



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Social Security Committee

**Thursday 29 September 2016**

**Session 5**



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**SOCIAL SECURITY COMMITTEE**

**5<sup>th</sup> Meeting 2016, Session 5**

**CONVENER**

\*Sandra White (Glasgow Kelvin) (SNP)

**DEPUTY CONVENER**

\*Pauline McNeill (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*George Adam (Paisley) (SNP)

\*Mark Griffin (Central Scotland) (Lab)

\*Alison Johnstone (Lothian) (Green)

\*Gordon Lindhurst (Lothian) (Con)

\*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

\*Ruth Maguire (Cunninghame South) (SNP)

\*Adam Tomkins (Glasgow) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Jeane Freeman (Minister for Social Security)

Stephen Kerr (Scottish Government)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

The David Livingstone Room (CR6)



# Scottish Parliament

## Social Security Committee

Thursday 29 September 2016

*[The Convener opened the meeting at 09:30]*

### Scottish Government's Social Security Work Programme

**The Convener (Sandra White):** Good morning everyone, and welcome to the fifth meeting in 2016 of the Social Security Committee. I remind everyone to turn off their mobile phones as they interfere with the recording system.

We have only one item on the agenda today: an evidence session on the Scottish Government's social security bill work programme and the transition of devolved benefits to the community more widely. I welcome the Minister for Social Security, Jeane Freeman, to her first appearance—not her last, I hope—at the committee. I also welcome her officials, Anne McVie and Stephen Kerr. I thank the minister for her letters of 4 August and 22 September, which have been helpful to the committee.

I know that you want to make a statement, minister. You have roughly 10 minutes, so I hand over to you.

**The Minister for Social Security (Jeane Freeman):** I am pleased to be here, and I hope that we will find this morning's discussion interesting and useful.

I want to take this opportunity, as we set out to deliver a brand-new social security system for Scotland, to talk about some of the things that we need to make sure that we get right from the very start.

During the current parliamentary session, our Parliament will take on legislative responsibility for a range of benefits that is equivalent to 15 per cent of the United Kingdom spend on welfare. That 15 per cent covers benefits that are currently paid to one in four of us. That is approximately 1.4 million people in Scotland, so it affects the lives of a significant number of people.

For some of us here today, we are talking about members of our families, friends or neighbours, as well as our constituents. None of us know when we too might look to our social security system for support.

We must be clear about how complex and challenging a task it will be to build a new system. In 1999, when the Scottish Government became responsible for the newly devolved functions of

police, education and health, they each had their own existing Scotland-specific delivery infrastructure. There is no Scotland-specific delivery infrastructure for social security. Current UK disability benefits are administered from locations as widespread as Blackpool, Leeds, Chester and Wembley, and the post is routed via Wolverhampton. What we need to deliver a Scottish system, we have to build from scratch.

In building our system, we will still rely on the Department for Work and Pensions making parallel changes to its information technology systems, some of which are decades old. Cold weather payments alone rely on a hierarchy of 11 different DWP IT systems, all of which will have to be amended simply to identify Scottish customers.

The timetable for that work will be driven partly by the DWP, because we will be able to switch on our services only when the DWP has updated its systems. The DWP's change programmes stretch well into the future; the full service roll-out of universal credit is not scheduled to complete until 2022.

All that does not even get into the operational interdependencies that will occur when the two systems are up and running. We have to map out the impact of our 15 per cent on the remaining 85 per cent—for example, we need to understand the potential knock-on effects of a change to someone's devolved disability benefit on their entitlement to reserved employment and support allowance, reserved tax credits or other reserved passported benefits.

Because of all that complexity, it is absolutely critical that we give ourselves time to ensure that any new Scottish Government technology is thoroughly tested and piloted so that, when we start to administer benefits, customers receive the right payment in the correct bank account at the right time. It is our overwhelming, clear priority to master that complexity, because we cannot take risks with the support that we provide to people at what are often crisis points in their lives.

It is entirely possible that we might disagree about some of the policy decisions that we make as a Government, but I hope that what I have just said will let the committee join me in my firm belief that we all have a stake in the success of the system that we will collectively set up and in my commitment that, notwithstanding, we will none of us use this exercise as some kind of political football.

Politicians change, ministers change and even Governments change, but this social security system will outlast all of us. The people in this room right now have to make sure that, first of all, the system works for the good of the people of Scotland; secondly, that it is fit for purpose; and

thirdly, that it is properly accountable to ministers and therefore to the Parliament.

Our best starting point for that, it seems to me, is to listen to those who are currently receiving the benefits that we will be responsible for, those who work with and support them and those who deliver the current system. That is exactly where we have started with our first step: the Scotland-wide consultation on social security. In its previous incarnation, the committee did much to show us the importance of doing just that, through the successful and highly informative series of your say events.

We are already more than halfway through our consultation exercise. We have been running an extensive programme of face-to-face engagement events, from the Borders to the Outer Hebrides. More than 100 events are in the calendar, and we will add more before the consultation closes at the end of October. The events that the cabinet secretary and I have prioritised for attendance are those where we can listen to precisely that group of people.

