



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 28 October 2014

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WELFARE REFORM COMMITTEE

15th 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:

Connor C

Jackie Cropper (Grand Central Savings)

Laura D

Nicola Dickie (Convention of Scottish Local Authorities)

Charlene Mc

Peter O

Dermot O'Neill (Scottish League of Credit Unions)

Lana W

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

the Sir Alexander Fleming Room (CR3)

Scottish Parliament

Welfare Reform Committee

Tuesday 28 October 2014

[The Convener opened the meeting at 10:08]

Decision on Taking Business in Private

The Convener (Michael McMahon): Good morning and welcome to the 15th meeting in 2014 of the Welfare Reform Committee. We have apologies this morning from Linda Fabiani. I ask everyone to make sure that they have their mobile phones and electronic devices switched to either silent or airplane mode.

Agenda item 1 is a decision on whether to take in private item 4, which is consideration of the committee's work programme. Do members agree?

Members indicated agreement.

Welfare Funds (Scotland) Bill: Stage 1

10:08

The Convener: Agenda item 2 is the committee's third evidence session on the Welfare Funds (Scotland) Bill. In previous weeks, we have taken evidence from local authorities and third sector organisations. This week, we will take evidence from users of the Scottish welfare fund, as well as representatives of non-traditional banking and the Convention of Scottish Local Authorities. We will round off our evidence taking on the bill next week with evidence from the Scottish Public Services Ombudsman, the Office of the Social Fund Commissioner for Northern Ireland and the Minister for Housing and Welfare, Margaret Burgess.

I thank the various organisations that have worked with us to enable us to have our first panel here today. We are joined by Connor, Laura, Charlene, Peter and Lana. We have invited you here today so that you can share your experiences of the Scottish welfare fund. The committee will ask you a range of questions. We are keen to hear about what you think worked well and about anything that you think could be improved in any aspect of the process, from application to receiving the grant and interactions with Scottish welfare fund staff. However, if at any point you feel uncomfortable or do not wish to answer, that is entirely okay. Simply signal that to me, and we can move on to the next question.

I will kick things off with the first question, and you can indicate to me who wants to answer. How were you first made aware of the Scottish welfare fund, and what was your initial impression of it?

Peter O: I heard of it from Barnardo's, when I moved out of my house. I lived with my big sister at first; then she moved out and I took over the house. That is when I heard about the community care grant.

The Convener: You had already been working with an organisation that was aware of the Scottish welfare fund. Had you heard of the Scottish welfare fund yourself?

Peter O: No.

The Convener: But you were looking for assistance, and Barnardo's pointed you towards the Scottish welfare fund.

Peter O: Yes.

The Convener: Is that something that all of you recognise, or did you find your way to the welfare fund yourselves?

Lana W: I found it through the jobcentre. It was a community care grant first, and then they said to me, "Apply for it." But I have had a bad experience with it.

The Convener: Okay, we will come to that later when we talk about your experiences.

We have heard a lot of evidence about jobcentres, which administered the fund before it was transferred to the Scottish Government and then on to local authorities to administer. Witnesses have told us that jobcentres did not signpost—as it is called—people to the fund. Your experience, however, is that it was—

Lana W: I got my application through the jobcentre, and also One Parent Families Scotland, which I am with at the moment.

The Convener: Laura, did you want to say something?

Laura D: I found out through a friend. I did not know anything about it—it was a friend who passed the information on to me. I thought that they had done away with help altogether—done away with the community care grant. I thought that was it. My friend pointed me in the right direction, and that is how I came to it.

The Convener: Had you had experience of the community care grant before?

Laura D: Yes, I had experience of the community care grant from when I first took on my house. I knew it had been done away with, and I thought that the help was not there anymore. Then a friend pointed—

The Convener: Someone else told you it was still there.

Connor C: I heard about it from my brother. He had used it for a crisis grant before I used it. I went to him and asked what it was all about, and he explained it to me. I then used it myself. I had lived in care since the age of eight, so I did not have much knowledge of that kind of thing.

The Convener: Only one person has not yet answered. Charlene, how did you find out about it?

Charlene Mc: I found out about it through the jobcentre. My personal adviser there told me about it when I was getting a new flat. At that point I thought it was still the community care grant, but it had obviously been changed. There was no information before then to say that it had been changed. It was only when I got my own flat that I found out that it had been changed. There was a lack of information before then.

The Convener: Did the jobcentre staff volunteer the information or did you have to ask them about it?

Charlene Mc: They gave me the information. I told them that I was moving into my own tenancy from the supported accommodation that I was living in, and they told me that I had to go through the welfare rights service in John Street in Glasgow, if that was what I wanted.

The Convener: I open up the discussion to committee members.

Ken Macintosh (Eastwood) (Lab): Laura, you have experienced both systems. What was your experience of the old system, and how does it compare to the new system?

Laura D: With the newer system, you get stuff, which was really helpful to me. The way people were treated in the old system was not very good. Now you get stuff, and the stuff that I got was really good. They were also really helpful—they brought it to me and fitted it for me, so I found it very helpful.

Ken Macintosh: You were not asking for crisis support—you were asking for furniture.

Laura D: I was, yes.

Ken Macintosh: The old system was administered by the Department for Work and Pensions but the new one is administered by the local authority. Is that right?

Laura D: Yes.

Ken Macintosh: And you find the local authority more supportive.

Laura D: Yes.

Ken Macintosh: That is good.

Lana, you did not sound so encouraging. What happened with you?

Lana W: I applied for the new one—the welfare fund. I applied for that one—I got told about it by my social worker. She applied for the one in Glasgow. I was basically in crisis. I had to flee my house—*[Interruption.]*

10:15

Ken Macintosh: It is okay. Do not worry.

The Convener: We will come back to you.

Ken Macintosh: Has anybody else applied for a crisis grant as opposed to a community care grant?

Lana W: I have. I have three kids. I lost my purse, phoned up and had to wait for 48 hours for a reply. That was on the Monday; I got a reply on the Thursday, and was given £38 to last me from the Thursday to the next Monday. My youngest son was only six months old at the time. Basically, the £38 had to cover nappies, electricity, gas and things like that. I even had to get a bus fare to go

up to the place. I spent 48 hours without even knowing whether I would get anything.

Ken Macintosh: So you phoned first and there was a big delay.

Lana W: Yes. They said to me that they would get back to me within 48 hours. I had to phone up and chase them up to see what was going on. I was finally told that a payment was waiting for me in John Street. When I explained that I could not get up there, they said, "Well, you're going to have to, because your payment is sitting here." It was only £38. I said, "Well, that ain't going to last me from Thursday to Monday to get me everything that I need." Again, they were not helpful.

Ken Macintosh: Did they give you cash, or—

Lana W: No. It was a cheque, which I took to the post office.

Ken Macintosh: Okay.

Has anybody else applied for a crisis grant?

Connor C: I applied for a crisis grant around a year ago because I turned 18, which meant that support from social work, for example, had to end. I had just lost my college place, so I had to sign on with the jobcentre.

I applied for a crisis grant because the jobcentre told me that I would have to wait between six and eight weeks before I would get anything. As I said earlier, I spoke to my brother, who told me to apply for it. When I did so, I did not exactly have a great experience. I got £30, but when I was speaking to the person on the phone, it felt as though they were looking down their nose at me and judging me quite a lot. I also felt that I had to lie to them, because at the time I lived in a supported care placement—I still do. Being in a supported care placement just means that you are responsible for yourself. The person needs to be independent with their finances and other things to a certain extent. It is one step shy of being in your own house. I felt that, if I told the person on the phone that I was in that placement, I would not have got the crisis grant, because they maybe would not have seen me as someone in a crisis.

Ken Macintosh: How quickly was the application dealt with? Did you apply by phone?

Connor C: I applied by phone. Like Lana, I waited for 48 hours. I had to phone. The person said that they would go and speak to the decision maker and see what the decision was. I did not get a phone call until 48 hours later. I then had to go and collect the cheque and take it to my post office.

Ken Macintosh: Right. You got the cash then. So you were skint for two days.

Connor C: Yes.

Ken Macintosh: Does anyone else want to say anything? Lana, did you apply for the community care grant as well?

Lana W: Yes. Sorry about getting upset—

Ken Macintosh: No, no—

Lana W: That is what I was saying. I have to leave my house. I am still in it, but I am trying to leave it due to domestic violence—I am trying to get out of the situation. I am in fully furnished private accommodation, but I have managed to get myself an unfurnished house in a different area. I have to leave.

I phoned for a community care grant—actually, my social worker phoned first. She applied for the Glasgow one and was told over the phone that I was definitely entitled to white goods and everything that I needed—all the help. However, because I moved to West Dunbartonshire, my social worker had to phone the department there. When she spoke to that department on the phone, they said, "Right. That's fine. Get her to phone." So I had to phone to clarify all my information. I was told that I was entitled to nothing and that I was not allowed any help with any white goods, the crisis grant or anything.

