



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 9 May 2019

Session 5



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SOCIAL SECURITY COMMITTEE

13th Meeting 2019, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)
*Jeremy Balfour (Lothian) (Con)
*Michelle Ballantyne (South Scotland) (Con)
*Keith Brown (Clackmannanshire and Dunblane) (SNP)
*Mark Griffin (Central Scotland) (Lab)
*Alison Johnstone (Lothian) (Green)
*Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Lisa Baron-Broadhurst (Scottish Government)
Andy McClintock (Scottish Government)
Shirley-Anne Somerville (Cabinet Secretary for Social Security and Older People)
Kevin Stevens (Scottish Government)
David Wallace (Social Security Scotland)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Social Security Committee

Thursday 9 May 2019

[The Deputy Convener opened the meeting at 09:02]

Delivery of Devolved Benefits

The Deputy Convener (Pauline McNeill): Good morning. I will convene the meeting until Bob Doris has completed his urgent business.

I welcome the cabinet secretary and her officials to the meeting. First, I have a few questions about the resourcing of the programme and the comments that Audit Scotland made in its report, “Social security: Implementing the devolved powers”.

We are aware that 345 core staff are required at Social Security Scotland, but, according to the report, the agency has

“routinely been operating with about 30 per cent of these posts unfilled.”

That is of great concern to the committee, given that pressures on the agency are only going to increase. Indeed, Audit Scotland has highlighted that

“there is a high risk of decline in staff morale”

and that the agency might lose more staff. How are we going to get a grip of this situation, with the number of vacancies so high? How can we make sure that we have the most experienced skilled staff to allow the agency ultimately to deliver at the highest standards?

The Cabinet Secretary for Social Security and Older People (Shirley-Anne Somerville): You have thrown me slightly by not allowing an opening statement, convener, but I am content to go straight to questions.

Staffing is a very important issue that we in the directorate and in the agency take seriously. First, I will deal with the 30 per cent figure that Audit Scotland has pointed out and explain how it was reached.

The programme reports on the percentage of posts that are filled at a point in time against the projected end-of-year target. In December 2018, which was the month in which we gave Audit Scotland the figure, we had in post 70 per cent of the staff we thought we would need by March 2019. That does not mean that we had only 70 per cent of the staff that we needed at the time. In fact, the only way that we could have reported that we

had zero vacancies—in essence, that 100 per cent of posts were filled—would have been for us to have staff in post in December who were not actually needed until March.

It is important to establish why the figure was 30 per cent, and it was because what we were measuring in December was against a projected requirement by March—in other words, three months later. We have made improvements to the recruitment process and, as of mid-April, the rate was 15 per cent. We are continuing to look at the numbers of staff required and to keep a very close eye on our planning requirements and the staffing requirements in that respect.

On the point about staff morale in both the agency and the programme, the staff survey results for Social Security Scotland, which have been published, were very positive on a very high response rate. That certainly chimes with my experience when I have visited the agency, but David Wallace might want to say more about morale and the fact that our staff are well looked after and encouraged.

I have discussed the 2018 people survey with the social security programme senior management. Cabinet Office advice is that we cannot break down the core Scottish Government people results below a Scottish Government organisational level, but I can absolutely say that there is nothing in the outcomes from the social security directorate that causes me any concern—and I do not say that lightly, given that I am surrounded by people from the directorate. Our results compare very well with those of other Scottish Government divisions; indeed, the programme outperforms the Scottish Government average in a number of areas. There is no issue with morale within either the programme or the agency.

The programme is a challenging one for people to work in. They are working exceptionally hard, and I pay tribute to all the staff in the agency, the programme and the wider directorate who have delivered a social security system one year on from the passage of the bill. They can all rightly be proud of the part that they have played.

I do not know whether David Wallace wants to say more about the agency staff.

David Wallace (Social Security Scotland): I think that the majority of committee members have been to Dundee to see the operations on the ground. In responding to the first part of the question, I would draw a distinction between the agency and the programme. At many levels, that sort of distinction is irrelevant, but I would just point out that in the agency we are looking to build the operational delivery arm that will continue to deliver social security for ever after. The

programme is, by its nature, more transformational, so the staffing profiles and the challenges are slightly different.

I do not think that Audit Scotland's 30 per cent figure relates to the agency—I certainly do not recognise it. We face different challenges in building up the agency, but I would echo the point about the phenomenally positive people engagement scores. We are benchmarked against the entire UK civil service, and the agency's 85 per cent figure puts us well towards the top of those kinds of indicators. What keeps me awake is not that the figure is 85 per cent but how to maintain it as we start to grow. It was measured at a particular time when we had just launched, and there was a buzz around that. From an agency perspective, however, there is nothing about that figure that gives me concern.

The Deputy Convener: That is reassuring. I just wanted to be certain about that, given Audit Scotland's comment about "a high risk". You are saying that there is not a high risk, but is there a medium risk or a low risk?

