex Johnstone: Moving on slightly, I wonder whether anybody would be willing to speculate on how efficient the proposed process would be and how many cases—or what proportion of cases—might emerge at the top of the process. That will make a big difference. If 10 per cent of cases make it to the top, that might be acceptable, but if 50 per cent get to the top, it will become an administrative and financial burden.

Beth Reid: At the moment, the number of cases going through the review process is fairly low. If that continues to be the case, the number that we are talking about might not be huge.

The point made in the previous evidence session about the questions that are asked right at the beginning of the process is crucial, and it links into some of our concerns about a few cases where gatekeeping might have been going on. I do not have evidence to back this up but that might happen particularly when people make applications over the phone and speak to a decision maker. There are a lot of benefits in being able to speak directly to a decision maker during the application process, but the right questions might not be asked at that stage or applicants might be told things that discourage them. For example, they might be told that only high-priority applications are being considered or that there was a similar case to theirs the other day in which

the application did not go the whole way. As a result, people might not disclose the full information and the application might not be pursued. We have had cases of people thinking that they had made an application only to realise that they had not, and they might find out that their application had not been taken forward only at the review stage.

Because of such things, we must ensure that all the correct information is gathered as early as possible and certainly within the timescales to ensure that any crisis is addressed as quickly as it needs to be.

Linda Fabiani: I have jotted down some things about this subject. I cannot remember who said what, but two things in particular were mentioned in written submissions. The first was a suggestion that the term “application” be defined somehow, and the second was the question whether there should be a legislative duty to accept and record all applications to reduce the incidence of pre-application discouragement. Could we explore those points a wee bit further?

The Convener: Do colleagues have any comments?

Linda Fabiani: Can anyone remember who said those things?

Jon Shaw: I am sure that we made the second point. We are still seeing cases coming up. Because we provide second-tier advice, we will be given case studies by advisers in which they argue the decision maker into accepting an application only for it to be rejected. You have to wonder what happens to unsupported applicants and whether they are put off.

At times your discussion with local authorities seemed to be missing the point a wee bit. For example, I believe that someone said, “Once an application is recorded on our Northgate system, it is passed straight to the decision maker.” However, the point about gate keeping is that you do not get to the point of registering your application, so you do not have the right to request a review. That is still a live issue. Although it is getting better, we are now seeing it in different ways.

A recent case study related to a call to our advice line from somebody who had been awarded a crisis grant because they were in the common situation of challenging an employment and support allowance decision of no benefit in payment, but who had been told that they could not be awarded a repeat application for a crisis grant until they had a qualifying benefit in payment. Even if you read the guidance from end to end, you will not see that information. It was a case of making the award but gate keeping a

future application by putting somebody off from coming back if the crisis had not been resolved.

11:45

Kevin Stewart: Does anyone have any examples of local authorities with specific problems in that area? Local authorities have told us that a combination of staff is now doing that work. In some cases, it is done by revenue and benefits officers; in some, by welfare rights officers; and in others by a combination of those officers and others. It would be interesting to see whether the best practice is coming from areas where there is a specific team make-up, because some of those folks will be more used to applications than others. If we had examples of areas where the process is working particularly well and areas where it is not, we could find out what combination of folks had been moved in. After all, there might already be an example of best practice out there.

Ken Macintosh: I would like to continue with the idea of offering cash versus in-kind benefits, which has been raised previously. A number of organisations represented around the table, including Homeless Action Scotland, have commented on that. We do not seem to be using the bill as an opportunity to end that form of stigmatisation. Do you worry about that?

Jules Oldham: Giving somebody a voucher does not seem to answer all the questions. With a voucher, we are treating people as if they are unable to make their own choices. Some work was done recently by Phil Brown at the University of Salford on individual budget systems. People with complex needs were offered between £2,000 and £3,000 each to help themselves out of whatever situation they were in, and the average spend was about £400 per person. People are really savvy with money, and I do not think that they are enabled to be savvy with a voucher.

With a voucher, people are almost forced to make the best of that voucher and to spend every penny of it at that given time. People do not get money back for the voucher, so they can't say, "I'll come back tomorrow because I can't carry everything today," although they might end up saying, "I'm not sure that what I'm buying comes to the total amount on the voucher, so I'll come back tomorrow to avoid the embarrassment."