Basically, my experience now is that I am sitting in a house that I am trying to get out of, but I cannot afford to get everything that I need for my kids to move to the other house. The council people are not being helpful with me in any way whatever. The person who I spoke to on the phone was extremely cheeky. He asked me a lot of personal questions that I did not feel needed to be asked, because they had the information from my social worker.

At the moment, I am still sitting in the house. I am trying to get help from One Parent Families Scotland to see if I can get any help to get any white goods or anything else. However, according to the community care grant people and according to the people in West Dunbartonshire, because I am making myself homeless—but not with that council—and because West Dunbartonshire is not rehousing me, I am not entitled to anything. I am entitled to something from Glasgow, but not from West Dunbartonshire.

Ken Macintosh: Are they basically suggesting that you stay with Glasgow?

Lana W: I actually have my lease and my keys for the new house, and I am just waiting to get into it. The thing is that I need to leave the area I am in now because of domestic violence, and they are not willing to help me in any way, shape or form. I do not know who else I can go to apart from One Parent Families Scotland, which has been excellent.

Ken Macintosh: Connor and Lana talked about being judged. You felt that the conversation that you had when you applied was cheeky, intrusive or whatever.

Lana W: Yes.

Ken Macintosh: Does anybody else feel similarly about the way that they have been dealt with?

Charlene Mc: You are stigmatised all the time with that kind of stuff. If young people need help with the jobcentre, crisis loans or anything to do with furniture, they are stigmatised all the time. If you go for a crisis loan, people see you as jakeballs and all that kind of stuff, but they do not know the circumstances and why you need crisis loans to get furniture for your flat.

I share Lana's feelings about how she cannot get a welfare fund grant for her flat, because I was denied funding for white goods, carpets and other stuff for my tenancy. I had to save up for months and months when I got my job. I was living with nothing at the time. I totally see her point.

I see the welfare fund as a negative thing and as a positive thing. It seems that, if your face fits, you get what you want but, if your face does not fit, you do not get it. That is the issue that some of us face. We have that stigma held against us. It should not be like that. We should all be entitled to have furniture in our house, but we do not have that and we cannot get it. I find that strange.

The Convener: Did the people who were making the decision give you an explanation that you understood? You obviously feel that they judged you, but did they give any explanation as to how they arrived at their decision, so you could assess whether they had judged you properly?

Charlene Mc: Because I was starting a job in September, they told me that they could not help me. They said that, once I started the job, I would be able to fund my own furniture, but bear in mind that it was a 16-hour-a-week contract. How am I meant to fund my bills, rent and furniture? It is impossible for somebody to do that on 16 hours a week. I was able to save up money and I got the furniture that I needed—it was not great, but it was something to live with.

I just feel that it was my local authority and the Government that put the fund into place, so it should be available to us, no matter what. It was partly because I had put in for a community care grant two years ago that they told me that I could not put in for the welfare fund. Obviously, I want to get furniture for my flat. I find it a bit strange that they are denying young people who have maybe not had the best experience of life but who are trying to move on and make a home for themselves. We do not get help and support—that

is lacking. As Lana says, it is frustrating when all you want to do is make your home a home but you cannot because people are denying you help.

The Convener: You are entitled to form that opinion. I do not have an issue with that.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The Scottish welfare fund is being administered by local councils. Lana talked about contact with other parts of her local authority. Have the other witnesses had contact with other parts of your local authorities? I do not need to know the details; that is your private business. However, if you have had contact with other parts of the local authority, have they sought to make you aware of the welfare fund that they are administering in your area? It was quite striking that none of you said that you became aware of the welfare fund through the local authority, so maybe the answer is that no one has made you aware, but I want to put the question out there. When you have been dealing with another part of the local authority, be it housing or whatever, have they said to you, "By the way, there is this Scottish welfare fund which another part of the council administers"?

Lana W: No. I was not made aware of the fund.

Jamie Hepburn: Is that the case for everyone?

Peter O: I heard about the fund from Barnardo's when I moved in. Barnardo's helped me with it all—it helped me to fill in the claim form because I could not do it myself.

Jamie Hepburn: The council did not tell you anything about the fund.

Peter O: No.

Jamie Hepburn: Is that the case for everyone? I wonder whether each of you would tell me what council area you live in.

Lana W: I live in Glasgow.

Peter O: I live in Airdrie, in North Lanarkshire.

Charlene Mc: I live in Glasgow.

Laura D: I live in Glasgow.

Connor C: I live in North Lanarkshire.

Jamie Hepburn: We have two from North Lanarkshire and three from Glasgow. That is helpful.

I have a wider question. Obviously the arrangements that have been in place thus far have been temporary. There has been an agreement between the Government and the local authorities on administering the Scottish welfare fund, but now we have a bill that Parliament will consider so that we can put the scheme in place permanently. Witnesses have already hinted at

this, but it is an open question. From your experience of the welfare fund so far, what has worked well and what could be done better?

Peter O: I was going to have new lino fitted in my kitchen, but the people said that they could not do it because I had a cat that they could catch a disease or something from, so they went away. I just said, "It's a house cat. You won't." I had to phone and make another appointment for them to come back out.

Charlene Mc: I think the fund is a good thing. We used to get community care grants paid into our bank accounts. Let us be honest. I am young. If I get hundreds of money paid into my bank account, I am not going to spend it on furniture if I have an addiction or whatever. In that sense, the welfare fund is fantastic because they come out and put the goods into your house or put the carpets down. I see that as a really high positive rather than a negative. On the other hand, I am frustrated because I did not get what I applied for because I did not fit some of the criteria that they wanted to tick off.

Jamie Hepburn: That is an interesting perspective. Some people have been critical of that aspect. What do Lana and the others think? Is it a positive thing that the council comes out and installs goods?

Lana W: Yes it is, because that is sometimes difficult to do. I could get a new cooker, but who is going to install it? Who will lay carpets? In that way, the welfare fund is good, because people are helping us to do all that stuff.

Jamie Hepburn: Okay. Thank you.

Annabelle Ewing (Mid Scotland and Fife) (SNP): Good morning, and thank you all very much for coming. It really helps to inform the work of the committee to hear from people who have direct experience of applying for the community care grant and the crisis grant.

I want to pick up a couple of points that have already been raised. First, on the mechanics of actually applying, did you do that on the telephone, was there a big long form, or was it a mixture?

Lana W: I did it by telephone.

Laura D: I did it online.

Connor C: I did it by telephone.

Peter O: I used the application form.

Charlene Mc: I used the telephone.

Annabelle Ewing: At least one previous witness suggested that there should be a facility for face-to-face meetings along with telephone, online and paper applications. What do you think

about that? Would that have made a big difference to you or were you quite happy with doing it online or on the phone?

Lana W: I would prefer to do it face to face. I get stuttery when I am on the phone and I get frustrated when I cannot explain myself. If I was to sit down with someone, they would be able to see that I am being genuine and not just phoning up to make a claim. I would probably find that a lot more helpful and beneficial.

10:30

Annabelle Ewing: What about you, Peter?

Peter O: I am the same. I like face-to-face contact.

Charlene Mc: I do not think that the application forms are good, because when you go online there are pages and pages. Filling all that in can be quite disturbing for somebody, especially if they have writing or reading problems. I also find it difficult to talk to people on the phone, so I think that face to face is definitely how people should apply.

Laura D: My experience online was quite good, but I also applied on behalf of someone else and I think that it would have been much easier for that person to have done it face to face, which would have given them the chance to do it themselves. That person has hearing difficulties, so they could not apply over the phone. My experience of applying online was quite good, but other people have different capabilities and will see things differently. It might be more difficult for them.

Connor C: I would say that applying face to face would definitely be better. I applied over the phone, and I felt quite a lot of the time as though the person did not recognise me as a person. They just saw me as a voice on the phone looking for money. If they were to meet face to face with people, they could see the reality that you are a human being who has nowhere else to turn, which is why you are applying for a community care grant, crisis grant or whatever. For both sides, face-to-face meetings would be good.

Peter O: I have the form here. I had to get help to fill it out because I would not do it myself.

The Convener: You had to have assistance.

Peter O: Aye. A Barnardo's worker helped me to fill it in, because I would not do it all myself. There were far too many questions.

Annabelle Ewing: I will pick up a point that my colleague Jamie Hepburn alluded to. I am not asking each of you to go into your personal circumstances—that is your private information. If you already had involvement with, as Lana mentioned, the local council's social work

department or whatever, would you be happy if there were a mechanism that would allow the information that that department already had on file to be passed to the people who deal with the welfare fund?