Shirley-Anne Somerville: Do you mean a high risk of staff leaving?

The Deputy Convener: Audit Scotland has said:

"there is a high risk of a decline in staff morale",

given the pressures on the agency. I guess that that statement was based on the 30 per cent figure. You have clarified that the position is dramatically different from the position in December, which is pleasing to hear. Are you saying that the risk of a decline in morale is much lower?

Shirley-Anne Somerville: Much of the Audit Scotland report was, quite rightly, about what would happen if we did nothing when we moved from the wave 1 benefits to the disability assistance benefits. If we did nothing and did not recognise the challenges that were coming up with the more complex benefits, there would clearly be an issue with staff morale and we would clearly be concerned about resources.

However, as Audit Scotland pointed out in its report, we are doing a lot to ensure that we step up. We have always recognised that there is a difference between the one-off benefits that we are initially delivering, such as the best start grant, and disability and carers assistance. That has been clear to the Government right from the start, which is exactly why, as Audit Scotland has acknowledged, we are putting in place measures to recognise that.

I draw the committee's attention to the work that is going on—and which was going on before Audit Scotland reported—to step up to the challenges.

We have a challenging programme, but I am content that the staff that we have are working exceptionally hard and are being supported in that work.

The Deputy Convener: Audit Scotland has also said that there is a reliance on

"temporary and contractor staff ... because of difficulties in recruiting"

experienced staff. What do you say to that?

Shirley-Anne Somerville: The issue of contractor staff is interesting and one to which we pay close attention.

In certain areas of a large public service delivery—and we are delivering the largest change since devolution—there will be challenges with key skills. That is the case throughout the public sector. How do we deal with that? We grow our own—we have a digital academy within the programme in order to develop skills within the Scottish Government—and we ensure that our recruitment targets specific skills when we have to bring people in.

There are points when it makes sense to have contractor staff rather than a permanent member of the civil service. Specific skills might be needed for a very short period, and it would make no financial sense to have such a person on a permanent contract in the civil service. We need to consider when it is sensible and right to use contractor staff. We must also ensure that we put in place everything that is required to develop our own skills, and we need to do all we can to compete in what is a challenging recruitment market.

Lisa Baron-Broadhurst might want to add to what I have said.

Lisa Baron-Broadhurst (Scottish Government): It has been suggested that the rate is unusually high, but we always anticipated having a high level of contractors in the programme, for all the reasons that the cabinet secretary has just given with regard to skills and bringing people in at the right time when we need them for things like testing. It would be remiss of me to have permanent members of staff in those roles and to be paying people for 12 months when we might need to pay them only for spells. We are doing the best that we can. We do a lot around recruitment. When we have contractors in, we do session planning with them so that we train up our own people.

As for morale, I think that we have a great team delivering social security. I know that some members of the committee have visited us to see what we are doing, and you will have seen for yourselves the dedication of the people in the teams.

We invest a lot in our people, and we invest a lot in their training and development. We do not just sit back and wait for things to happen—we are moving forward proactively and getting the job done.

The Deputy Convener: Thank you very much. Before I hand over to the convener, who has just returned, I apologise to the cabinet secretary for not allowing her to make an opening statement. If Bob Doris is okay with it, I propose that we leave her some time at the end of the questioning to cover any issues that she thinks have not been covered.

Shirley-Anne Somerville: Thank you.

The Deputy Convener: I will now hand over to Bob Doris.

09:15

The Convener (Bob Doris): Thank you very much. I apologise to the witnesses and to people who are following the meeting. I had to deal with an urgent matter.

I know that Jeremy Balfour is keen to follow a line of questioning that I thought would take place before I walked out of the room.

Jeremy Balfour (Lothian) (Con): It is that line of questioning, convener.

Good morning, cabinet secretary and everyone else. I have two brief questions following up on what the cabinet secretary said. You said that the Audit Scotland staff figure was for November last year and that the set date to reach 100 per cent was April this year. Did you reach 100 per cent by April?

Shirley-Anne Somerville: The staff number was for December. We gave that figure to Audit Scotland, and we benchmarked that against March 2019. I do not have the current vacancy rate to hand. The mid-April figure is the last one that I have, and the monthly rate in mid-April was 15 per cent. If we have a more up-to-date figure, now that we are into May, and it is not in the briefing, I will forward it to the committee.

Jeremy Balfour: That would be very helpful.

Information technology and cybersecurity is the other area that Audit Scotland picked up on that concerns me. That is about people's data—in particular, protection of it. How will you address the lack of ability to recruit in that area? Is it the case that we simply do not pay enough in what is a very competitive market, and will maybe have to pay more? Is the issue purely financial—the private sector can pay more than the Government can—or is there something else underneath that that is causing IT recruitment problems?