We seem to be moving away from trust and giving people a whole host of problems instead. As we can see from the figures, not everybody actually uses their voucher, either as a result of stigmatisation or because it just does not work for them. They might not even have the money to get to the place where the voucher can be spent. I

could go on about that for hours if you wanted me to.

Ken Macintosh: Last week, some local authorities gave evidence in support of their decisions to use vouchers rather than cash, saying that if bus tickets were offered they did not get used. However, I was not quite sure whether they meant that people declined the offer of an award if they did not want it in the first place. They also said that if people were offered goods in kind, they sometimes sold them on, and that the number of repeat users was evidence that they were not using the money effectively.

I am not sure whether that is evidence that we should not be trying to develop trust. Maybe we should be offering more help to those particular individuals. What struck me was that, if we are basing the entire system on those few individuals, perhaps we are getting things the wrong way round.

Jules Oldham: Absolutely. Can we really base things on such a small minority? People in that minority are likely to have an addiction, so what are they going to do with that voucher or those goods? They are going to sell them on. It is not as if the voucher is going to stop them getting a hit; they might just get less of a hit and need to go shoplifting as well. With money, their child might have managed to get something, and they might also have got their hit but, with this approach, the child might not benefit at all. You are not taking that minority out of the equation and solving everything; in fact, you are almost creating a black market for vouchers. It goes against the interests of the many people who would benefit from that cash, which they would use wisely. It does not really weigh up.

Paolo Mazzoncini: I echo what Jules Oldham has said. Many of the individuals whom we work with have just come out of custody, and anecdotally the feedback that we are getting is that they are likely to feel dissuaded from applying for a loan. That does not mean that they do not have needs that have to be met but, generally speaking, I do not think that they would apply for a loan.

It is reasonable to raise concerns about the misspending of grants. Certainly, some individuals either have addiction problems or cannot budget properly and need assistance to learn how to manage their money, which is part of the work that our staff carry out with them. In summary, however, cash or goods might be preferable to loans.

Jon Shaw: I think that, if goods are going to be provided, there has to be choice. In the evidence session with local authorities, it was suggested that one authority was offering people who needed

support with fuel costs a visit by an energy adviser. That is quite invasive, and to make it a condition of accepting an energy voucher seems to be missing the point, because that is not about someone not having any money to put in their electricity meter.

There is also real concern about supermarket vouchers. As Jules Oldham has pointed out, people might not be able to get to the supermarket to spend them. Moreover, restricting them to certain goods brings us back to the stereotypical idea that people will just spend them on booze and fags. Such an approach will also result in administrative costs for local authorities.

We have heard worrying examples of those taking applications over the phone saying, "Our authority does food and clothing vouchers, but that's not what you're asking for." The issue is not just about whether the person taking the call is clear with the caller that they can also apply for a community care grant and a crisis grant in the same call, but about that individual's need not fitting into certain boxes, with what the fund can help with in fact being led by whatever books of vouchers are sitting in an office. I think that that is very concerning.

Bill Scott: When we asked disabled people about that issue, they were quite divided. A number of them understood that bulk purchasing might make the fund go further and therefore might help more people. However, there was a huge concern about stigmatisation, particularly with regard to the voucher scheme.

This is a real story from a small town in the Highlands. A woman was given a voucher and sent along to a department store. When she went up to the cash desk, handed over the voucher and said, "I'm here to get something with this," the woman who took the voucher from her said over the Tannoy to the whole store, "Could a supervisor or manager please come to the till? We've got one of those welfare claimants in again." You can understand how that woman, who already had mental health problems, felt. Everyone knew her business, what she was there for and so on. Although opinion was divided, most people did not particularly like the idea of vouchers, particularly because of the stigma.

Store cards might be slightly better, but I understand all the problems that have been mentioned. In the Highlands or other rural parts of Scotland, how do people get to the places where they can actually use them? If you live in a city, where the distance between stores is not huge and you can get more with such cards, that is great.

Again, the lack of choice was a really big issue for disabled people. We have heard examples of

people being told that they could get only the beds that had been bulk purchased, not the bed or special mattress that they needed for their back. It is just a waste of money to supply something that does not meet a person's needs, because at some point in the future they might well need to get, say, an adapted bed through the social work department. Unfortunately, people can wait months for an adaptation, but if they could use the grant that they get when they first move into their house, all of that would be done.

It is the same with cookers. A person of short stature could not use the cookers that had been bulk purchased, because they needed a low-level one. If goods are going to be provided, choice needs to be built in, and we need to say, "We understand that you are going to bulk purchase things, but the goods must meet the needs of the individual who is making the application."