We will publish a full report on the consultation responses at the start of next year. We hope that, by that time, we will have reached an agreement with DWP on the commencement of the remaining two sections of the Scotland Act 2016, which will pave the way for the introduction of our bill. The commencement discussions are being overseen by the joint ministerial working group on welfare, which will meet on 11 October for the second time since the session began. I will ensure that the committee is updated on the outcome of that meeting.

Looking ahead to after the consultation has closed, we will continue to gather evidence through a range of channels, such as our existing policy-specific reference groups and themed events such as the national conference on funeral poverty, which we will hold on 16 November. We are considering additional ways to continue to get feedback and involvement from users on a longer-term, on-going basis. At the same time, we are progressing stage 2 of our appraisal of the delivery options for a Scottish social security system by thinking about the way in which our new agency will work in practice as part of a wider system. That means considering a range of options across the spectrum—from centralisation, where all the staff and all the systems and services are based in one place, to localisation, where offices are based around the country, and all points in between.

I could sit here and talk for an hour or more and still only skim the surface of what we have planned for the next few months and of the complexity of the task that lies before us. The main points are in my most recent letter to the committee, which sets out key milestones, but I take this opportunity to

offer you as much access to my officials as you need, so that they might answer any questions and give you further information. If it would be helpful for them to meet you again informally to provide additional briefings on any area of their work, they would, I know, be more than happy to do so.

The Government intends to hold itself to a gold standard of decision making on social security, demonstrating at every stage that the decisions that we make are made on the basis of the best available evidence, with the direct engagement of those who are most affected and those who have the expertise and experience that we need, and that we want the involvement of the people of Scotland and the organisations that represent them from start to finish.

Such an approach will steer us through the complex task that is before us and ensure that the social security system that we establish for Scotland will be an exemplar—the fairest and most accessible social security provision in the UK—and that our founding principles of dignity, fairness and respect will be demonstrated in all that we do. The people of Scotland deserve nothing less.

**The Convener:** Thank you, minister. Members will have lots of questions. It is very complex, as you mentioned.

I will start off the questions. You said that only 15 per cent of the money is coming to Scotland. During our evidence session and with constituents, two areas have constantly come up. One is people's expectations—people think that we already have the powers. How will the Scottish Government manage that expectation? The other area, which you highlighted, is the transitional period, which will be very important because one in four Scots will be affected by it. How is the Scottish Government going to handle that without anyone falling through the middle?

**Jeane Freeman:** The point about people's expectations is well made. In the discussions and events that we have had, we have been made well aware of that issue. In part, we are using the events and the communication networks of the organisations that are facilitating them for us to explain to people exactly what the process is. I intend to begin another tour of those organisations when the consultation ends, to take them through the complexity and the steps that we must take, which we are partly discussing this morning, so that there is an understanding of the stages of the process that we must go through—not because we want to take a long time over this but because, if we do not go through each of the stages carefully and in the right order, we risk people falling through the net of the system that we set up in Scotland.

Because the Scottish proportion will be 15 per cent and the other 85 per cent will be reserved to the UK, our system has to work well with the DWP's system. Given that interdependency, we must ensure that what we provide in Scotland is not taken away by the DWP because of the nature of the overall benefit system in the UK whereby some benefits connect to others and so on. That requires a huge amount of expertise, and it is essential that we talk to everybody from Citizens Advice Scotland right through to the Poverty Alliance, Inclusion Scotland and others, because that is where the expertise lies. Those folk really understand this stuff and they are thinking about what they need to bring to our attention. That is, in part, how we will address the issue of expectation.

I genuinely think that colleagues in this room can assist us with that by helping people when questions are raised locally as well as helping people elsewhere to understand the stages that we have to go through. The key point that I made at the outset of my remarks was that, when the Scottish Parliament reconvened, we took over the Scotland-specific structures for health, justice and education, whereas with social security we are starting from scratch and we will not have 100 per cent of the money devolved to us. I make no particular point about that except that it is easier to take over 100 per cent than it is to take over 15 per cent alongside 85 per cent—not that I, for a minute, want to lose that 15 per cent. That is my point on the issue of complexity.

What was your second question, convener?

**The Convener:** It was about the transitional period.

**Jeane Freeman:** We will talk to the joint ministerial working group about when we will have the commencement of tranche 2.

That commencement is important because it sits underneath the draft legislation that we will bring to Parliament before summer next year. The draft legislation is important because it gives us the legislative platform on which to establish the Scottish system.

09:45

As we go through that work, we are looking at which of the benefits that are being devolved to us we can introduce earlier, as some of the complexity is not necessarily as great as it is in other areas. We will take decisions on that and advise the committee and Parliament more widely about what we propose to do.

The largest area is disability benefits, as it involves the largest number of people and the greatest complexity. There might be a period in which the DWP needs to continue to make the

payments before we switch on our system. During that period, we will be testing and learning, particularly with regard to some of the infrastructure, to ensure that, when we switch on, we have—precisely as I described—a secure and safe transfer. That will mean that people get the money to which they are entitled on the day that they are entitled to it, at the level they expect, and they will neither know nor care which Government clicked the send button to put the money in their bank account.

**The Convener:** Thank you, minister. There are a number of hands up. Ben Macpherson can go first.

**Ben Macpherson (Edinburgh Northern and Leith) (SNP):** Good morning, minister. Much of what I was going to ask about has been covered in your answer to the convener's question, but I want to pick up the specific point about managing expectations.