Shirley-Anne Somerville: I will bring in Andy McClintock on that question.

We have a challenge in respect of what the public sector pays compared with what the private sector pays, but the Government is looking innovatively at what can be done to attract certain skill sets. We recognise that there is a very small supply of, but very large demand for, individuals who have certain skill sets, which makes things challenging.

Jeremy Balfour mentioned an area in which key skills are in very short supply. That is why the digital academy is very important. However, it will not solve all our problems by any manner of means. We are also looking for very experienced people, which is why the approach has to blend the digital academy, use of contractors where necessary, and our being as innovative as possible, within the public sector's remit, to encourage people in.

Andy McClintock might want to say something about the niche skills that come under his remit

Andy McClintock (Scottish Government): Yes. I will pick up on those two points.

On protection of citizens' data, all the work that we have done from the outset has had at its forefront the secure by design approach, and we have worked closely with the national cybersecurity centre on everything that we have done from 2017.

We have been quite successful in bringing in the right skills from a variety of public and private sector sources in the market in the past 12 to 18 months. We do not have all the people we wanted to get first time, and we have had to complement permanent skills with contractor skills, but our recruitment campaigns are relentless. We have been continuously recruiting, and we have had a lot of success in the past 12 months. As the cabinet secretary said, we are looking at a number of methods in the civil service pay structure and pay supplements, and are working with heads of the digital profession to bring flexibility and to give us more tools for appointment and recruitment of staff to the organisation.

We face the same challenges as everybody else in the cyber world. There is a shortage of skills, as more people who come out of university are taken by the private sector, including the financial services sector. However, the public sector and our programme are proving to be quite attractive to a number of people. It is a once-in-a-lifetime opportunity for them to develop their skills and to be part of something important.

Jeremy Balfour: My final question is for the cabinet secretary.

Obviously, Government policy is—your predecessor indicated as much to the committee in some very clear commitments on a number of occasions—that all 11 benefits will be moved over to the agency by 2021. You have made it clear that that is not going to be the case. Is that because of the IT issue and, if so, when did the matter come on to your radar? Did something come up when you took over as cabinet secretary, and you realised that the 11 benefits could not be delivered by the agency? When did you make the decision, as cabinet secretary, that there would be a U-turn in Government policy?

The Convener: That is a valid question, but I know that Mr Balfour missed part of the pre-meeting discussion. There will be detailed questioning as the meeting goes on in relation to wave 1 and wave 2 benefits and what “commencement” and “delivery” mean. As a courtesy to other members who want to explore that, I make that point to the cabinet secretary, before she answers. Members who were at the pre-meeting discussion have questions on the subject.

Shirley-Anne Somerville: I draw Mr Balfour’s attention to the Audit Scotland report that says that we are delivering the programme at a fast pace and that to do so any faster would not be possible, because our first priority is a “safe and secure transition”. The committee often quotes Audit Scotland reports to the Government: I suggest that members read all of the Audit Scotland report, particularly where it says that, given that our first priority is a “safe and secure transition”, we are moving as fast as possible.

We will take responsibility for all the benefits in April 2020; there has been no change to Scottish Government policy. Our implementation of delivery of the benefits when we take full responsibility for them was detailed in my statement at the end of February. I presume from the convener’s remarks that there will be more questions on the issue, which I will be happy to take later.

Jeremy Balfour: I will come back to the matter later.

The Convener: Absolutely. I hope that you do not mind, Mr Balfour, but there is a structure and focus to the questioning that we have planned, so it is not fair to other members if you explore that line of questioning at this point.

Michelle Ballantyne (South Scotland) (Con): I will go back to staffing, given that that there is now a 15 per cent vacancy rate. How does the staffing relate to the original budget estimate for the programme of £118 million, given that you have a budget of £77.8 million? Has that significant budget difference meant that you have had to revise staffing levels down?

This is not an attack; I am trying to understand the position. We know that implementing digital systems is really hard work and requires an enormous amount of skills, and that therefore pressure can come to bear. I have talked to people who are working on the systems, and they are struggling—not because they are not capable or because they do not want to deliver it, but simply because the number of bodies who are working on it and the skills that are needed are tight.

Did you have to revise the number of bodies down and, if so, is the 15 per cent vacancy rate figure on top of that?

Shirley-Anne Somerville: We have workforce planning in place that will ensure that the right people are in position at the right time. If there are changes to when those people will come on board, that might vary the financial arrangements at that time. We will keep a close eye on the overall budget for staffing. Am I correct that you are talking about the implementation staffing cost overall?

Michelle Ballantyne: As I understand it, the programme was estimated in 2019-20 as needing £118 million, but it was only allocated £77.8 million in the budget. You must have had to cut things and make savings from your estimate.

Shirley-Anne Somerville: I will explain the reasoning behind the figures. I apologise: I thought that we were talking about the implementation costs.