Beth Reid: I echo those comments. What is available has to be appropriate to individuals' needs, and I think that that operates at two different stages. For a start, we have heard one or two stories of people being offered vouchers but the only way they can get them, let alone spend them, is by email or post. If you do not have an email address, that is going to be very difficult, and if you are in crisis, you simply cannot wait two or three days for the post to arrive.

We have also heard stories of people being supplied with goods that are completely inappropriate to their needs. As Bill Scott has pointed out, that is a value-for-money issue. If you have to go to a certain place, pick out the furniture, have it delivered and then get something else delivered, it is just a waste of time and resources.

Jules Oldham: I should point out that we are against vouchers, rather than furniture packages. I remember that six or seven years ago Scott Robertson from Quarriers, who gave evidence earlier, and I looked at the Quarriers Drumchapel model, through which furniture packages were made available to young people moving into tenancies. We thought that it would be wonderful if everyone had that option, but the issue is having options and choice; the back-up plan should not be vouchers. I just want to make it clear that Homeless Action Scotland is saying no not to furniture packages but to vouchers.

Annabelle Ewing: That was the point that I wanted to try to get to the bottom of. Leaving aside the issue of stigma and all the other very good points that have been made about vouchers but coming back to Bill Scott's point about meeting individual needs, I wonder whether, instead of purchasing furniture or whatever as an economy of scale, local authorities can be a more powerful purchaser by being able to secure a better deal and therefore allowing more money to stay in the

fund and help more people. Do the witnesses agree with Jules Oldham's point that, if they meet people's needs, furniture packages might be a reasonable proposition but that, for some, vouchers are just a step too far? Am I picking that up correctly?

Jon Shaw: Yes. It is all about choice and better meeting people's needs, and we must recognise that there are examples of good practice. I was speaking to, I think, the head of the Scottish welfare fund in North Lanarkshire—please do not quote me if that is not correct—and he told me that although there are standard goods, the welfare fund budget will be used to pay for adapted goods, if needed, which can be sourced through the occupational therapy department. That is one example of good practice, but the key point is that that authority has decided to go beyond what is actually in the bill. Under the bill, people will choose either cash or goods in kind, but nothing in the bill suggests that whatever they get has to meet their needs. We need to make good practice consistent across Scotland and ensure that before an authority can award anything in kind, whether it be a store card, vouchers or other items, it has to consider whether that is what the person needs.

12:00

Linda Fabiani: I want to reinforce some of what has been said. The point came up in the previous session about local authorities—even staff within one local authority—having dialogue and working together. Jon Shaw's example—which may have been North Lanarkshire—is one instance of discretion being used wisely.

From my experience of related issues, I know that the theory might be there but the practice is often very different. Separate departments can take a significant length of time to get together and come to a decision, and if separate providers such as the health service and the local authority are involved, working together can take even longer. In the context of the kind of grants that we are talking about, that is very problematic.

It is about good practice modelling and local authorities learning how to do things better.

Ken Macintosh: I am not sure that the correct principles are at the heart of the bill; that is what worries me. I heard Jimmy Wales, the founder of Wikipedia, on the radio yesterday. He said that we should make our assumptions based on the fact that most people are good and decent. Of every 1,000 people, 990 are good, and that should be the founding principle in the bill. However, as Jon Shaw pointed out, all sorts of judgmental decisions are being made in meeting people's needs. Duncan Dunlop gave an example of a young person who left care, whose social media activities

were scrutinised and whose application was declined because of that.

Duncan Dunlop: We spoke to a number of young people, as we always do for meetings such as this, and I would be more than happy to get them in front of the committee. They would be very keen to come, but that is a side issue.

I listened to the conversation about vouchers and goods and what happens to them. There is an issue about care-experienced young people. I looked at the evidence of the vulnerabilities of people who had applied to the fund in the past financial year. It said that 1 per cent were care leavers. It also said that 26 per cent were homeless, 9 per cent were offenders, 54 per cent had mental health problems and 14 per cent had addictions. We know that 20 to 30 per cent of the homeless population are care leavers. At any time, up to 80 per cent of young offenders in Polmont are care leavers. We know that more than half the young people who leave care at 16 will have a significant mental health problem. Therefore, the fact that we have only been able to identify that 1 per cent of those who applied were care leavers means that we did not properly identify the care leavers and the care-experienced people. That is a significant problem. Although people have different issues to contend with, to a degree their behaviour traits are a consequence of being part of the care system.