Lana W: Yes—definitely.

Annabelle Ewing: There are important issues of confidentiality and so on, but do you feel that there might be a way for the information to be passed on so that you would have to spend less time giving information that people could already access?

Lana W: Yes—definitely. It would make it a lot easier if they could see that people are telling the truth—if another person could verify everything that an applicant is saying. If they had the information already and just needed to confirm everything with you, that would be beneficial.

Annabelle Ewing: Would anybody have any concerns about that information being passed to other officials in the council?

Lana W: Obviously, people should be able to say yes or no to that information being shared, but if the person wants that to go ahead, it should be allowed, especially if it will help to get the things that the person needs.

Peter O: It should be very much the individual's decision about how much they get to know. I have been in the care system and would not necessarily want my entire family background to be passed on, but there are a lot of circumstances that the person dealing with me would need to understand. I felt that I had to lie when I was on the phone. I did not say that I was in care; I said that I lived with my auntie, because I felt that if I had told them that I was in care, I would not have got anything. It would help if they knew those bits of information about a person's circumstances, but that person should be very much in control of how much they get to know.

Annabelle Ewing: You all talked about how you came to be aware of the possibility of applying for a community care or crisis grant, and none of you said that you found out directly from the local authority. What would be a better way of communicating the availability of the fund to people like yourselves? Can you think of an approach that would be more directly accessible to you and more meaningful in your lives?

Laura D: Maybe when people take on a new tenancy, the housing association or landlord could give them information about funds. There could be notices in the housing association office to let people know that the help is there.

Annabelle Ewing: That is a very practical suggestion.

Charlene Mc: It is about getting the information out there. You find out about the funds only if you get your own flat. It is about figuring out whether there is a certain way to get the information out. I had a social worker when I got my own flat, but my social worker never told me about welfare rights. The local authority should know that stuff. Local authorities are our corporate parents and they should be looking out for our safety and wellbeing. If they do not know what is available, how are we meant to get the information? How we get the information out to young people—and people in general—is a difficult question, but social workers and so on should definitely be promoting that kind of stuff.

Annabelle Ewing: We have had two very practical suggestions. Thank you.

The Convener: Before I bring in Jamie Hepburn, I will say for the record that the form that Peter had to complete for North Lanarkshire Council runs to 25 pages, if anyone was wondering how much information is asked for. It is way more than is required for a passport application.

It is a matter of judgment whether the information that the council asks for is essential. The form asks a lot of questions up front about ethnicity and so on, but those things could be checked after the form has been completed, so that the council could get additional information that might be useful to people who make applications. Is it off-putting to be asked such questions up front? Did you wonder what difference those things made when you were filling in forms? I see a few people nodding.

Charlene Mc: I just think that that is none of their business. We are applying for stuff for a flat and for money to help us make a better home, so that information should not matter. The forms really need to be looked at, because it is just not right. Twenty-five pages! Come on! Who wants to sit and fill in 25 pages, just to get furniture for their flat? It is ridiculous. They could break it down to two or three pages. They could take out all the personal stuff that does not need to be in there and the stuff that they do not need to know, which would make the forms better for the people who actually have to fill them in.

The Convener: I see Laura nodding. Do you agree?

Laura D: The form is a bit long. They could take the important information that is to do with what you are applying for. A lot of information is asked for in the form that is really—

The Convener: Just personal information?

Laura D: Yes. It does not really have much to do with what is being applied for. If the council

wanted a wee bit more information, they could contact you in some other way.

The Convener: Do you mean after the process has been completed?

Laura D: Yes. The forms are a bit off-putting. People like me look at them and think, "Oh, God", and are put off.

Kevin Stewart (Aberdeen Central) (SNP): I agree. I really do not understand why the forms ask about ethnicity, religion and so on, which should have nothing to do with the application. It would be interesting to see whether forms from other local authorities are the same.

To return to the point about getting information out there, in some places there are posters galore that people do not pay much attention to. You could probably spend a week reading all the posters on a doctor's surgery wall.

At the very beginning of your tenancies, did you get a handy-facts handbook from your landlord, whether that is the council or a housing association? If so, should the information about the welfare fund be in that sort of handbook?

Charlene Mc: I did not get a handbook.

Peter O: I cannot remember. I do not know.

Lana W: No. I did not get anything.

Laura D: No.

Connor C: I have never been in my own tenancy, so I could not say.

Kevin Stewart: Those of you who are in your own tenancies never got any real information from your landlord when you moved into the property. That is very interesting, convener. We should probably look at best practice across the country, because such little things can often help. A booklet that can be put away and taken out as necessary is always helpful.

Charlene mentioned corporate parents and Connor said that he comes from a care background. How do you think your corporate parents—that includes us, by the way—perform in helping you start off in life?

Charlene Mc: They are lacking. The problem is that a lot of people do not know that they are corporate parents. I have spoken to people from the national health service and when I mentioned corporate parenting, they said, "Eh? What's that?" I told them that they deal with people every day, look after their safety and wellbeing and make sure that they are all right. It all comes down to the lack of information for people.

Kevin Stewart: As corporate parents, are we failing you in not providing you with the information that you need to get on with life?

Charlene Mc: Yes—and not just me but the hundreds of other kids and young people out there.

Kevin Stewart: Do you feel the same way, Connor?

Connor C: Charlene and I have slightly different experiences of corporate parents. I have experienced both barrels. In times gone by, I had quite a lot of different support from corporate parents, but the older I got, the less support corporate parents provided. I am just 19. When I turned 18 a year ago almost all forms of support from my local authority were taken away from me, just because I had turned 18. I had been within the local authority care system for 10 years. Those people had been looking after me and had been responsible for me, but they just pulled the plug.

Not everybody is ready at 18 to make the huge step to having their own tenancy. There is a lack of information. There are networks out there for after you turn 18, but people do not know that they are corporate parents and young people like Charlene and I do not know who their corporate parents are, so they do not know who they can turn to.

I echo what Charlene said: there has to be better communication, but at the same time there has to be better preparation from corporate parents, because they do not phase you out; they just pull the plug. It is like turning off a light switch. I had lost the support that I needed and I had just lost a college placement. Things were not exactly great and I did not have anything going for me. The support was then pulled from me and I was left wondering, "Where do I turn now?" It is about preparing people and gradually phasing them to a point where they are ready.

Kevin Stewart: I am 46 and I still run back home to mummy and daddy to get advice and information at some points, but you did not have that after that cut-off point.

10:45

Connor C: At a certain point you stop getting the support. I still have a social worker, but I receive the bare minimum of support. As you said, in normal family life people can still go back to the family at the age of 46. My uncle is 59 and still lives with my granddad. Do not get me wrong: he looks after my granddad. However, "corporate parent" is just another term for "parent", essentially. Corporate parents are supposed to be like a family, but when you get to a certain point they are just not interested any more. To me, that is just not fair.

Kevin Stewart: It is all about information and communication, and we are not getting that right.

Connor C: Yes.

Kevin Stewart: I have a final question. You are all here today because organisations that have helped you have put you forward as witnesses. What would it be like coping without the organisations that help you and point you in the direction of the right places to go, including to the welfare fund?

Charlene Mc: To be honest, I do not know where I would be if it was not for the organisations that have helped me to get to where I am now in my life. It is pretty good for me to be sitting here today, because I have moved on with my life. I have got my flat sorted and I have had all the support, and I now work as a peer housing support worker. I give out the welfare rights information that a housing association should give out, so for me that is a privilege. I sit and study it all the time—I am always printing stuff off. So, it has been good for me to work with the organisations and be supported and now to be on the other side of that and give out the right information to young people and people in general.

Peter O: I would not have my own house if it was not for Barnardo's and everybody else. I would still have been living my sister if I had not had anybody else, so that is good.

Lana W: At the moment, I am doing training with One Parent Families Scotland to be somebody who helps other lone parents and tells them what their rights are for benefits and things like that. Without that organisation, I would not be able to help other people. For me, the organisation has been really good, because it has helped me a lot. Particularly at the moment, with the circumstances that I am in, the organisation is extremely helpful.

Laura D: At the moment, I am working with One Parent Families Scotland and I have recently done a welfare reform course. That has been really good for me because it has given me information that I can pass on to other people who are maybe in a situation that I have been in and that One Parent Families Scotland helped me out of. I can now pass on information that will help other people. I can tell them the right direction to go in to get help.

Connor C: I currently work with Who Cares? Scotland. That organisation is a big reason for me even being able to be here today in front of the committee. One of the great things about what I do there now is that I have the chance to go out and speak to different types of corporate parents and try to influence change, even if it is just small change. For me, if I change one person's mind, that is good enough and change enough.