The numbers changed for the budget because it is a fast-paced programme. Our estimates from the beginning of last summer were being constantly refined, which is why there was a different number when we got to the point of budget sign-off. It is not a static project. It is not that we had to cut money back, not employ staff or change how we are implementing programmes. It is simply the case that the estimate changed the closer we got and the more we looked at and refined the budget amounts.

Any requirement for further expenditure will be dealt with in the spring budget revision. The programme will be delivered in the way that is required. Budgets change because, as Audit Scotland has pointed out, we need constantly to refine our budgets and ensure that we narrow things down and are as detailed as possible.

Michelle Ballantyne: Just for clarification—

The Convener: I would like very brief clarification, please. I note that the committee will have the chance to consider the Audit Scotland report shortly. We have a rolling programme of budget scrutiny, so we will return to these matters throughout the year.

Michelle Ballantyne: Are you saying that you revised down the number of people that you needed, and that the 15 per cent vacancy is simply that?

Shirley-Anne Somerville: No. I am saying that we revised our overall budget assessments, which is not just about staff but the entire programme's requirements. At the beginning of the summer, we assessed the entire programme as requiring a certain pot of money, but by the time when the budget was signed off, we had refined the estimate down to a smaller amount. We did not change the number of people who were required for the programme because of financial issues; we refined what the programme required in terms of staffing, estates and IT, and we refined the budget based on that.

Michelle Ballantyne: We will clearly need to come back to that.

The Convener: We will need to come back to that. There is a chicken and egg thing going on here, if you will excuse the analogy. Did the required staffing levels of Social Security Scotland dictate the budget, or did the budget dictate the staffing levels?

Shirley-Anne Somerville: The needs of the social security programme dictated the budget; the budget is set based on what we are required to do to deliver the programme. Perhaps Lisa Baron-Broadhurst can add a bit of detail to that.

Lisa Baron-Broadhurst: We must also remember that we let contracts to suppliers for delivery of wave 2. Only when the bids come in and we evaluate them do we know the level of resourcing that the suppliers will bring with them. We have let two contracts so far, and we have in train another big contract to be let. We have to adjust our staffing figures to match the contracts, because the contracts bring different levels of resource with them. That is how our staffing figures have been adjusted over time.

The Convener: The committee will have a chance to return to the matter when we look at the Audit Scotland report.

Shona Robison (Dundee City East) (SNP): The Audit Scotland report, which we will come back to in more detail, commented that

"there is a substantial amount of complex work still required to deliver the remaining wave one benefits by the end of 2019".

I have a general question and a couple of specific questions on that. What are the main things that need to be put in place before the remaining wave 1 benefits can be launched?

Shirley-Anne Somerville: We have within the programme and agency the staff that we require to

deliver the rest of wave 1 benefits, and now it is purely about that delivery. The programme and agency are running to schedule and are working well to ensure that we will deliver. Recruitment is planned to ensure that people are in post and trained effectively from day 1. We are in a good position for delivery of the rest of the wave 1 benefits.

09:30

Shona Robison: Has the complex work, which Audit Scotland referred to, by and large been undertaken, and is it now about implementation?

Shirley-Anne Somerville: That is the case for wave 1. Obviously, we have a great deal of work to continue in order to be ready for the wave 2 benefits, which include disability assistance, carers assistance and so on. That work is ongoing. For example, as Lisa Baron-Broadhurst pointed out, we have let two of the three major contracts that are required for wave 2. I had the pleasure of sitting down with some of the staff who are working on the digital portal when I was at Victoria Quay last week, so I know that that work is already well in train.

We have completed the discovery phase for all the disability assistance packages. That discovery phase is the first part of the agile model that we use, and is exceptionally important because it is about ensuring that we gather the information and listen to people about what they need from the system.

All that has already been done for wave 2. This year, you will see a number of benefits go live—just last week the best start grant for early learning did so—but a great deal of work is already well in train for the disability and carers assistance benefits, for example. I believe that some committee members have talked through some of the detail of that with programme colleagues at Victoria Quay.

Shona Robison: Okay. I have a couple of specific questions.

Last year, the Government consulted on regulations and a code of practice on investigating fraud in the Scottish social security system, which closed, I think, in October 2018. When does the Government intend to lay regulations on investigations and offences relating to that?

Shirley-Anne Somerville: We have had the public consultation: it is now closed, and we will have independent analysis of it. We will make sure that the agency publishes interim operating guidance for investigations shortly. That will set out what powers investigation officers have using existing information-gathering powers. We aim to lay in Parliament the revised regulations and a

code of practice for investigations before the summer, and to have them in place well in advance of the initial wave 2 benefits.

Shona Robison: Okay.

Finally, do you have a start date for the funeral expense payments yet? I understand that the announcement is likely to be on the same day that the benefit is commenced. Is that right?