Kevin Stewart talked about care-experienced people, and it is good that Parliament has sought to do quite a lot through the Education and Culture Committee, the Children and Young People (Scotland) Act 2014 and this type of initiative: scrutinising how the Scottish welfare funds are impacting care-experienced people. We need to make sure that the bill marries up with guidance that is currently being written on parts 9, 10 and 11 of the 2014 act, which is on corporate parenting duties, continuing care and aftercare. Young people can now stay in care until they are 21, and can get significant support until they are 26. Young people may well have severe needs when they leave care, and have a bunch of issues about what care meant to them. There is no point in having a parallel system for the Scottish welfare funds that does not marry up with the support for continuing care and aftercare that will come through the great legislation that was passed at the beginning of this year.

Care-experienced people have two basic requirements that we need to recognise. They need, or lack, a stable, loving and constructive relationship that can help guide them through life. When we give them a crisis grant or a community care grant to set up a flat, we should ask how that is related to their care identity, such as by asking whether they have had a flat already, why that

accommodation broke down and what support has been given to them. The people who administer the grants—local authorities—are the corporate parent. When the corporate parent gets the phone call for the crisis grant, it should not reject the application, but should—as Mark Ballard from Barnardo's said—treat that as a red flag that makes it say, "Let's look at giving you support, because you're not going to be able to go your mam's house to get your dinner tonight, or be able to get your washing done or sleep there." Who—someone mentioned local authorities communicating with each other—is making sure that the person is getting support, and that they have a relationship that is going to hold them? If they do not have those, they are extremely vulnerable.

In one case, a young lad—who, in general, had low self-esteem—talked about going through the process. He found out after a bit of investigation, after the authority had rung him back and rejected his application, that it had been on his Facebook page, which he had not updated for some time. He was told that what was seen as grounds for his application being rejected was historical information on his Facebook page.

Our general appeal is that the problem be seen not as being about the 1 per cent, but as a significant headache for us because we are corporate parents. We know that the care-leaver population, which is only 1.5 per cent of our whole population, is significantly overrepresented in all the problems that have been mentioned and in using welfare funds. It is a real demonstration of what we are getting wrong in Scotland that we cannot even identify them. They feel so stigmatised that they will not say that they are care experienced when they are on the phone with an adviser because they believe—as it has always felt to them—that to do so will not be beneficial to their application.

I hope that that has answered your question.

Ken Macintosh: It has more than answered it. Everyone has spoken very forcefully on that point, and I thank you for it.

I will move on. The second point is about outsourcing, on which a number of witnesses have commented. Is privatisation of the service desirable?

Jon Shaw: We are clearly against privatisation. We think that the welfare funds should be a matter for government, not for the private sector. If the decision is taken to take privatisation forward in the bill, there must also be safeguarding. This is another area where we cannot quite tell what the bill is getting at. It could be aimed at the smaller local authorities, because establishing a joint welfare fund is explicitly permitted, but there is a

world of difference between two smaller local authorities such as Clackmannanshire Council and Falkirk Council going in together, and having private sector contractors deliver the welfare fund and profiting from it.

In the evidence session with local authorities, I noted that one of the people talked about the third sector and specifically mentioned Citizens Advice Scotland; as a former adviser, I can say that there is a real issue there. If an organisation is advocating for somebody and supporting them in making an application, it will lose the ability to do that on any level if it is also involved in deciding on that application. That is a real issue because—to come back to what Lynn Williams said in the earlier part of the meeting—the third sector might be expected to pick things up.

There are a number of issues to do with outsourcing. Generally, the welfare funds should be for government to deliver, because they are so vital.

Beth Reid: On the point about Citizens Advice Scotland, we would be very nervous about anything like that.

On the wider points, where the bill talks about administration of the welfare funds, it is not clear whether that is about administering delivery of goods and that sort of thing, or administering the application process. That needs to be much clearer.

Our other concerns about outsourcing are on accountability and transparency, and how it would be ensured that the system works for applicants. All too often situations result in which people bounce between the local authority, which is saying, "That's not our responsibility, it is the contractor's" and the contractor, which is saying, "Well, we have not had the email from them." We need a clear and transparent system if outsourcing is to be considered.