One of the other things that I get to do and that I love doing has happened only in the past three or

four months since my job role changed. It is linked to what we were saying about information. Part of my job is dealing with some of the more complex bits of information that young people maybe cannot understand—for example, the 25-page application forms, which are just nonsense. One of my tasks is to take forms like that and change them into simple terms and something that is easier for young people to understand. I love doing that—I can relate to the situation, because I have been there, where you read or see something that is just total jargon, and you think, "What exactly am I supposed to do with this?"

Kevin Stewart: Complete gobbledygook, basically.

Connor C: Yes. I am sure I would probably understand half the forms better if it was gobbledygook. [*Laughter.*]

Kevin Stewart: Thanks a lot, folks.

Ken Macintosh: I just have a couple of other questions. Have any of you ever been offered vouchers or cards when you have been looking for crisis payments? You are all shaking your heads.

Charlene, you said that when you were given community care grant furniture, you were pleased that they fitted it for you. Were you offered a choice?

Charlene Mc: No. I was just speaking about how it is good that they bring the furniture out to your flat. I have never had that, but I know of people who have had that, and how they fit things for you and make sure that it is all set up for you. I find that quite good, and the fact that the furniture comes to you and the money does not.

Peter O: I have had my carpets fitted, and they plugged in my washing machine and everything else. It is pretty good.

Ken Macintosh: That is good. It goes back to earlier comments about the way that you are treated and whether you are made to feel respected as individuals, and given choices or a say. It is a tricky balance. When it comes to the furniture packages and so on, it is the support that you want as much as anything else. The make or model of the machine makes no difference to you; it is just the support.

Some of the evidence that we have heard suggests that there is a lack of choice or respect. For example, you are given vouchers or no choice in furniture, or you are made to take furniture that is inappropriate. You are all shaking your heads again. It is good that none of you have had that bad experience.

Annabelle Ewing: I have a technical question following on from your evidence. For those of you who had your applications turned down, were you

informed by the local authority—in most cases that would be the councils in Glasgow and North Lanarkshire—that you would have, at least in theory, a right to appeal? Did any of you appeal the decision to reject your applications?

Peter O: I was rejected the first time. I did not know until Barnardo's—my work and that—told me. My couch and my freezer were broken. I sent in photos. They looked at it again and then I got the furniture.

Annabelle Ewing: Okay, so in your case it was a new application.

Peter O: Yes, but I sent in photos of my stuff.

Annabelle Ewing: And that was enough to change their minds.

Has anybody considered an appeal or had information that an appeal was possible?

Charlene Mc: I had filled in the form and been on the telephone to them. They said that there was some information on the form that needed to be filled in. It was denied, so I sat down with one of my support workers and filled it in again. I sent in an appeal, got denied again and sent it in again. I just kept on getting denied. I applied and got rejected three times.

It is quite upsetting to be rejected for furniture, especially if you have been in care and stuff. All you want is furniture to make your house a home. Whether you have been in care or not, in general all people want is furniture. They do not care where it is from or what it looks like. If I have got a cooker and I can cook a meal on it, and if I have got a sofa that I can sit on, happy days—but I never got one bit of that.

Annabelle Ewing: Lana, I am not quite sure of your current situation in relation to the application to West Dunbartonshire Council.

Lana W: I had mine denied straight away and they did not tell me that I could appeal it. If it was not for my training, I would not have known. When I knew, because of my training, I said that I wanted to appeal it. I am just waiting to hear.

Annabelle Ewing: So you are in that process at the moment.

Lana W: Yes. I just do not know what is happening with that yet.

Alex Johnstone (North East Scotland) (Con): Thank you very much for coming along. I think that we have covered most of the subjects, but I want to go back and ask questions about a couple of things. Some of you had experience of the previous scheme and have now had experience of the new scheme. We have talked a lot about knowledge of the fund and its availability. How much have the problems relating to accessing the

fund and knowledge of the fund been caused by the fact that there was a change?

Is it a situation in which everyone knew about the predecessor fund and what they could do to apply for it, and it was the change in the name and the administration of the fund that left people not knowing that it existed? Would that be fair to say?

Laura D: That is where the problem lay for me. I did not know that the fund existed anymore. It had changed, and I thought that it had been taken out and that was it—there was nothing to replace it.

Lana W: I thought that as well—that it had been abolished.

Alex Johnstone: We have already heard that at least a couple of you are training up to pass on information on the new funds to other people. Do you think that, if we get continuity for a year or two, knowledge of the availability of the fund will widen and people will not be left in a position in which they need something and qualify for it but simply do not know that it exists?

Lana W: I hope so. We have to get more information and more training so that people do know and can apply.

Alex Johnstone: There is a new fund coming in with this bill. I hope that it will not be too different from the one that we have been working on for the past year or two. However, there is a danger that if there are radical changes—if we give it a different name or if we have a different process—we might find ourselves back at square 1 as far as knowledge of the scheme is concerned.

Lana W: Yes. Quite a lot of the people that I talk to still, to this day, do not realise that the fund is still in place but under a different name. They are happy to learn that it is still in place. There are different ways to get to it, obviously—but it is still in place, which people did not know.

Alex Johnstone: The other issue that interested me as we were talking earlier is the 48-hour wait. One difference between the scheme that we have now and its predecessor is that the earlier scheme had a 24-hour waiting limit, which has been extended to 48 hours. We have heard various explanations for why it was extended. Do you feel that it took the full 48 hours to process your claim, or were they just waiting for 48 hours because that is what is said in the scheme?

Lana W: To be honest I cannot answer that, but in my circumstances it was ridiculous. I have children, and I had lost my purse—to wait on a decision for 48 hours was just ridiculous. I think that the limit should be changed back to 24 hours, if not a bit less, because, at the end of the day, you can be sitting with children for two to three days waiting for a decision, and you do not have

anything because they are waiting to see if you are going to meet the criteria to get anything.

Alex Johnstone: The reason for extending the limit to 48 hours may be valid, but, even if the limit is 48 hours, if they can turn a claim around in an hour, they should.

Lana W: Definitely. That would be less time that you are sitting around waiting to see if you are entitled to get anything. It is ridiculous. The 48-hour wait is terrible.

Connor C: I totally agree with Lana. There is no way that it takes 48 hours for them to make the decision. I applied for a crisis grant, which meant I was in crisis. How could anyone expect me to wait 48 hours, knowing that I was in crisis?

At the same time, I think that this is a level-of-crisis type of scheme, in the respect that, if they do not see you as being in as much of a crisis as the next person who calls, they will prioritise that person, and your application can just wait for 48 hours. I do not think that processing takes the full 48 hours. I think that they leave it that long just because they can, more than anything else.

The problem is not just that but the fact that, during those 48 hours, you do not know. You do not get any kind of contact from anybody for those 48 hours. In some cases, as Lana has said, you have to go and chase up your application. That should not be happening. If I apply, I expect somebody to pick up a phone and call me to let me know what is going on in the processing of my application—not to have to chase them about for it.

Alex Johnstone: Thank you.

The Convener: I think that we have exhausted all our questions. Given that all of you have come all the way here to Edinburgh, and you have a line-up of politicians sitting in front of you, is there something that you want to make sure we are aware of, before you leave? Is there something that you thought, when you were coming through today, “I am definitely going to tell them”? Get it off your chest. [*Laughter.*] Is there anything that you feel that we have not covered yet and that you wanted to make sure that we were aware of when you were coming here?

Alex Johnstone: I hope that you gave them 48-hours’ notice. [*Laughter.*]

The Convener: Is there anything that you have not had the opportunity to tell us that you wanted to tell us when you were travelling here this morning?

11:00

Lana W: You should make the system a bit easier, especially for lone parents. We are in these

circumstances for a reason. When we apply for things, especially using the forms and over the phone, the people—especially the people who are actually speaking to us—should be given more training to understand our position. We are in certain circumstances; do not sit and judge us because we are in these circumstances. We need your help.

It should be made clearer to people, and it should be made easier for us to apply for things instead of us having to hear, “No, you are going to have to wait to see if you are entitled to this.” You should make it a bit easier. People should be able to give an answer within 24 hours about whether we will be entitled to something instead of us having to wait two to three weeks to even hear if we are going to get furniture.

The system should be changed in some way, especially for lone parents and for people like Connor who are just coming out of care. I do not mean this in a bad way, but the albies or junkies can come off the street and get help with everything—that is the way that we see it—while we are having to sit and wait. It is annoying. You should make it a lot easier for people who actually are in crisis and who actually need the help that they do, instead of for the people who do not need it as much as we do.

The Convener: Thanks, Lana. Connor, you wanted to say something.

Connor C: When you are making an application and speaking to people, they should be clearer about what information they can check and how they can check it.