Shirley-Anne Somerville: We have not announced a specific date, but as I said in response to an earlier question, we are on track for delivery in summer 2019. I can tell the committee today—I will write to the committee formally—that the name for that assistance will be the funeral support payment.

Because the funeral support payment will replace a Department for Work and Pensions benefit—although it will have 40 per cent extended eligibility—it is important that we work extensively with stakeholders to build the benefit in. Prior notice will be given to stakeholders and we will work exceptionally closely with the DWP on that go-live date in order to ensure that if, for example, someone phones the DWP on the first day that we go live, the DWP will provide the correct advice to guide them to Social Security Scotland. That work with the DWP and stakeholders is well in train. That process has worked very successfully for the best start pregnancy and baby grant payments.

Shona Robison: Thank you.

The Convener: Those wave 1 benefits are the first real test of the Government's Scottish social security system. I see that the best start early learning payments opened for applications on 29 April. Can you update the committee on how that is going, cabinet secretary?

Shirley-Anne Somerville: It is going exceptionally well. From the analysis that we have had so far, we know that the systems are working for the agency. I might ask David Wallace to talk about what it has felt like for the staff and how it has been delivered.

More than 11,000 applications for the best start grant were received in the week after the launch. That includes pregnancy and baby payments. The first applicants for the early learning payment have already received their payments. David Wallace can remind me about what the steady state is for the pregnancy and baby payments applications—is it about 100 or so?

David Wallace: The volume of applications is around 100 a day.

Shirley-Anne Somerville: We can assume that the majority of the 11,000 applications for the best start grant have indeed been for the early learning payment but we will keep a close eye on that and,

as our statistics become more robust, we can break the figures down to see who is applying, from where and for which grant. However, it has been very successful from an operational perspective and indeed from the perspective that people have now received their first payments. I should remind the committee that this is a brand new payment that was not available within the previous DWP regime. David Wallace might want to add a little bit about what it has been like.

David Wallace: To echo the cabinet secretary's comments, for the launch of a benefit, it has gone incredibly smoothly, partly for the reasons that we have already discussed around the incremental building of capacity. When we reflect on what we did in December with the first payments, we did not just pay our first benefit—we launched our case management system on the same day. We opened our client telephone channels on the same day. When we opened the best start pregnancy payments back in December, a whole raft of infrastructure had to go live at the same time.

For the recent launch of the early learning payments, people have been in post for a period of time now. They are familiar with the systems and with dealing with our client groups. All that capacity has been built up over time. Although we are sitting here only a week and a half on from the launch on 29 April, it has felt incredibly smooth on the ground. Certainly, we have seen a difference because it is our second benefit launch so it was far easier to plan for it, but there is the same kind of energy as there was when making the first payments. No doubt we will touch on lessons learned later, so I can say a little bit more then.

The Convener: Hold on to that thought. I have one final question, but it is not about that; I think that the question on lessons learned might be coming up fairly shortly.

The Scottish Government is committed to rolling out funeral expense assistance—or the funeral support payment, as it will be called—the best start foods benefit and the young carers grant by the end of this year. That is still a little while away so there is a bit of flexibility around the launch date but I see that applications for the best start grant for school age payments open in June, so that deadline is imminent. Are arrangements for that launch fully finalised? Are you confident that the launch will work well? Do you have any projections on the uptake of that grant?

Shirley-Anne Somerville: I think that things are working well and there are no concerns from the perspective of the social security programme or the agency about the next delivery. These are still challenging projects to land and I pay tribute to all the staff for their work, particularly on the launch weekend. The go-live point is a particularly interesting time within Social Security Scotland,

but they deliver it exceptionally well and with great professionalism.

We are on track for the June delivery of the school age best start grant and for the delivery of the funeral support payment and the young carers grant in the summer. At this point, all those projects are on time and are giving me no concerns.

The Convener: Finally, cabinet secretary, by definition, households would rather have more money than less, so saying that these benefits are a good thing is stating the obvious a little bit. How does the Scottish Government measure the impact of the additional money that individuals or households will be getting? The assertion can confidently be made that giving vulnerable or low-income households additional support is a good thing, but how can we measure the impact of the benefits, rather than just saying that they will help those households?

Shirley-Anne Somerville: There are two aspects to that. It is too early to be able to measure the impact at the moment, but when I speak to people who help us to deliver the benefits, I pick up anecdotal evidence. One lady I spoke to in Glasgow said that she had been unable to take up a place for her child at nursery because she could not afford some of the necessities, such as outdoor wear, plimsolls and so on. That was a barrier to her taking up a free nursery place. Luckily, at that point, she was helped by a charity. In future, the early years payment will reassure someone with such concerns that their child will be able to take advantage of the same opportunities that other young people can take advantage of.

We will build on that anecdotal evidence and see what difference the benefits make to the work that is done in my colleague Aileen Campbell's portfolio to tackle child poverty.