Jon Shaw: I will make a tiny point on that. The bill does not appear to include the ability to review decisions, if a fund were to be outsourced to a third party, rather than administered by a local authority. There are lots of issues.

Bill Scott: I want to reinforce what Jon Shaw has just said. I, too, am a former welfare rights worker. It would have destroyed our credibility in the community if we were to have been making decisions on whether people got social fund loans or grants. Nobody would have come to us with problems in other areas because they would have seen us as being part of the problem rather than part of the solution. A person cannot be a determined advocate on somebody's behalf and then switch off and become an objective discretionary decision maker. That just does not work.

I am also worried about the idea that the third sector might be able to bid for contracts but the private sector would not. Since when does that fit with European law? As soon as we open the door to the third sector bidding to do the work on behalf of a local authority, we are also opening the door for the private sector. Disabled people's experience of the private sector's delivery of the personal independence payment assessment—Atos, Capita and so on—is that it has been an absolute disaster area. That is partly because of the public sector's inability to draw up meaningful contracts. The estimate was that each PIP assessment would take 40 minutes and that 75 per cent of them would take place face to face. In practice, 95 per cent of assessments are face to face and they take an average of two hours. That is bad drafting on the public sector's part and leads to poor provision by the private sector, because it ends up in a mess trying to sort the situation out. Our experience is that that has been a disaster, so we do not want to see the welfare fund privatised in any way, shape or form.

Jules Oldham: If three local authorities chose to opt out and take another route, how would we signpost people? Would we say, "Everyone else is doing it through their local authority, but let me just check. No. Not yours"? That would make nice and clear signposting difficult. It would also not send out the best of messages to people if we have to say to a person that their local authority did not have the wherewithal to go ahead and run the fund, but many others did. That is not brilliant on the message front and lacks consistency; it will add an extra layer of difficulty to signposting and getting advice quickly to people.

Paolo Mazzoncini: Giving local authorities the power to administer funds jointly may be useful flexibility. It might work well as long as the proper arrangements are in place to scope out the greatest need and to target the resources accordingly. That touches on the point that Ms Ewing made about the greater purchasing power that local authorities have if they combine their resources—notwithstanding some of the earlier contributions that were made about goods versus vouchers and how people might respond to that.

The bigger issue around local authorities administering the fund is that it chimes with a lot of the work that they already do. In terms of the policy imperatives of the bill—providing a safety net and helping individuals to remain in their communities—local authorities already appear to be doing a lot of that work. There is a nice synergy there, which might be lost or interrupted if it a private or third party were to provide the service.

The Convener: Have you finished your questions, Ken?

Ken Macintosh: I have one more question, but it is on a different subject.

Annabelle Ewing: I want to pick up on a point that was made in the first witness session by the representative from Age Scotland about the overall resources for the welfare funds. I am also looking at the submission from Inclusion Scotland, which states:

"Unless the Scottish Government acquired new revenue sources and/or powers over benefit conditions it is difficult to envisage how this increasing call on resources to meet short term need can ever be 'fully' addressed."

That was a response in the submission to a question from the committee. Could Bill Scott expand on that? Although we have been discussing important points of detail, equally important is the context within which all of this sits, which is a resource issue, too.

12:15

Bill Scott: SCVO would definitely support a review of how the welfare fund is operating in the context of the background changes. The Welfare Reform Committee will be very familiar with the fact that the benefit sanctions regime has become a lot more punitive in the past 18 months than it was before. The number and length of sanctions has increased dramatically; people can now be sanctioned for up to three years. That means that there will be people in the system who are in constant need, but the fund has not been established for people who are in constant need, and will make a maximum of three payments a year. People who are living far, far below what the Government defines as the poverty line are now expected to live on it for three months, a year or three years. That will occur increasingly. Many of the people who are being sanctioned are young people leaving care, disabled people and so on—the people who are least able to negotiate the rest of the system and who are more likely to rely on a local authority for help. That is why we say that we do not think that that need can be met.

Another reason why we would like every application to be recorded is that we need to measure unmet need; we need to find out what the fund has been unable to resource as well as what it has been able to resource. Some local authorities are spending up to and just over the budget that they are getting; other authorities are not. I would like to know why, because we know that need exists. We would like to find out more about who is not having their needs met and why, because of repeat applications and so on, and how we should respond as a society in Scotland to that increasing level of need.