I did not realise until a couple of weeks ago, when a couple of people from the Parliament came to our office and spoke to us about the welfare fund, that the people can check our Facebook accounts to confirm the information that we have given them. It should be made crystal clear to applicants that that type of information can be checked. I also want to say that Facebook is not exactly the most reliable source of information, nor is any kind of social media. There are things on Facebook that are not true. It happens: my Facebook page said I was 50 a week ago—I am not 50. [*Laughter.*] It is one of these ridiculous things.

It is about letting people know, but about making it easier for them to disclose things as well. I had to hide the fact that I was in care. I should never have had to do that. Someone should have asked me if I was in care. That should have been one of the first questions. It is just that whole kind of—

The Convener: The issue of what they can find out.

Connor C: Yes, what they can find out, and why and how.

The Convener: On behalf of the committee, I thank you very much. You have all been very open with us, which has been very helpful from my point of view—and I am sure that my colleagues share the view that the information that you have given us has given us an understanding.

We have spoken to professionals and people who are on the other side of it—the administrators—but to hear from people who are on the receiving end, if you like, has helped us to get a greater appreciation of how the system operates. The time you have spent with us this morning has been really beneficial, and I would like to thank you on behalf of the committee for the information that you have provided.

I suspend the meeting until we have changed to our next panel.

11:03

Meeting suspended.

11:13

On resuming—

The Convener: We come to agenda item 3. I welcome our second panel, which consists of Dermot O'Neill, the chief executive of the Scottish League of Credit Unions; Nicola Dickie, Scottish welfare fund development manager at the Convention of Scottish Local Authorities; and Jackie Cropper, managing director of Grand Central Savings.

We have heard evidence that there are some people who, although in need, might not meet the agreed criteria for the Scottish welfare fund or qualify for a DWP budget loan. Given that evidence, the committee felt that it would be useful to explore what other options might be available to those people—options that are not in the bill but which, according to the information that we have had from Government officials, are not excluded from the bill.

The panel has been invited to allow us to explore what alternatives to grants from the welfare fund might be available at present. I will start with Dermot O'Neill. You will have looked at the bill. Do you see any scope for credit unions to be involved in that system? If they wanted to do so, where would they fit in?

11:15

Dermot O'Neill (Scottish League of Credit Unions): There is limited scope for credit unions to be involved as an alternative to what has been

proposed. We have approached the subject from four main perspectives: reputational impact, commerciality, responsible lending and borrowing, and operational capacity.

The key point for us in reputational considerations is that a credit union's membership must be balanced. To be healthy, credit unions need to attract a broad section of society. Just now, they are saddled with an unfortunate and damaging misconception that they are a poor man's bank. We would be concerned that any servicing of a welfare fund type of payment directly from credit unions would reinforce that misconception and further tip the balance of our membership profile.

The Convener: Jackie Cropper's organisation was mentioned to us specifically. What is your take on what Dermot O'Neill just said and the question that I posed to him?

Jackie Cropper (Grand Central Savings): Grand Central Savings works with the most vulnerable people out there, from homeless people and single parents to families who are struggling. The need for Grand Central Savings has just been demonstrated, so I do not need to demonstrate that.

Even for the most vulnerable people, who I work with, I am not sure that facilitating loans is the best way forward. We are keen on working with people to address their issues. The service is not just about money in and money out; we are working with people to ensure that they manage their money, as difficult as that can sometimes be.

I was very impressed by the people who spoke earlier, who echoed a lot of the views that I would have expressed. People need to be managed better around the welfare fund and much more communication is needed. We are working alongside other organisations to ensure that our customers get a fuller service. We are working to ensure that they can apply for help to address their needs.

I am not so sure that small loans are the answer; I think that they would put the people who I work with further into debt. That approach might be misused by other people, too.

The Convener: Nicola Dickie approaches this from the local authority side of things. Given the client group that you work with, what is your view on some of the downsides of considering going beyond the Scottish welfare fund?

Nicola Dickie (Convention of Scottish Local Authorities): When local government in Scotland took on this responsibility, loans were part of the original consultation. Given where we have got to with the welfare fund and the evidence session that the committee just had, I—like Jackie

Cropper—am not convinced that giving people more credit is necessarily the way to help them. It does not fit with the fund's enabling nature.

The way in which local authorities have approached the fund is to provide assistance, whether in cash or in kind, and wraparound support. Including the provision of loans would create difficulty for decision makers. The fund is already discretionary and we have heard some of the good and bad examples of the exercise of that discretion.

Adding an element to the decision-making process so that decision makers had to decide whether someone qualified for a grant, a payment and a loan would make things difficult. It would be difficult for customers and decision makers to understand how the decision-making process worked, particularly if customers asked, "Why do I have to pay it back but my next-door neighbour doesn't have to pay it back?" We have worked hard to get away from the concept of loans being available from the Scottish welfare fund for crisis. Including loans might start to muddy the waters again.

Kevin Stewart: I refer folks to my entry in the register of members' interests: I am a member of St Machar Credit Union, which should be put on the record.

We heard from the previous witnesses and have heard throughout our discussions about signposting and information. Would it be wise for folks handling these things in local authorities to give further financial information as well as to deal with the crisis or community care grant? They could say that folks might want to consider joining a credit union, because it might help them get to a stage where, if they hit a future crisis, they had something put away for a rainy day. They could say that, if folks want more choice than the Scottish welfare fund offers, they can put a little aside and they might be entitled to a loan from a credit union later.

Dermot O'Neill: That is a pertinent point. The credit unions are best placed to serve members not at a point of crisis but in developing the habit of saving. We are talking about the need for immediate help in a crisis, but few credit unions are positioned to receive, process and turn around that crisis loan type of need.

Every credit union is absolutely positioned to accept a new member and educate them in the wise use of money, but that is a long-term process. That education needs to be fostered with the individual and based on their ability to save and their ability and inclination to repay what has been borrowed.

Kevin Stewart: That is extremely useful. I give credit to the credit unions throughout Scotland for

the information that they give out on how to handle cash. I am not ashamed to say that I previously had a loan from a credit union to tide me over at a point that was not so good. There is the back-up of previous saving and all the rest of it beyond that.

We are missing a trick in some regards, as many difficulties are created because there is no stability. Stability can be provided via credit unions. As well as people dealing with the crisis or community care grant, it would be useful for all if further information were given to folk to direct them to credit unions. People might be on a sticky wicket at points in their life, but they might well be able to put even more into their credit union account in the future and thus create the balance that Dermot O'Neill talked about.

Dermot O'Neill: It is important that credit unions manage the expectations of those who approach them. It would be wrong to give the impression that credit unions can help in all circumstances; they can help only when the member has the capacity to self-help. That involves the capacity to save and, in the event of borrowing, the capacity to repay.

There is an interesting point about the commerciality of credit union loans. The commercial viability of credit unions engaging in such activity is very dependent on the value and term of borrowing. For example, should a credit union lend £100 to a member over three months, it would earn £2 in interest from that transaction. The estimated cost of processing that loan is about £100, so for every £100 loan that is issued to a member over three months, the credit union effects a net cost of £98. That is sustainable only if the credit union has a breadth of membership. For every £100 loan that is issued, a higher-value, longer-term loan is issued.

That feeds back into the original point. Credit unions can help people, but they need to help all people and not focus only on a section of members who are in more desperate need of help.

Jackie Cropper: Most of the people with whom Grand Central Savings works—we work with about 3,500 people—live chaotic lifestyles. They are homeless, on the street and in crisis every day. We try to manage them out of their crisis, educate them and get them ready for a credit union. That is a success story for Grand Central Savings. We are not around to give out loans, and I hope that we are certainly not around to be here for ever.

I absolutely 100 per cent agree with Mr Stewart that a lot of people out there could take advantage of a credit union. If people come to us and we feel that they are ready and have work, we have a meeting with them and advocate that as the next step.

We are doing a joint piece of work with the 1st Alliance (Ayrshire) Credit Union. I am keen to see how we can work together and move people on. Credit unions should focus on the people who are not in crisis at the moment, but they should work with us closely, because we can help through what we do. We need a seamless way of working with credit unions, so that we can move people on when they are ready and are educated on how to manage and how to save.

Kevin Stewart: I have a slightly different question for Nicola Dickie. Some local authorities have formed good partnerships with credit unions, but it seems that welfare rights officers in certain places are not quite as good at signposting folks on to other places or advising them on what might be best for them in the future. How can we improve that?

Beyond that, some local authorities have good partnerships in that they encourage their staff to join credit unions and create the balance that Dermot O'Neill talked about. However, other local authorities do not do that. How can we ensure some uniformity in signposting and education about the benefits of credit unions?