You talked about the need to manage expectations through the process and the development of the new social security system. Is there a determination from the DWP and from stakeholders—as well as from you, minister—to ensure that, when we get to the destination, we are managing claimants' expectations and making it clear to them where they can access the specific social security benefit that is relevant to their needs? Is there a sense of collaboration around the clarity of the system, given the complexity that you spoke of?

**Jeane Freeman:** First, Scottish Government officials—led by my two colleagues here—and DWP officials have been working very hard on all this for some time; their work pre-dates my time as minister. They have worked very well, and they continue to do so, to understand what each needs to do and exchange information and so on. Equally, the joint ministerial working group is clear about the importance of the task and the need to find solutions to some of the issues that come up.

Secondly, your question touches on an important area of work that we also need to undertake, and have in fact begun, around the question of the advice and support that is available to individuals on how to access the system, what they are entitled to, how to make a claim, and what to expect thereafter.

I intend that, when people come to the social security system for Scotland, they will be given information about all benefits, not simply those that are the Scottish Government's responsibility. We have begun an exercise across the Scottish Government to map out where advice services currently exist, who provides them, how they are funded, and what they actually provide advice on. We can then see how fit the provision is for the

purpose that we require in relation to social security, and look at what we might do to ensure that we have a more comprehensive system of advice and support across the country that is accessible to people no matter where they live.

We need to look at different ways of accessing advice and support. That is a parallel piece of work but it is critical to all this. There is no point in having an all-singing, all-dancing system in Scotland if nobody knows how to get near it, how to access it or what to expect from it.

The key point is that we do that exercise so that the advice and support that people are given relates to the entire benefits system regardless of who is responsible for each element.

**Adam Tomkins (Glasgow) (Con):** Good morning, minister. Thank you for coming to speak with us and for your opening statement, which I very much welcomed—particularly your remarks about political footballs.

In that spirit, I want to ask you about something that I believe is an animating theme of your letter to the convener of 22 September and your opening statement: the importance of close and effective working relations between the Scottish Government and the United Kingdom Government.

In your letter to the convener, you say:

“we must work with our UK counterparts and their programmes of work”

because

“This is the only way to ensure the safe and secure transition of these powers”.

In the Scottish Parliament information centre’s briefing note for today’s meeting—I do not know whether it has been shared with you—there is a *Daily Record* report from September of an interview with the Cabinet Secretary for Communities, Social Security and Equalities, Angela Constance. She is quoted as saying:

“we’re not going to be giving them”—

the UK Government—

“any information or responding to inquiries if we think that might lead to a sanction.”

If the quote is accurate—I admit that it is only from the *Daily Record*, but it is in the SPICe note—how will that contribute to an effective and co-operative working relationship with the UK Government?

**Jeane Freeman:** The big challenge is that the Scottish Government and the UK Government start from different political standpoints. Those disagreements are not going to go away, and we should not pretend that they are. That is why I made the point that, in the committee, with members of different parties and in the chamber,

we are going to have policy disagreements. However, that is not the same as saying that we will have some kind of political grandstanding or shouting match around the area. That is what I want to avoid. We would be daft to try to pretend among ourselves, far less to the wider population, that we do not disagree—of course we disagree on some things.

The Scottish Government has made it very clear—and when Iain Duncan Smith was in the relevant post, we had his agreement—that, when the work programmes are devolved to Scotland, it will be entirely for the Scottish Government to decide whether they are voluntary. On 13 September, my counterpart Jamie Hepburn wrote to Damian Green seeking clarification that that remains the UK Government’s position. We expect that it is still the UK Government’s position, in which case there will be no information to pass on to anyone about whether an individual attends the work programme run by the Scottish Government.

What the cabinet secretary said was that, should the UK Government change its position from the assurance that Mr Duncan Smith gave us on the voluntary nature of our programmes, we would have to take a view as to whether we would pass any information back to the DWP about an individual’s participation where we thought that the information could lead to that individual being sanctioned.

The Scottish Government has taken a very clear and consistent view that we do not believe that sanctions are either fair or effective in their intended overall purposes, as outlined to us by the UK Government, of incentivising people to enter the workplace. We simply do not think that that works. That is our political and policy position, and the UK Government has its political and policy position. We need to find ways of recognising both those positions while finding ways of working together.

**The Convener:** Alison Johnstone has a question. Is it on that particular point?

**Alison Johnstone (Lothian) (Green):** I just want to note, as the minister has done, that in our papers there is a letter from Jamie Hepburn in which he points out that Iain Duncan Smith, the then Secretary of State for Work and Pensions, wrote to Roseanna Cunningham, the then Cabinet Secretary for Fair Work, Skills and Training, to advise that the extent of conditionality on devolved employment programmes would be a matter for the Scottish Government. I think that it would be less cordial to go back on the agreement that we clearly have. I just wanted to note that that information is available in our papers for this meeting—that is all.

**The Convener:** Thank you. Mark Griffin has a question. Is it on that specific point?

**Mark Griffin (Central Scotland) (Lab):** Yes—it is specifically on sanctions.

Has there been any consideration of the fiscal framework? I welcome the Government's policy decision not to take the same sanctions-driven approach, but what will happen if that approach is successful, with reductions in the claimant count and the social security bill? Has impact of that been taken into consideration in the discussions around the fiscal framework? Would it lead to an increase in the Government budget? Similarly, if any programme that the Government undertook was not successful, would that result in any clawback from the UK Government?