Jon Shaw: One area of massive concern for us is the issue of families under exceptional pressure,

for whom funding made up more than half of the DWP community care grant budget. I know that the figures are not directly comparable, but only 20 per cent of Scottish welfare fund community care grant applicants come under that heading. From personal experience, I know that that group tends to be the people who are most reluctant to deal with the local authority, or who are terrified that any suggestion that they are struggling to pay the bills means social work involvement. I do not see that as a correct perception; it is just the way that people see the system and it feeds into what is contained in the bill with regard to defining the parameters of the scheme.

An example from the guidance is that there is no specific ability to award community care grants for travel costs. We have case studies about people who incur travel costs to visit relatives in hospital, but have been told that those costs are not eligible for grant because they do not fit within maintaining a settled way of life, as it is seen by that decision maker. There is an important point about ensuring that the needs of the groups whose needs the guidance quite clearly intends to meet are met. In the bill at the moment, families under exceptional pressure are taking a back seat, and the statistics appear to show that families with children are applying less than they did for community care grants under the old system.

Annabelle Ewing: A relevant issue, which I do not think that we have addressed in either evidence session, is that of the DWP hardship payments—or whatever the current terminology is. What is the experience of you guys on the front line? Are they happening? Are they happening in the way that they should? Is there signposting? What is the current state of play? It is a relevant issue as we look at the needs of people who are in extremis.

Bill Scott: I was lucky enough to hear David Webster speak last week. He may be familiar to the committee. From looking at the figures and from his freedom of information requests to the DWP, he thinks that only about 25 per cent of those who are currently sanctioned are receiving hardship payments, which means that 75 per cent are not, so they are living on very little if anything at all. There is definitely an issue.

It is said that people are not starving to death in this country, but one disabled person has starved to death and an ex-serviceman has died because he could not keep his insulin cold enough because he could not afford energy for his fridge. Those things are happening. Who will receive hardship payments is strictly defined and not everybody will qualify for one.

Beth Reid: Citizens Advice Scotland did some research earlier this year and one of the questions that we asked bureau advisers was whether

people are aware of hardship payments when they come to bureaux. I cannot remember off the top of my head what the statistics are, but the majority felt that people were not aware of hardship payments or the appeals process when they were at the jobcentre.

It is worth remembering that, unless someone is categorised as a vulnerable person, they cannot get a hardship payment for the first 14 days of a sanction anyway, so they will always have a two-week gap.

The Oakley report is due to improve communications on hardship payments. We hope that will work and we will monitor that. However, £71 a week is not a lot to live on anyway and, if that is cut by 40 per cent, people will struggle, particularly if they have any other pressures. We are beginning to see people who are getting into debt because of benefits. That is one of the biggest areas of debt in which we are seeing an increase at the moment. It is a real live issue.

I also flag up mandatory reconsiderations, particularly on employment support allowance. If people who have decided to challenge their employment support allowance decision and cannot get a payment during that period are able to declare themselves fit for work, they may be able to claim jobseekers allowance but, otherwise, they often struggle to get money. We have seen quite a few applications to the Scottish welfare fund as a result of that. In some cases, people are waiting weeks or even months for a mandatory reconsideration decision to be made.

The Convener: Does anyone have anything to add that has not been covered so far or something that was mentioned earlier, perhaps even by the earlier panel of witnesses, to which they want to add or on which they want to comment?

Ken Macintosh: I have a brief question for Bill Scott. You mentioned earlier that 40 per cent of Atos decisions are overturned. We also heard from the SCVO that 59 per cent of the first-tier reviews and 54 per cent of second-tier reviews are overturned. What does that say about the system? I have to say that it concerns me.

Bill Scott: It is difficult to say, because the numbers that go to the first tier and the second tier are so low. However, it indicates that local authorities are prepared to reconsider and do so relatively quickly in most cases. There are some lengthy waits for a review but, in most cases, they are carried out relatively quickly.

It is a difficult question because, obviously, we want to get a decision right first time, but the system is new and one of the advantages of the independent review service was that the directions that were given improved the quality of decision making over time, which is really important with a

discretionary fund. For somebody to have oversight, see where things are going wrong and say how we can sort things out, such as by collecting a particular piece of information from now on, can really help to get the decisions right in the first place.

Of course, the person who is in crisis wants the decision to be made as quickly as possible and for it to be the right one but, if they are not receiving a payment, they will want it to be reviewed quickly and a new decision to be arrived at.