Nicola Dickie: A lot of what is happening on the welfare fund is iterative—it is an improving process. You are absolutely right that some local authorities have formed strong links with credit unions. For example, South Lanarkshire Council has spoken to the credit unions in its area and worked out exactly what is available from them. The council has then been able to manage the expectations of customers who it refers to the credit unions.

COSLA has spent a significant amount of time considering payday lenders and alternatives to high-cost credit. One thing that has come through in some evaluations is that a quick turnaround time is expected—customers want cash to be available to them that day—but few credit unions can service that demand.

I suppose that we need a halfway house. Credit unions will never be the solution for customers who are in absolute chaos, which is why we see credit unions as separate from the welfare fund. The issue is more about signposting. Once we have built up a relationship with a customer and have dealt with their crisis or community care grant application, we can work out whether the local credit union can service them.

To improve the situation across Scotland, we need to share good practice and ensure that all local authorities work with their local credit unions. Other stuff is going on in relation to what is available elsewhere in Scotland. The sharing of good practice continues across local government in relation to not just credit unions but all the other

things that we have all learned so far on the welfare fund.

Alex Johnstone: We heard from the previous panel that some people who apply are turned down, for various reasons. It is reasonable to consider what alternatives we might provide for people in those circumstances. A short-term crisis loan seems like a sensible approach. I think that there is a demand for that, but we are trying to establish who might meet that demand.

Payday lenders were mentioned. Anybody who is driven into the predatory world of payday lenders is getting into a difficult set of circumstances. There probably is demand from people who wish to secure a loan at a reasonable cost to achieve their objectives, but there seems to be a vacuum. We have heard that it is not appropriate to steer everybody in the direction of a credit union. Is there an unmet demand that needs to be met?

11:30

Dermot O'Neill: Your colleague Kezia Dugdale often talks about there being too much month left at the end of the money, which absolutely gets to the notion that, when someone has insufficient disposable income to live on, their natural reaction is to seek credit to bridge the gap. That solves one problem but creates another.

There is an inherent danger for credit unions in extending credit, however affordable the terms, because doing so makes the member further indebted, which runs contrary to the principle of being a responsible lender. Credit unions—indeed any lender—must be able to demonstrate that the person who borrows has the capacity and inclination to repay. If there is no capacity to repay, no form of credit should be extended.

Alex Johnstone: I will ask you a straight question. If there is the demand that you described, should we try to prevent it from arising in the first place or should we provide a means to satisfy it?

Dermot O'Neill: Prevention rather than cure is key. We can apply any number of solutions, each of which might have short-term benefits and long-term consequences. If the problem is a lack of disposable income, the solution comes at the other side—that is, we must think about how we can maximise income and reduce expense or otherwise rebalance a person's moneys, so that the crisis is prevented rather than solved when crisis point is reached.

Alex Johnstone: The approach is about managing, not satisfying, demand.

Dermot O'Neill: We suggest so.

Jamie Hepburn: COSLA said in its submission:

“we are making some head way with customer perception of what the Scottish Welfare Fund will provide ... COSLA would have concerns if the Bill had a provision to make loans as it would leave customers unclear over exactly what was being provided from local authorities and the Welfare Fund in general.”

Will you talk a little about your concerns?

Nicola Dickie: We spent a significant amount of time trying to rebrand what the Scottish welfare fund does. As the committee heard from the earlier panel, there is some way to go if we are to ensure that local authorities are the first places to which customers turn when they are in crisis.

As I said, putting loans back into the system would muddy the waters for customers. A previous witness commented that we are corporate parents. The idea of local government handing out loans sits uneasily with our being social workers, tenancy support workers and corporate parents for people. We come up against that issue whenever we sit down to think about loans.

We realise that there is demand, but we think that the solution is very much to help to prevent that demand. Across local government, we need to manage customers' expectations and how we deal with customers. We need to look at the issue holistically, so that people are not pushed towards the high-cost payday lending that we know is many people's first port of call. We want people to speak to all the statutory agencies and look at everything that is on offer in their area before they go elsewhere.

Jamie Hepburn: A reason for our having this meeting is that the leader of the council in the Western Isles suggested that there should be a mechanism for providing loans. The council said in its submission:

“In the Western Isles we have found that there are a number of people who do not meet any of the Community Care Grant criteria but have no way of settling themselves in a tenancy properly.”

How can local authorities help people in such circumstances? It has been interesting to hear you express the concern about payday lenders that we all share. I am a great supporter of the credit union movement and I have heard it suggested that credit unions are the alternative to payday lending, but Mr O'Neill seems to be suggesting that that is not really the case—I might have picked you up wrongly. I think that you said that solution is better than cure, but what is the solution?

Nicola Dickie: I think that that is a question for someone a lot more educated than me.

Loans are still available under English local welfare provision. According to the evaluation published by the Local Government Association down there, loans in England were provided by

credit unions but underwritten by local government, and statistics show that only £6,000 of the £31,000 that had been borrowed had been paid back. That does not appear to me to be a sustainable model for local government with regard to safeguarding the finances that are potentially available to the fund.

Jamie Hepburn: I get that. My question was perhaps too rambling and too long, so I will go back to the fundamental point. According to the Western Isles Council, people who do not meet the criteria for the community care grant are still facing problems with settling into their tenancy, but it strikes me that the local authority must still have a role to play here. If the answer is not loans and the Scottish welfare fund cannot be used, what is the answer?

Nicola Dickie: A lot of local authorities have many other discretionary funds available through their housing or homelessness colleagues, and perhaps the answer is to find a way of joining up that support and trying to make the best possible links. We are also working with the reuse sector to get as many schemes as we can off the ground and allow customers to get alternative furnishings instead of their using payday lenders to buy brand-new furniture. We are trying to firm up that work and ensure that we get local solutions, but, again, the situation is not the same across the country. We need to think about services and match up what local authorities can do at the moment and what we can start to think about in the future.

Jamie Hepburn: You mentioned better linkages between various elements of local authorities. I know that you were here for the previous evidence session, and I want to ask you a question on the back of it. I was really struck by the fact that not one of the individuals who came before us in that session—who, I should add, have all gone through the Scottish welfare fund process and some of whom have had contact with other parts of the local authority, be it housing, social work or whatever—said yes when I asked whether any part of the local authority had made them aware of the Scottish welfare fund. That is a clear failure in the system, and it would be remiss of me not to ask you as COSLA's development manager of the fund how we ensure that we do not get the same answer if, in a year's time, I or another member of this committee ask an equivalent group of people the same question.

Nicola Dickie: I should point out that, in the previous session, only two local authorities were mentioned. I think that you will find that, across Scotland, there are varying degrees of knowledge of the welfare fund.

Jamie Hepburn: But you will appreciate that as I and the convener represent one of those local

authority areas we are particularly concerned about the situation.

Nicola Dickie: I should say in North Lanarkshire's defence that the application form is a standard one and that all the paper application forms are that long. It is not that North Lanarkshire is asking for anything different.

Jamie Hepburn: The application form is a separate and, I think, pretty straightforward issue to deal with; to me, the issue that we are discussing about what various parts of the local authority are doing is more serious. When constituents contact me, they do not say, "I contacted the Scottish welfare fund"; they might talk about housing, social work or other departments, but they think of it all as the council. They think that the council is one entity, as well they might. I understand and appreciate your point that only two local authorities were mentioned in the previous session, but my question is how we get different parts of a local authority talking about these things.

Nicola Dickie: When we were preparing our submission for the committee, we met housing associations and the Scottish Federation of Housing Associations, and it was flagged up to us that knowledge among registered social landlords was not where it should have been. We also know that we need to work to bring on board housing officers in local authorities that have their own housing stock.

Similarly, a lot of work is going on in social work departments on the idea of the corporate parent and ensuring that the welfare fund is foremost in people's minds. That is what COSLA will be doing over the coming months. We still regularly see and brief the decision makers who make Scottish welfare fund payments and try to make them aware of the issues that customers are coming up against, but as part of that wider group we are working with stakeholders, if you like, to ensure that we are getting the Scottish welfare fund on their radars as best we can.

Jamie Hepburn: I do not think that, with the best will in the world, it should be difficult to achieve that. After all, you are not asking these people to process anything; you are just asking them to say, "There is also the Scottish welfare fund, and this is where you go to apply for it."

Nicola Dickie: We have identified lots of good practice. Some local authorities have briefed specific groups of people. We have to share that practice where it is producing good results. Some local authorities have briefed health visitors or people who provide tuck-in services for the elderly. We have to make sure that all local authorities know what good practice is and what is going on

elsewhere. As you say, it should not be difficult to crack this.