**Jeane Freeman:** I do not believe so.

**Stephen Kerr (Scottish Government):** There are some technical provisions in the fiscal framework that are designed to address the very circumstances that Mark Griffin outlines, but the bar for those is set quite high in terms of whether the impacts are direct or indirect. There may be occasions when the Governments want to have a conversation about the action that one of them takes that impacts on the actions or behaviour of clients or on policies that the other Government is pursuing, but it is very difficult to say now that a given circumstance will definitely have a given impact and a given financial result. There are certainly provisions in the framework, however, that will allow either Government to begin conversations around such issues, although in those conversations the Governments will both have to agree that there is an impact and an effect.

**Pauline McNeill (Glasgow) (Lab):** Good morning, minister. I endorse what you have said about the work that is required to create a new agency and ensure a smooth transition. It is hard work that is required, not politics. That said, I whole-heartedly agree with the Government's approach to the areas where it has responsibility for sanctions and conditionality. Perhaps if there is time we can discuss what scope exists for the Scottish Government to take the same view as it has taken in relation to employability schemes and draw back from the UK Government's position on conditionality in other areas.

I want to discuss a broader question. How do we create that agency on day 1 and have a simplified switchover? Obviously, it will not be simple. Can you paint a picture of how that will work? Will there be a shadow arrangement or a shadow agency before the switchover? That seems to be the only way to ensure a smooth transition. Are you able to make any arrangements before the legislation is in place?

**Jeane Freeman:** The legislation is absolutely key, because it will give us the legal platform from which to move forward. It is a really important step in the move to the Scottish agency.

I have two points to make—my colleagues might want to supplement what I will say. First, a section of the consultation deals with operational delivery. It is important to me that we wait to hear what people tell us about the shape that they want the agency to take, how they want it to deliver its services and where they want it to be—central or local, for example.

It is also important to me that, in our follow-on work in which we will use the experience and expertise of people who are on the receiving end of the existing system, we also use the experience and expertise of people who deliver the existing system. That will help us to design the right processes and procedures. For some of the things that we want to achieve—speed of decision making, transparency and the key issues and questions around evidence for disability benefits, such as where information comes from, the nature of assessments and so on—we want to ensure that those people are involved in helping us to design those processes and procedures.

As we make progress, the possibility of shadow or transition arrangements is in the mix. However, at this stage, I do not think that we are sufficiently far enough advanced to have reached a final view on any of the options. Work is on-going on the stage 2 options appraisal on the nature of the agency that we will establish. I ask Stephen Kerr or Anne McVie to supplement what I am saying, but it is fair to say that it is not possible for us to take a firm view at this point—indeed, it would not be right for us to do so—on whether to make the transition in a staged way or do all our testing and then flick the switch.

10:00

**Stephen Kerr:** The minister is absolutely right. We can do some preparatory work. We can visit DWP sites, as we have done—we have been to the Isle of Man, Ireland and Northern Ireland—to see how other jurisdictions administer benefit payments and how their operations are organised. We are going through the learning phase. There are also certain things that an agency, however it is composed, will have, such as a framework document that sets out the relationship between ministers and the agency. We can start to think about the shape of such things—those are the early, preparatory things that we can do. However, as the minister says, the work will really begin after the consultation is closed and the options appraisal work is done.

**Pauline McNeill:** Can I press you a wee bit further? What you say makes sense, but at the end of the consultation you might be of the view that, in order to deal with the complexity and the design of the new system, you have to set up a shadow operation. What steps can you take before the legislation is enacted, or do you have to wait until it has been passed? What scope do you have to set up a shadow operation to ensure a smooth transition?

**Jeane Freeman:** The key answer that I want to give you is that a number of bits of work are running in parallel. The legislation will be introduced in Parliament before summer next year and will go through due process, but that does not mean that everything will stop while that happens and we all focus on it.

I have talked a bit about complexity. The number of payments that the new agency will make per week when it is fully functional is equal to the number of payments that the Scottish Government currently makes per year. The scale is huge and the complexity is complex. However, we want to set the new agency up without taking a very long time over it, partly because of people's expectations—the convener and Mr Macpherson have touched on that issue—and partly because, frankly, we want the responsibilities. I am absolutely confident and convinced that we will run a better system. I want to get going and do it, because it will make a big difference to the 1.4 million people whose lives we will be partly responsible for helping to make better.

In order to do all that, we must run a number of parallel bits of work—legislation is part of that—and, as we do that, try to work out how and when they will all connect up with one another. One of those is work with the DWP, but there is also work around the shape and nature of the new agency, the options that we might have for transitioning into the taking of responsibility, which benefits we can take over sooner rather than later and—this is really important—what we need to do to establish the right culture in the social security agency for Scotland to ensure that the agency itself delivers dignity, fairness and respect to those who work in it in order that we can reasonably expect them to deliver those things to the people who come to its door. That cultural question is a big challenge, but I am sure that we can manage it.

All of that—the scale and the complexity—means that we are currently running, and will continue to run, a number of parallel pieces of work, each of which is critical to the others.