There is a lot of good will among local authorities. There is some bad practice but there is a lot of good practice as well. I have heard of local authorities that are taking a very holistic approach to applications and sharing information with the applicant's permission, so that other local authority services can come into play and help the person over the longer term rather than just in the crisis that they are in.

Jon Shaw: I absolutely agree with Bill Scott. There is a balance between the need to make a decision and the requirement for evidence. I got the impression from reading the *Official Report* of last week's meeting that a lot of the local authority representatives seem to think that evidence is required in every single case, even if it is the first time that someone has applied for a crisis grant. If someone has applied three times in one month because they have lost their wallet, a request might be made to see a pink slip from the police. That seems fairly reasonable. However, why would there be an insistence on evidence in every case?

There is a potential issue with the bill, which discusses deciding on a crisis grant two days after all the evidence required has been received. That is not even a matter of applying on a Friday and getting a decision on a Tuesday, for example; it is more a matter of applying on a Friday, getting all the evidence and having a decision three weeks on Tuesday.

There is a real balance to be struck when it comes to crisis grants. Potentially, local authorities can say that they must have that sort of evidence in order to award a grant to someone, and it might not be available when the decision is taken. The person is then made aware of that—that is why the decision is to refuse the application. The incidence of that could be reduced by thinking more about what evidence is actually required and why somebody cannot get it immediately. That would hopefully allow decisions to be made more quickly and more appropriately with regard to the evidence that people are being asked to obtain.

Kevin Stewart: It would be a bit daft of us to compare the Atos situation and the situation regarding the current grants from the Scottish

welfare fund, mainly because Atos and the DWP decision makers normally have a fairly long time to gather up additional information, or pre-information, whereas it has rightly been pointed out that folks need a decision very quickly.

In evidence from local authority representatives last week, we heard some hard points of view about evidence gathering and some soft points of view. We should go back to the local authorities and find out where best practice actually lies. Last week, it seemed to me that two local authorities took a harder line than the others. Perhaps that is just my perception of what was said in evidence.

We probably need to consider the mix of folks who are carrying out the initial stage of all this. We will probably find that there is a right mix of folks involved—in respect of their previous backgrounds—to get things right almost every time.

Alex Johnstone: I take this unique opportunity to agree with everything that Kevin Stewart has just said.

Kevin Stewart: Wow. Maybe I'm wrong, then. [Laughter.]

Alex Johnstone: I think that the secret to success may lie in practice in local authorities. The interim legislation has been in place, and there appears to be mixed practice and experience. I think that we can find best practice if we look hard enough for it.

Bill Scott: On that point about best practice, many public bodies that are operating a gate-keeping system put some of the least experienced, least knowledgeable staff on the telephones. That is the wrong way to approach things. Anybody who runs an advice service would say that giving advice over the telephone is much harder, because people need to ask the right questions and get the right information from the outset in order to determine where to go with a case. People can learn from one another. If experienced staff are put in the gatekeeper role, there is much more likely to be good decision making at the back, rather than having things the other way round, with people being put off before they get to the stage of making an application.

As a disabled people's organisation, we would like all applicants to get a decision in writing or in an appropriate form of communication for them, in line with their needs, so that they can understand the basis of the decision and so on.

12:30

Duncan Dunlop: I reiterate that the Heriot-Watt research about the fund was done without talking to one care leaver. Care leavers and their use of and access to the fund have gone unnoticed and

unrecognised. I would like that to be reviewed, and I am more than happy to work with civil servants and others on that.

We have given quite a lot of evidence to the Education and Culture Committee, and recently to the Equal Opportunities Committee, using care-experienced young people themselves—people who have actually lived what we are talking about. We can articulate a lot of the issues, but not necessarily from our own lived experience. We are very happy to offer that to this committee, too, or to individual members who may wish to come and speak to people who have been using the fund—however we can get that to work. We wanted to make that offer.

I am sure that that might apply to other groups, too, including people with disability.

The Convener: You will be pleased to know that we are planning to do that on 28 October.

Duncan Dunlop: That is great.

The Convener: Again, consensus breaks out all round this morning, even between the Conservatives and the Scottish National Party.

We have had a very successful evidence session. I have certainly been well informed by everyone's contributions. Thank you all very much for coming along. As I said to the previous panel of witnesses, if, having taken part this morning, you leave and then think about things that you wish you had said, or if you have more information, please send it to us. The more information we have, the better we can scrutinise the bill and inform that process.

12:31

Meeting continued in private until 12:49.

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