Kevin Stewart: Our previous witnesses in the main accessed the fund when they became new tenants—I think that happened in almost every case. Some local authorities and housing associations provide tenants with a welcome booklet with information about when their refuse collection is and how they access this, that and the other service. Why is that not happening all over the place? That good practice has existed in some places for a very long time. How can we make sure that it spreads throughout the country? How can we ensure that the welfare fund is advertised in those booklets?

Nicola Dickie: When I listened to the previous evidence session, I noted down that point to take back to local authorities to make sure that as many of them as possible get that information out to their new tenants. There is still a lot of good will in local government about the Scottish welfare fund; it is still very high up the agenda. We will take that issue around the housing groups to make sure that we can get it on the agenda.

Ken Macintosh: I have questions for Jackie Cropper and Dermot O'Neill. To what extent are you already being approached by clients who have applied for a crisis grant or a community care grant but have been turned down? To what extent are those people already on your doorstep and to what extent are you meeting that need?

Jackie Cropper: We try not to duplicate a service that is already out there. There are not enough funds out there to fund everything in duplicate, so we work with other organisations. For example, we work with the Govan Law Centre in Glasgow, which runs surgeries once a week for us and does appeals for people. We get a huge number of people coming in. We have some customers coming in who I would say are near suicidal. They do not know what to do or what path to take. We have to intervene when people come to us in crisis at such times. We work alongside an organisation that already knows what it is doing to make sure that people get the help that they need and have someone to advocate on their behalf.

I am working with more and more people who are not only confused about what they are entitled to but feel that they are excluded from the system. We have a lot of people coming in who have private landlords. They might have a property for six months and then move to another landlord. We have a lot of people who are homeless in the sense that they are moving between different flats. Those people require other things.

As naive as it may sound, I do not understand why we are talking about loans when people are desperate for a washing machine or a sofa—I do

not understand why those people are not getting a grant. There is something wrong with the system. We have single parents in crisis sitting there waiting for what they need. I do not get it. I do not get what we are trying to do. We should look again at how the grant system works. If someone in crisis is just going into a house, why are they getting rejected for a grant? Why are we even considering loans?

Ken Macintosh: I suppose that I am just trying to get a feel for the numbers. Have the people who approach you already been to the local authority? Have they received a crisis grant or community care grant or have they been turned down?

11:45

Jackie Cropper: Some people have not gone anywhere. We signpost, obviously, and we work with organisations such as the councils and housing associations to ensure that that does not happen. Other people have attempted to apply for money from the welfare fund and have been rejected, which is the point at which we hear about it. At that point, we step in and put in an appeal. Often, we know that the rejection was wrong. It could just be that, because they had no assistance, they filled in the form wrongly. That is a common thread.

There are people who end up in crisis because they have been rejected. They feel pretty desperate and become quite suicidal. That is what we should be thinking about. What is wrong with the system that means that people get to that point? I am not talking about people who are on drugs or are abusing alcohol—that is a different issue. I am talking about single parents and large families who are really struggling and cannot see how they are going to get through the next again day.

I can provide some statistics and information to the committee about what we have done, how much money we have saved and how some of the people have moved on—some of them, like the people you heard from earlier, are training to help others who have been in the sort of crisis that they have been in.

Ken Macintosh: That would be useful. Could Dermot O'Neill answer the same question, from the credit union point of view?

Dermot O'Neill: Before I do that, I want to add to Kevin Stewart's point about the welfare pack. As well as containing information about local refuse collection, the pack should say where the local credit unions are. That would help to establish that relationship at the point of entry, which would be useful should a crisis situation occur.

To answer your question, it is important to clarify that the typical credit union member is a typical citizen and is not necessarily someone from the specific group that we are referring to today.

We are not yet seeing any significant increase in the number of inquiries, either through referral or from members, in relation to a substitute or an alternative to welfare fund payments. That is primarily because those stakeholders who work with credit unions understand what credit unions are and, although the organisations that are supporting individuals are looking for solutions, they might decide that a credit union might not be the right solution for that person at that time. It might be the case that the movement is not being exposed to that group, as opposed to that group not being there.

Ken Macintosh: To be honest, I am not even sure whether credit unions would gather that kind of information.

Dermot O'Neill: There is no standardised gathering of that information. There will be localised management information about the purpose of loans, but there is no Scotland-wide gathering of those numbers.

Ken Macintosh: But you are not aware that people are being referred to you inappropriately, as it were.

Dermot O'Neill: That is not our experience.

Ken Macintosh: Do you ever say to people who approach you for a loan that they should go to the local authority?

Dermot O'Neill: The fourth object of credit unions, as defined by legislation, is the promotion of the wise use of money by members. That can be done either internally or, where that capacity does not exist, by referring them to money advice organisations that support credit unions. That approach is built into what credit unions are.

What will determine a credit union's appetite to lend is, simply, the member's capacity to repay. Nicola Dickie made an interesting point about the experience down south of the likelihood of repayment. COSLA and the Western Isles Council both reference the low rates of repayment. It is worth using the example that I used earlier, which is that, if £100 loaned by a credit union over three months is written off, 43 other loans are required to offset that one loan. That demonstrates the extremely narrow margins that credit unions operate within. Even if credit unions made use of the legal maximum limit that we can lend at—3 per cent per month, or 42.6 per cent annual percentage rate—it would still require 14 other loans to offset a £100 loan that is written off.

Those are some of the pressures on credit unions. One potential solution is a loan guarantee

fund. However, credit unions would be nervous about a loan guarantee fund's purpose. Yes, it would insulate the lending credit union from a direct financial shock, but we would be nervous about the unquantifiable damage to reputation from avoidance bragging, for want of a better phrase. The shift of risk from credit union resources to whoever underwrites the loan guarantee fund would minimise the financial risk but would not in any way minimise the reputational risk.

Ken Macintosh: I will return to that in a second, because I wanted to ask a question about that very thing.

There is loan defaulting in the current system among those who qualify for crisis grants. However, we are talking about people who do not qualify for crisis grants; as described in the Western Isles submission they are on a low income and have some means, but they are not vulnerable and do not meet any of the criteria to qualify for crisis grants. Such people are not necessarily high risk; they are in difficulty but they are not necessarily loan defaulters.

Dermot O'Neill: Sure. Loan repayment is ultimately determined by a member's capacity and inclination to repay.

The DWP undertook a study in 2012 that was a precursor to the credit union expansion programme. It identified that there were 1 million potential new members for credit unions across the UK in the "lower income groups". The same report said that of those 1 million potential new members, around 50 per cent had difficulties maintaining existing credit agreements.

If we are looking at a potential target market of 1 million new members and one in two is currently experiencing difficulty in maintaining credit agreements, we suggest that it would be irresponsible for credit unions—or any lender—to extend more credit to those people, which would further indebt them and exacerbate the cycle of debt.

We should go back to the start and ask why someone's income is insufficient. Let us address that. As much as we want to help everybody all of the time, it is simply impossible. Credit unions are not a panacea for the financial ills of society. More deep-rooted questions need to be considered before we look at using credit unions as a potential sticking plaster.

Ken Macintosh: I entirely agree. I have a couple of other questions about the potential of credit unions, Grand Central Savings and other such organisations to help. I am conscious that geographically you do not cover the whole of Scotland. Are there issues with that?

There are other steps that the Government could take. A loan guarantee fund would be a step in the right direction and perhaps could be supported by other expansionary measures. If credit unions could be helped to expand so that they were available to the whole population and offered similar services to banks, I am sure that many people in Scotland would love to move from their bank to a credit union.

Is there a package of measures that would allow credit unions to expand simultaneously to cover both the general population and the particularly vulnerable section of our community?

Dermot O'Neill: A DWP initiative to inject £38 million into the UK credit union sector is already under way, under the remit of modernisation and expansion. One of its outputs was to encourage credit unions that were so minded to sophisticate and expand their products and services. Some credit unions are engaged in that exercise.

Whether credit unions will be an alternative to banks is a longer-term process. Just now, every credit union is a savings and loans co-operative and, as you will know, every credit union is an independent, autonomous organisation, so there is no way in which we can mobilise credit unions collectively in one direction. It is up to each credit union to determine in which direction they want to move.

The key point is that credit unions can become more involved in this space only at the same time as they are providing high-value, long-term loans. I have laboured that point because, if credit unions were to grow their business through short-term, low-value loans, they would unintentionally foster an unsustainable business model that would lead to grant dependency, weaken the organisation's financial resilience and inhibit what credit unions can be.

It is really important that any activity that credit unions undertake has a balance and a spread of membership.

Ken Macintosh: We had an interesting presentation from an American credit union a few weeks ago, and we heard in particular about competing commercially with car loans as a model for expansion.

I ask Jackie Cropper to comment on the geographical limits that apply to credit unions. It is clear that you offer a vital service, but it does not cover the whole country, does it?