**Alison Johnstone:** In your introductory remarks, you reiterated that only 15 per cent of the benefits budget will be devolved. Obviously, it is only 15 per cent if we do not use top-up powers or create new benefits, which we will be able to do. It

is fair to say that the consultation does not focus on the top-up powers in any great detail. Why is that?

**Jeane Freeman:** The 15 per cent that will be devolved will be 15 per cent: that will not change; we will not get anything more as a proportion of what the UK is currently responsible for.

You are quite right that we also have the power to create new benefits or to top up existing benefits. That features in the consultation, and people have raised it in some of the discussions that I have already had. The primary issues that are coming through in the consultation are how people feel they are treated, perceived areas of unfairness and difficulty, accessibility issues and so on.

Top-up powers are in our mind. They are part of our consideration and discussion but we must remember that, over a significant period—I will give you the exact period in a minute—the overall Scottish budget has been cut by a considerable amount; if I recall it correctly, it has been cut by 10.6 per cent. There are a number of difficult decisions to make across the Scottish Government, and social security and the entire new benefits system fit into that picture. As I said, we will look carefully at the decisions that we make. We will base them on the best evidence available and on what meets our overall objectives as a Government, one of which is, of course, particularly targeted on reducing poverty.

**Alison Johnstone:** I appreciate that the budget has been impacted by cuts from Westminster, but we now have the ability to mitigate some of those cuts with the taxation powers that we will have. I agree entirely that there is a need to change the culture, but dignity and respect are also achieved by adequacy—having enough income to have a decent standard of living. You will aware that the Child Poverty Action Group is calling for a £5 child benefit top-up, for example. What opportunities does the new system present to tackle child poverty in particular?

**Jeane Freeman:** The child poverty bill that will come to the Parliament will specifically focus on that issue. I am very well aware of CPAG's proposal; I have had discussions with CPAG, as has the cabinet secretary.

The Scottish Government has a significant track record of mitigating the worst effects of the UK Government's policy decisions on welfare support with considerable sums of money, particularly our full mitigation of the bedroom tax. We have made an absolute commitment that we will abolish the bedroom tax when we have the powers to do so. We also have other mitigation measures, such as the Scottish Welfare Fund.

The difficulty with mitigation is that it involves spending money to stand still. I am not suggesting that we should not do any of those things—they have been the right and proper things to do—but mitigation means that Scottish Government resources are going into the pot in order for us to stand still and not make progress.

We are giving consideration to CPAG's proposal. However, evidence from the Joseph Rowntree Foundation, whose research and evidence on the issue is well respected, is that any increase in child benefit should be focused on low and middle-income families.

We therefore need to look at the overall impact of any top-ups or new benefits that we might introduce and whether there is any evidence that such a step would have a significant impact on our overall objective of reducing poverty. We will do that work and will come back on it in due course. That will probably happen when we discuss the child poverty bill but it may also come up when we discuss the social security bill, when we will look at the policy positions that the Government wants to take.

**The Convener:** We certainly look forward to the child poverty bill coming to the committee.

**Ruth Maguire (Cunninghame South) (SNP):** Minister, I welcome your statement that advice from the Scottish social security agency will cover all benefits. We have heard evidence—we also know this from dealing with our constituents—that passported benefits can minimise the strain and worry that go along with needing help from social security. What is your thinking on the scope for providing passported benefits within our own system and between the Scottish and UK systems?

**Jeane Freeman:** We have to be very careful about passported benefits, in terms of the interaction of the Scottish system with the UK system, and ensure that anything that we do with the benefits that we are responsible for does not have a negative impact on the passported benefits that would otherwise have come from the DWP. That area is subject to quite detailed discussion with colleagues in the DWP, and it will continue to be so. It will be raised with the joint ministerial group if there are issues that need to be resolved at that level.

We have existing passported benefits, if you like, that sit with us. For example, although pensions are controlled at a UK level, we will take over responsibility for winter fuel payments, which also brings in free bus travel. In addition, we are looking at the package of support that might be offered to young carers, which could include some of those passported benefits. We are therefore very alive to the issue.

Not only as a constituency MSP but as a minister, I understand the difference that such benefits can make to people's lives in terms of not only their financial position but their capacity to be included in a number of community or social areas that the rest of us take for granted. I am therefore alive to the importance of the issue, and it is in the mix of everything that we are looking at.

**George Adam (Paisley) (SNP):** Good morning, minister. I have some questions about those who are living in poverty. Last week, Bill Scott of Inclusion Scotland said in evidence that

"48 per cent of all those living in poverty are either disabled people or people living with disabled people. Further, 40 per cent of disabled children live in poverty and 44 per cent of the children of disabled adults live in poverty".—[*Official Report, Social Security Committee*, 22 September 2016; c 3-4.]

Does that not highlight the challenge that the Scottish Government faces in dealing with the new system?

**Jeane Freeman:** Yes, it does. You could add to that the statistics showing the disproportionate impact that poverty has on women. We face some very difficult challenges. However, there are key steps that we can take, some of which we have taken already in our commitments to extend how we deal with disabled children and the support that is given to them, including fuel support. We are also working with organisations such as Inclusion Scotland to design a system that gives people greater access to the benefits that they are entitled to and that encourages more individuals to take up the benefits that they are entitled to. There are still a number of people who are entitled to support but who are not seeking that support, perhaps because they do not know about it.