The Convener: It would be helpful to capture that in a structured fashion—the committee would appreciate that.

Mark Griffin (Central Scotland) (Lab): How is the experience of launching the carers allowance supplement and the best start grant informing your plans for other benefits?

Shirley-Anne Somerville: We take very seriously the lessons that can be learned, and a great deal of work has gone into ensuring that we learn all those lessons. That work has been done as part of our social security programme, but it has also involved joint working across the programme and the agency because, ultimately, the programme will hand over to the agency and the process needs to work seamlessly.

It is also important to point out that we have done work to learn lessons jointly with the DWP—indeed, I received a joint presentation on what has been learned. This is a joint programme with the DWP, and both parties are taking very seriously the need to learn lessons. We have not learned lessons only from our experience of the carers allowance supplement and the best start grant; we have taken time to learn lessons from other public sector projects in the DWP and the Scottish Government.

I will give a couple of examples—colleagues might have others—of how we have made improvements. We have made the residency criteria on the application form clearer. A significant number of the applications for the best start grant were from people who were not in Scotland, so we had to adapt the application form. We are taking a revised approach to our external communications planning and are increasing capacity and capability, particularly in testing or technical roles. The use of the model office, which has been complimented by Audit Scotland, has been exceptionally positive and we are continuing to build on that.

We take seriously the lessons that have been learned as regards go-live, but the lesson-learning process is built into the programme to ensure that there is continuous improvement. My colleagues might be able to identify other lessons learned that I have not touched on.

Lisa Baron-Broadhurst: As well as the go-live lessons, we did a lot of work from the get-go to look at good lessons that have been learned for major programmes in the public and private sectors. Our initial investigations showed that anything that we do must be based on what the customer wants. Those members who have visited us will know that our approach is based on a lot of user research. We use the experience panels. We wanted to make sure that we would deliver a service that would meet the needs of the people of Scotland. That was one of the main lessons for me.

We learned a lot from our go-live weekends, which can be quite challenging. Again, we have put improvements in place. We have a robust information centre that has controls in place, and our chief digital officer plays an active role in managing us through go-live, informed by the lessons learned from the carers allowance supplement and best start grant go-live processes.

09:45

Mark Griffin: You touched on the high number of applications that came from non-Scottish postcodes. Essentially that is a compliment on how well-publicised the payment was, and how

well the Government did on getting the message out. However, those applications made up 10 per cent of applications. To what extent did that clog up the system as the Government launched the first payment, and what changes have been made to ensure that the processing of Scottish applications is more streamlined and takes less staff time?

Shirley-Anne Somerville: It really is as simple as asking, “Do you live in Scotland?” right at the start. We have to test eligibility, but we did not think that we would have to point out that criteria so stringently. As you say, the 10 per cent figure was higher than anticipated. We had put a great deal of work into encouraging take-up, and, obviously, with the go-live of a new type of benefit, we were going to get people applying who might not be quite eligible, and might not understand the eligibility criteria.

As we develop new processes, one of the challenges is to ensure that we get communications right. As I said, we are trying to make eligibility more apparent right from the start.

David Wallace might want to pick up some of the comments about the sheer number of applications that came in. It was far higher than anyone anticipated, including the Scottish Fiscal Commission, whose forecasts did not predict anything like the number that we had in the first couple of weeks. I know that I have said this a couple of times already, and I make no apology for doing so again, but the agency staff have to be commended for how they picked up that work, because it was a gargantuan effort to deliver that number of applications.

The times for delivering payments were, of course, slightly longer than we would have liked. I hope that that is understandable, given the number of applications that we had, and the staff dealt with the situation in a tremendous way. I also hope that the committee is reassured by the fact that the agency had contingency plans in place to ensure that it could deal with the challenges on the application backlog, even over the Christmas and new year period.

David Wallace: Linking the two issues together, one of the big lessons that was learned by the agency—and our advisory body was particularly interested in it—was about the profile of applications. After the December launch, we did a lot of work with our analysts around the profile, and for the recent launch of the early learning payment, it was modelled into the launch. The expectation was for a surge in applications in the early days and weeks that would then tail off into normality. That is partly why the April launch was smooth; we were expecting that profile of applications.

As the cabinet secretary said, we have had lots of conversations about how we can better manage applications from people who are not resident in Scotland. Some of it is about communications. However, as a direct result, the application now looks different. Legislatively, we cannot stop people from applying, but the up-front warning about a person’s likely chance of eligibility, if they are applying from a non-Scottish postcode, is now front and centre of the application process.

It demonstrates that we are able to take the feedback that we get on the ground and play it directly back into the system.

Lisa Baron-Broadhurst: Building on the lessons learned from that activity, we have put in place more robust performance testing for the early years learning payment. We tested the system for unprecedented volume, so that if we get unprecedented volumes in the future, we will have a system that can stand up to them. For the early years learning payment, we have also put a throttle in our system, so that if the volumes are so unprecedented that we could not have predicted them, we can control their entry into the system so that the system does not fall over.