Jackie Cropper: Certainly not at the moment. We are open in Greenock and in three areas in Glasgow. We are moving into Midlothian, and we are going to move into Clackmannanshire. The

idea is to widen the scope in Scotland over the next five years.

We do not charge our customers but work alongside housing associations and councils and get them to buy in our service, which we then deliver. However, the money that councils and housing associations have to buy into the service has been more restricted, so it has taken a lot longer for Grand Central Savings to develop—that has been the stumbling block.

We would like to get out to as many people in Scotland as possible. Grand Central Savings is about people, and as long as people need this service, we need to get out there and provide it.

I would really like to do some work on remote areas. Some research is needed on that, and on how we could operate a different model there.

Another thing that we added at Grand Central Savings recently is what we call the HomeGuard account, whereby we can directly pay for people before they actually get the money into their account. We can pay for things such as rent arrears, but we work with the person on the whole package. It is a bit like a jam-jar account.

We are trying to expand that service, and to let councils and housing associations see its value, particularly if universal credit comes in, because we can prevent the money from going straight into people's hands. I know from the people I work with that—believe me—there is going to be a lot of debt in the councils and housing associations.

At the moment we are supported by the lottery and we are going to the Scottish Government—we may as well warn you—to see if we can get some additional help. However, the councils and housing associations also need some help. They are keen on working with us and on us being out in their communities, but it is a question of getting the funding package together.

We try to keep the cost as low as possible and we have changed our model to make things easier, because getting the service out is what I am more interested in.

I hope that I have answered the question.

Ken Macintosh: Yes, you have. Thank you.

The Convener: Alex Johnstone wanted to ask a supplementary question.

Alex Johnstone: We have sort of moved on, but I will drag us back because I want to ask the question anyway.

When Jackie Cropper said that people who are in need and who apply sometimes get rejected, it brought me back to a comment that a member of the previous panel made. She appeared to have established that she would qualify for support

under the fund in one local authority area, but was told that she did not qualify in another. Hopefully, the fund that we have in place is national and the one that will replace it will be national. How is it possible for someone to qualify in one local government area and not in another?

Nicola Dickie: I was here during the previous panel's evidence and I heard the girl make that comment. I suspect that the issue was more to do with the flow of information. We have standard guidance, so the fund should not be different across the 32 local authorities in Scotland. Someone might qualify under a certain qualifying condition in one council, and the same qualifying conditions will be used by other councils. I suspect that the issue is not that the customer did not qualify; perhaps the information had not been passed from one council to another, or the second council might not have been aware of the customer's circumstances. Although the fund is discretionary, the qualifying conditions are standard and are applied as standard across the country.

12:00

Alex Johnstone: Should that work better—and will it work better in future—or should we be looking into the matter as we scrutinise the bill?

Nicola Dickie: It is improving all the time, and we continue to meet local authority representatives. Both COSLA and the Scottish Government meet local authority representatives on a bimonthly basis. We get round the table and consider practical issues, such as customers moving across boundaries and customers needing assistance from one authority because they are moving to another authority area and they need help with their removal costs. That is the sort of stuff that we are improving, and we are sharing practice on that as we go along.

Annabelle Ewing: My understanding of that scenario was that the question was not whether the person would qualify for the welfare fund per se, but whether the second local authority was the relevant local authority to receive the application, because of issues around where domestic abuse policy meets and overrides housing policy considerations. That is where the issue lies, and I hope that there are ways of resolving it. I am sure that the person concerned will, with help, see what can be done.

As far as the issue of loans versus grants is concerned, it seems to me from what has been said today and from the evidence that we have received thus far that it is really only the Western Isles Council that has sought an extension of the bill to include loans. I do not get the sense that anybody else is clamouring for that, for all the

reasons that have been stated today and on previous occasions.

Let us consider the specific problem that the Western Isles Council has to deal with. Jackie Cropper mentioned remoteness and so on. We have discussed the coverage of credit unions generally, and I refer to Jackie Cropper's Grand Central Savings organisation. It may be that, over time, there will be possibilities to extend the coverage of both kinds of opportunities across other parts of Scotland, where they are currently not prevalent or do not exist at all.

At the moment, a number of people are affected—although it is not clear from the Western Isles Council's submission how many. They do not qualify for the fund but, nonetheless, they have problems obtaining affordable finance. As the submission makes clear, the issue relates specifically to the funding of white goods.

I note from Nicola Dickie's submission on behalf of COSLA that there is an interesting pilot project, which is part of the Scottish Government's resilience fund in Inverclyde, called the smarterbuys scheme. It will allow customers who are unable to access the social welfare fund to apply for new white goods at a lower APR. It has credit union buy-in, and it sounds like a very interesting scheme.

First, could Nicola Dickie tell us a wee bit more about it? Secondly, could Dermot O'Neill and Jackie Cropper comment on what they see as the opportunities for similar such schemes in other parts of Scotland, particularly remote areas, to deal with the particular problem that Western Isles Council has identified?

Nicola Dickie: The smarterbuys idea came from the north of England: a consortium there put the scheme together. Interested parties such as housing associations and local councils will put in some funding, which allows the scheme to be present in an area so that customers can access it. Those will not just be customers who have accessed the Scottish welfare fund. In Inverclyde, registered social landlords are leading the initiative, as they have had an issue with tenancy sustainment. The scheme forms part of their tenancy sustainment process, and the welfare fund people are piggybacking on it, because they think that it is a really good idea that they could get involved in.

Do you know a bit more about the set-up of the scheme, Jackie? I know that you guys were involved.

Jackie Cropper: We have been working with the initiative, which we think is a good one. We are working alongside the housing association and the council, and we are part of the financial inclusion group. It is an excellent initiative, which could be

expanded. We are treating it as a pilot at the moment, but I think that there will be a bigger take-up. As the other witnesses said, it is much better to be given the washing machine than to be given the money for the washing machine, because sometimes we cannot be 100 per cent sure—I could tell you some stories—whether the money will go towards the washing machine. Do you know what I mean? I advocate that project and Grand Central Savings as part of it.

Can I answer the question about rural areas?

Annabelle Ewing: Yes.

Jackie Cropper: I am a true believer in different solutions for different areas. I looked at the paper from Western Isles Council, and I believe that although it is all right for those of us who work in city centres to come up with a view with the people that we are working with, there need to be different solutions in rural areas. I am doing some research work with Dumfries and Galloway Council at the moment, and that is the sort of area that we would be looking at. One day, I might come back and say that Grand Central Savings believes that there is a need for a loan scheme in rural areas, so I would not dismiss what has been proposed. I am aware that, at the moment, I am talking from a city-centre perspective, but there will be different solutions for different areas.

Dermot O'Neill: On geographic coverage, there are few patches of Scotland that do not have a credit union option. The challenge is not whether a person has access to membership but what that membership brings in terms of the products and services on offer.

I was also at the meeting in the Parliament when the US representative was here. The advantage that the Americans have over the Scottish movement is that they have a 30-year march on us in terms of experience, but it was certainly great to have that reference point and that aspiration.

Credit unions have been involved in white goods schemes for about three years, primarily under the Co-operative Group. However, there are some significant challenges with the continuation of that arrangement, because the arrangement between borrower, lender and supplier is deemed to constitute a debtor-creditor-supplier arrangement, which, unfortunately, means that it is regulated by the Consumer Credit Act 1974. Credit unions are currently exempt from that act and so are exempt from the burden of regulation that comes along with it, therefore an increasing number of credit unions are opting out of white goods schemes as a result of the increased regulation attached to compliance with the Consumer Credit Act 1974. In fact, the recent UK Government consultation on the maximum interest rate stated that, should the

rate increase—which it did, from 2 per cent to 3 per cent—the exemption rate of the Consumer Credit Act 1974 would also lift in line with that, so that credit unions would remain exempt from the act in respect of the burden that it would place on credit unions. It is a significant challenge for credit unions to remain in or opt into such white goods schemes because of the regulation around such arrangements.

The Convener: I thank everyone for their evidence. Before we close, could Ken Macintosh tell us what meeting he was referring to, because I think some people might have thought that he was talking about something that was said at a meeting of this committee?

Ken Macintosh: I beg your pardon. It was a meeting hosted by John Wilson MSP, with visitors from Ventura County Credit Union in California and from both national credit union organisations.

Dermot O'Neill: It was in recognition of international credit union day, which was on 16 October, and representatives from Parliament and from the credit union movement attended.

The Convener: I wanted to clarify that so that anyone following the discussion would know what was being referred to. It was not anything that this committee has looked at specifically.

Thank you all for the information that you have given us. It has been interesting to explore that area; it is not something that we looked at initially but it became relevant because of evidence that we received, and your information will help us in our consideration of the bill.

12:10

Meeting continued in private until 12:24.

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