10:15

There are interconnections between the disability support that we can provide, our overall objective of reducing the number of people with disabilities who are unemployed and the support that we can provide around carers allowance and attendance allowance. Some of the interdependencies that currently exist can work against people quite seriously. For example, we need to look at the eligibility criteria for carers allowance, which can—and, in my opinion, should—allow people to undertake the caring responsibilities that they want to undertake without closing them off from employment or education opportunities.

We can take a range of steps that will begin to address those issues, but those steps are limited by the fact that not 100 per cent of the system is being devolved. We have to recognise that fact. I am not whining about it, but it is a straightforward fact that not 100 per cent of the system is being

devolved, so there are limitations on how far we can go on some of this.

**George Adam:** Another issue is the fact that the Scottish Government and the Westminster Government have two politically opposed opinions. One of the major issues for me is the whole process of the personal independence payment reassessments that people are going through. About 80 per cent of appeals are upheld. Last week, Bill Scott told us:

“For the old DLA, 70 per cent of assessments were carried out on paper, not face to face. For the personal independence payment, 95 per cent of assessments are face to face, which costs three and a half times as much as the old assessment system. We are paying for assessments with money that could go towards supporting disabled people.”—[*Official Report, Social Security Committee*, 22 September 2016; c 16-17.]

If we are talking about dignity and respect, is that not yet another reminder that there is a better way? Does that not show that we can find a better way to do things and that the current system is extremely flawed when it comes to dealing with disabled families?

**Jeane Freeman:** I agree. One of the most striking things to come out of the consultation events that I have attended and the conversations that I have had so far is how the current system strips people of their dignity, undermines their self-esteem and is perceived by them to be deeply unfair.

We need to go back to the starting point: what is the purpose of disability benefits? The purpose of the benefits is to provide people with support for the additional costs that they have to meet because of their disability or their health condition; it is not about making a judgment on whether or not they are disabled. Many folk that I have spoken to have told me—without fail and right across the country—that their perception is that they are treated as if they are trying to cheat the system.

The guiding principles must be dignity, fairness and respect. Another really important premise that has to run right through everything that we do is that, because the people who come to the social security system for Scotland will do so because they need to, our job is to help to provide for what they need as best we can within the overall limits that we know about. It seems to me that, under the current PIP approach, if you remember what the purpose of the benefit is, your starting point should be to ask what evidence you need to understand the condition that the individual has and what additional costs it might bring. Where would you get that information? You would get it from medical records or from social care information that already exists.

We are in discussions with colleagues about how that information can be provided at the entry point, without an additional burden being placed on the individual claimant, in order to help us to meet two key objectives. The first objective is to have lifetime awards and genuine long-term awards, not five-year awards whereby people are called for a reassessment sometime in year 2 and everything is thrown up into the air again. We also want there to be face-to-face assessments when they are really needed. Individuals may trigger that process themselves if their condition has worsened and they require to pay for additional support.

The current system does not seem to be able to deal with conditions of mental ill health or fluctuating conditions that mean that individuals can be more mobile one day than they are the following day. Individuals can make considerable efforts to be independent, but the physical toll can mean that they will be confined to bed for the next two or three days. The system needs to understand those conditions and be able to deal with them in a way that allows the individual to retain their dignity and feel respected. I am confident that it can do that in a way that minimises the amount of resource that goes into running the system and that maximises the amount of resource for the individuals who are in the system.

Any system that has the current system’s rate of upheld appeals—I understand that the figure is around 65 per cent—is not working. If that was the case in any other area of activity, people would be jumping up and down and saying, “Your system’s rubbish and you need to fix it.” We need to fix the system from the outset. We will, of course, have an appeals process, but I do not expect it to produce that kind of result. I want us to get it right from the very beginning.

**George Adam:** The realistic approach of many of the disabled groups at our round-table discussions was quite impressive. They know that the issue is difficult. They want a system as quickly as possible, but they know that the Government has to get it right. They even went as far as saying that they do not expect us to get it 100 per cent right, as that just cannot happen in human endeavours, but they want to ensure that we get it as close to perfect as we can. That was great. Is that an example of the Scottish Government working in co-production almost with those groups? Will that continue over the next while and as we get the proposed social security bill through Parliament?

**Jeane Freeman:** You are right in saying that the groups that represent and work with disabled people are realistic about the scale and complexity of the matter. Going back to the convener’s first

question, it is critical that we ensure that such understanding and knowledge are as widespread as possible.

Co-production will continue. I am convinced that the best way to design anything is to involve the people who are currently on the receiving end and the people who currently deliver. I know from my experience in health that we get better health pathways, smarter systems and greater patient satisfaction when people work in such a way. Therefore, there is absolutely no reason to doubt that we should take that approach when we have a chance to build from scratch. We have a blank sheet of paper. We can write on only 15 per cent of it, but it is there.

We have to find ways of involving those folk. The consultation exercise is the start, but—right through the process and past the introduction of the system in Scotland—I want us to continue to involve those who receive benefits, those who are entering the system and those who will work in the system in evaluating for us how well it is working. There is no reason to stop just because the system has been set up.