Mark Griffin: Why did 13 per cent of best start applications take longer than 21 days to process? Is that purely down to the volume? Do you expect that figure to come down in time?

Shirley-Anne Somerville: Part of it will have been because of volume. Also, although the system can automatically check for evidence of whether a person is pregnant through their registration for their baby box, for example, if that evidence is not available, there will be occasions when we will require more information from the individual applicant. If cases are being held open for the right reason, I do not see that as a challenge. An alternative that might have made the figures look slightly better would have been to say to the applicant that they did not give us the right evidence, so we will not process their application and it is now closed, so they will have to reapply. However, we keep the application open we discuss with the applicant the evidence that they require to give us. That is the other reason why a case might take longer—we are attempting to assist the applicant to gather the evidence.

For the majority of cases, that will not be required because it is automatic but, for the cases in which it is required, we make sure that we keep the application open and assist the client, rather than closing the application down.

Mark Griffin: Has there been any regional variance in applications to best start? Have application levels been particularly high in any areas of the country or lower than expected in

other areas? What is the picture across the country?

Shirley-Anne Somerville: That is an important point. We are pleased with the overall take-up of the best start grant but we are not sitting back and congratulating ourselves on a programme well delivered. There are regional variations in the number of applications that come in, or the applications that come in and are processed to a payment. We see other regional variations, for example, in the numbers of people who apply but might not be eligible. We are looking at all that information to see whether there are challenges in particular areas and whether we need to do more work on take-up in those areas.

The information on regional variations that we published last week was important. It is a starting point to allow us to analyse it, tease that out and work with our local delivery needs to see what more can be done through local communications to pick up those variances. We will also look closely at the different demographics within a region, to ensure that we reach the difficult-to-reach parts of communities that might not usually seek the benefit payments to which they are entitled.

Alison Johnstone (Lothian) (Green): According to the paper that was published last week, one of the other lessons that was learned was the need to build contingency into financial planning. What has been done to ensure that the financial planning is robust? What progress has been made in improving the data that is available for forecasting demands, not only for the best start grant, on which we have focused this morning, but for all the other Scottish benefits?

Shirley-Anne Somerville: It is very difficult to forecast the demand for new benefits in particular. Our analysts do tremendous work to forecast to the best of our abilities. Obviously, we receive the forecast from the Scottish Fiscal Commission, which we have to use for our budgetary analysis. The best start grant's success might mean that we need to revise those forecasts up. I do not consider that a bad thing in the slightest, because we had anticipated greater take-up than perhaps the Fiscal Commission had. In any case, it is very challenging to provide forecasts for a new benefit and payment system, particularly given that we are changing eligibility and given how much we are attempting to encourage take-up. We will look very closely at the issue, and the Fiscal Commission is looking at it very seriously, too, with other forecasts due, I think, this month.

I stress that the budgets are demand led, which means that those who apply and are eligible for benefits will receive the money to which they are entitled, but the Parliament should recognise that we are taking on more and more demand-led

budgets and, because they are difficult to forecast, that will present a challenge for the Government and the Parliament in analysing them in future years. I hope that that answers your question about forecasting.

I will ask Kevin Stevens to talk about the lessons that we have learned with regard to finance. I know that Audit Scotland has highlighted the issue, but I would point out that, way before it produced its report, we had commissioned an independent review of the finance team, and we have already separated the social security programme and the agency finance functions in recognition of the step change that we are taking. We have also recruited and have in post finance team leaders; we have planned and on-going improvement activities to look at any gaps that we still have; and we are, of course, working very closely with Audit Scotland, following on from its report. That is just a flavour of what we have already put in place to deal with the step change in our move to wave 2.

Kevin Stevens (Scottish Government): I can add a bit more depth and colour to the cabinet secretary's answer. With regard to our finance capability and enhancing the arrangements for wave 2, the issue, for me, is people and process, and we have already taken steps to enhance the people structure in the finance teams, with experienced team leaders in the three key areas of financial planning, financial control and management reporting. Those team members will develop our capability in those areas.

As for process, it is important to recognise that we are refreshing the programme business case for wave 2, and we already have a number of project and product-level business cases on the programme to support on an on-going basis our investment decisions on information technology and service design. With regard to contingency, I should say that, in our business cases, we apply the appropriate optimism bias as per the guidance in Her Majesty's Treasury's green book to ensure that investment decisions take full account of the uncertainties therein. As business cases and projects progress through the project life-cycle and as requirements become more certain, we manage down the optimism bias. I should also note that, because this is an agile programme of delivery, there are inherent uncertainties around budgeting, but by working closely with colleagues on the programme, we can manage them in the usual way.

Alison Johnstone: Thank you.