I am grateful to those organisations for not thinking that we will get the system 100 per cent perfect. In the light of that, we need them to continue to evaluate how well we are doing so that we can continuously improve what we do.

**Gordon Lindhurst (Lothian) (Con):** Thank you, minister, for coming in today.

You mentioned the bedroom tax. I do not want to ask you about that because, as you rightly say, there are policy issues there. To put my question in context—speaking about people who own their own homes who have to go into care, with the provisions about requirements to provide from their assets for funding, which, again, is possibly a policy issue—I am more interested, looking to your programme and the ideas of dignity and respect, in asking you: is the situation of vulnerable elderly and disabled people who fall into that category, where they may have to provide out of their own assets to pay for their own care, being specifically considered so as to ensure that the transition between circumstances is made as easy as possible for them in terms of a systemic way of looking at things and how the systems are being set up?

**Jeane Freeman:** It seems to me that the core of your question relates to our overall policy on the provision of health and social care, which lies with my colleagues in health, but it is absolutely the case that, in the work that we are doing on the social security system for Scotland, there are clear interconnections across Government with other portfolios in health, employment and the economy. I can offer you the assurance that we are now

having those discussions between ministers and officials in government, and we will continue to do so as we work our way through the work that we have before us. I am sure that colleagues in health are mindful of the point that you are raising.

**Mark Griffin:** In your opening remarks you talked about how, when the system starts and the first payment is made, that payment is made to the right person and the right account. I want to delve a little deeper into the Government's thinking about who that right person is. We have had evidence from Engender and other organisations, which have given examples of women in abusive relationships where the benefit payments are made directly to the abusive partner, which limits the women's independence and ability to escape the situation. What are your thoughts on whether the Government would make the woman in the household the default person to receive benefits?

**Jeane Freeman:** Thank you for that question. I have heard, and understand very well, the similar points that Engender and other organisations have made to me and to the cabinet secretary about the issues around the single householder payment of universal credit. As I am sure you know, part of what will be devolved to us consists of what are termed flexibilities around universal credit. We will not have responsibility for universal credit, but we will have flexibilities that will allow us to consider, for example, increasing the frequency of payment. At the moment it is monthly, but we are considering making it a fortnightly payment and offering the individual the choice for the rent component of universal credit to be paid directly to their social landlord. There is also now the question about the single householder payment. We are considering all of those—including that last one.

There are different ways to approach the matter. We are talking with representatives of Engender and other organisations about how we might achieve the aim and what mechanism we could use to do so. Is it through the principal carer of children, or are there other mechanisms that might allow that to happen? We are very mindful of that, and we are absolutely looking at it.

10:30

The additional issue that we have with universal credit is that, in order to be able to exercise those flexibilities, we would ideally—"ideally" is the wrong word. We are told that we would be required to wait until universal credit is fully rolled out. Despite the fact that it was announced in 2010, the final roll-out is not expected until 2022, which is some considerable time away. The issue is about DWP's capacity to roll out universal credit and introduce the measures that it needs to take to allow us to exercise those flexibilities. We are

looking at how we might work with DWP to introduce the flexibility earlier, rather than wait for the final roll-out in order to do so.

That takes us into the field of IT systems and data gathering and sharing to identify the right people in the right place—which was precisely your point—at the same time as the DWP is undergoing a major change programme with the introduction of universal credit.

We have not concluded the discussions by any means. The best assurance that I can offer is twofold. We are well aware of the additional point that you make with respect to the issues raised by Engender and other women's organisations, as we are about issues raised by Inclusion Scotland and others, with which we are talking about parents of young adults with learning disabilities, for example, who may be living independently to an extent. There are issues around that.

We are mindful of all those issues; we are equally mindful that the roll-out of universal credit is not expected to be completed until 2022. Therefore, we are also beginning to think and have discussions about whether there are other options that would allow us to introduce the flexibilities earlier than that, whatever policy decision we take on them. I do not know whether Stephen wants to add a bit to that.

**Stephen Kerr:** I want to point out that next month's joint ministerial working group will discuss that area.

**The Convener:** Minister, you mentioned that you would keep us updated. If we are getting the roll-out a bit later, it would be ideal if we could come in, have our say and hopefully get it rolled out a bit earlier.

**Jeane Freeman:** Absolutely.

**Adam Tomkins:** You mentioned the Joseph Rowntree Foundation's work. I am sure that you will have seen its recent lengthy publication on a comprehensive strategy for solving poverty across the whole of the UK, which is a challenging document for us all. It says:

"For those who can, work represents the best route out of poverty".

Do you agree? It also—very strikingly—says:

"Additional spending on benefits without addressing the root causes ... has failed to reduce poverty."

That is a very strong statement. Do you agree with that, too? If so, what in addition to social security spending are the Scottish Government's principle priorities for tackling poverty in Scotland?

**Jeane Freeman:** We find—and this I would agree with—that the Joseph Rowntree Foundation is very clear that is not work per se that is a route out of poverty, but well-rewarded work. We

know—and you do, too, Mr Tomkins—that significant numbers of people in work are also in poverty because of low hourly payments, short-term contracts, zero-hours contracts and so on. Work in and of itself is not necessarily the route out of poverty, but well-rewarded and recognised work is certainly a major contributor towards families and individuals not being in poverty. Indeed, that is exactly what families and individuals want. I would caveat your statement, and I believe that the Joseph Rowntree Foundation would agree with me.

On the increase in benefits, the Joseph Rowntree Foundation publication is helpful in stating clearly the package of measures that any Government—indeed, it talks about UK national, Scottish and local government—could take, which are properly focused and work in concert and which it believes can seriously make a huge difference in moving towards ending poverty in the UK. It talks about getting to a point at which there is no destitution, poverty is short term—people may move into poverty but there are opportunities for them to move out of it—and there is no long-term, systemic poverty. It is important to understand exactly what the Joseph Rowntree Foundation is saying.

There is no single thing that will work. No matter what system we set up, social security in and of itself, sitting alone, is not going to be the silver bullet to end poverty in Scotland. However, it can be a major contributor towards that goal or it can contribute to poverty. I would argue that some of the steps that have been taken at a UK level have significantly impacted on individuals' capacity to get out of poverty in some instances—for example, when the assessment in the transfer from DLA to PIP has removed the mobility component for the individual, which has merely removed their capacity to remain in work. That is not assisting that individual to move out of poverty.

There is no single thing that, in and of itself, can end poverty. If there was, we would have found it and, between us all, we would have done it. It is about a package of measures and the combination of UK, Scottish and local government working together towards that goal and ensuring that, with components such as social security, we do our best with the system to contribute to helping individuals to move out of poverty. We absolutely must not impact negatively on their capacity to leave poverty or even bump them back into it.

**Adam Tomkins:** Can I ask another brief question?

**The Convener:** The minister is only here for an hour and it is now 20 minutes to 11. Was that the last question, minister, or could you take another one?

**Jeane Freeman:** I could take another question.

**The Convener:** Is it a long question? Another member wants to come in.

**Adam Tomkins:** No, it is very short. The minister has been very generous with her time—thank you, minister.

One of the concerns that we all have—in government and in opposition—is about the joined-up nature of effective anti-poverty strategies. In your answer to Mr Lindhurst's question, you talked about the relationship between your officials and those in health. What can you say to reassure us that there is joined-upness between social security and employability, in particular, in the Scottish Government's current structure?

**Jeane Freeman:** I can give you that assurance. Stephen Kerr or Anne McVie can talk about joint working between officials. Mr Hepburn and I have had a number of conversations to ensure that, in the work on devolved employment programmes that he is progressing and in the work that I am progressing on the social security system for Scotland, we are both aware of what we are doing. We are looking at where we can come together to do some joint work and where the direction of travel that he is taking and the one that I am taking complement each other without producing contradictions. There is enough complexity in this whole thing without adding to it.

I have talked about how we are discussing some of these matters with health colleagues, so we are not looking at them simply in terms of employment. The work that I am undertaking sits within the overall portfolio of Ms Constance, which includes poverty. We are clear with colleagues across Government that the portfolio will not fix poverty. It is our job to lead, provide strategic direction and take action, but fixing poverty is an exercise across Government. Work is going on to look at how other portfolios can contribute and how we can learn the best lessons from that piece of Joseph Rowntree Foundation work and others, in order to ensure that we are joined up and moving in the right direction.

**Adam Tomkins:** Thank is very helpful. Thank you.

**Stephen Kerr:** The minister told quite a compelling story of co-production and working with external stakeholders. It is my job to get the internal workings across Government set in the right direction. There is no way that we can deliver any of the programme in splendid isolation.

People in health and in employability will be involved in the programme of work. Likewise, we will cross-populate each other's programme boards. They sit up the stairs from me in Glasgow

and we talk to them often. The director of employability and I are meeting in a couple of weeks' time to talk about the connections and to ensure that the relationships are right for that joint work.

DWP is quite helpful in that regard because the people there span employability and social security. If we ever forget the internal connectedness, they are a good reminder that that is something that we just have to do as part of our DNA.

**Adam Tomkins:** Thank you.

**The Convener:** The meeting we had with the lady from the DWP was excellent. I think that we all got something out of that. Minister, will you take one small question from the deputy convener?

**Jeane Freeman:** Of course.

**Pauline McNeill:** Thank you. Hopefully this question will be short. The briefing paper says:

"Both Governments have agreed that the UK government will provide a one-off transfer of £200m to the Scottish Government to support the implementation of the new powers. Both Governments have also agreed a baseline transfer of £66m to cover the ongoing administration costs".

Is the £200 million the money for distribution for benefits or is it administration costs? I know that the £66 million is admin costs. Presumably, there will be an ongoing discussion about the further transfer of money to support the benefits paid out.

**Jeane Freeman:** The £200 million is implementation costs.

**Pauline McNeill:** Right, so both figures are implementation costs.

**Stephen Kerr:** The £66 million is a recurring amount that we will receive each and every year. It will fall into the Barnett share that the Scottish Government gets from the UK Government. The £200 million is a one-off payment that we will take from the UK Government as a contribution towards the costs for all the powers in the Scotland Act 2016, not just social security.

**The Convener:** Thank you very much, minister. It has certainly been an interesting session with a lot of good questions and answers. I am sure that we will have you back again. I look forward to it and I am sure that you will as well.

**Jeane Freeman:** Thank you.

*Meeting closed at 10:43.*



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