Michelle Ballantyne: I want to pick up and pull together some of those threads with regard to the case management system, which is, after all, the core component of digital delivery. I understand that, when the contract was let to IBM, the idea

was that there would be a phased transfer of the skills and underpinning knowledge so that the CMS could be run within the programme. However, by the time the Audit Scotland report came out, that had not happened, because of resource shortages. If that does not happen, it will have an impact, given that the CMS was pretty basic when you started out and needed developing in order to deliver. Where are you with that at the moment, and what lessons have been learned in the past year or so?

Shirley-Anne Somerville: I will let Andy McClintock pick up that question, but I must point out that the CMS is not basic. It is fit for purpose—

Michelle Ballantyne: I said that it started out as a basic system.

Shirley-Anne Somerville: No, it has not started out as a basic system. It has started out as absolutely fit for purpose, as required for wave 1 benefits, and it is delivering well in that respect. It is the foundation for what we will deliver in wave 2. I do not want the committee to form the impression in any way that the system is not fit for purpose or does not do exactly what it needs to do for wave 1. It does exactly what it needs to do for the benefits that we are delivering at the moment, and it is a key area that we will build on for wave 2. Andy McClintock will pick up on the detail.

10:00

Andy McClintock: On resources, the case management system is a product that is used elsewhere in the United Kingdom, Europe and around the world. We have recruited skills in the digital space for 15 or 16 months and we are making steady progress. We still have a mixture of contractors and permanent civil servants, but we continue to grow our capability. We are still working alongside IBM, but we are gradually taking the baton from it.

We will continue to revisit our skills as we close out wave 1. We are modelling an increase in our capability as we look to wave 2, which the product will be extended for.

As with all skill sets in the digital space across the UK and the globe, recruitment is a challenge. We are dealing with a niche area, but we have not reached a point at which we cannot find the skills. We are doing an awful lot of work to grow the skills internally in the civil service, and we are working with CodeClan, under a Scottish Government joint public sector initiative, to bring skills into the programme and into my division in the coming months.

Michelle Ballantyne: Do you expect to take full control of the management and development of the CMS in the future?

Andy McClintock: Yes. My division will move into the agency in the future, and the whole digital command will underpin agency operations. My aim is that we will own the running of the CMS for the lifetime of the produce. The software that underpins it is on a maintenance programme but, in terms of the technical skills that we need to run it, our aim is that we will ultimately own the entire control of the solution.

Michelle Ballantyne: Do you have a timetable for that?

Andy McClintock: We have to close out wave 2 and reach the end of the programme, when all the benefits will have been delivered and we will know exactly what we need to go into a steady state. Our numbers are still quite fluid, but we are keeping up with demand from the programme— with what the programme and the supplier need. For wave 1, the supplier is IBM.

The Convener: Keith Brown has a brief supplementary question. I apologise to Jeremy Balfour for not calling him, but we need to move through the themes that we will ask about or we will run out of time.

Keith Brown (Clackmannanshire and Dunblane) (SNP): My questions cover a number of areas and are about context. It has been quite entertaining and interesting to hear people who never wanted the Parliament to have social security powers complaining regularly that the powers are not being used quickly enough. I know that universal credit is on a different scale, but I first heard it mentioned in 2011 or 2012, and it was not rolled out until last year, and it is still subject to major changes. Will you compare that with the benefits that you are delivering—such as the best start grant, which was mentioned—to give us context on timing? Those benefits involve smaller numbers, but they seem to have been introduced pretty quickly and not to have experienced the horrendous mistakes that have been made elsewhere. It would be interesting to know the context.

Shirley-Anne Somerville: It is important to have context to what has been delivered since the Parliament passed the act only a year ago and since the agency opened its doors at the beginning of September last year. As we have said at different points—particularly in an answer that David Wallace gave—it is also important to recognise in that context that we did not just start an agency and deliver payments; we established the foundations for the delivery of the rest of the social security programme.

We have not just delivered in a short time the best start grant, which is already exceptionally successful; we are also moving forward to ensure that we deliver seven benefits by the end of 2019,

which will be about 18 months after the Parliament passed the legislation. We are delivering at a challenging and fast pace that Audit Scotland has said is as fast as we can go if we want to hold dearly to safe and secure delivery, which we do.

I take very seriously the need for us to learn lessons from when projects down south or elsewhere have not gone well because unrealistic timeframes were set. The people who suffer from that are not politicians but the people who rely on payments being made. That is why the policy on safe and secure delivery is integral to everything that we do. I will not put at risk the payments for some of the most vulnerable in society simply to push the programme faster than it can go.

The context is therefore very important, as is the fact that the agency is up and running and systems are in place that are the foundation for what we will go on to do. We have not just delivered what we have in the past year, impressive as that is; we have also delivered very strong foundations for IT, addressing fraud and the case management system. All that has been tested and is working successfully, which will stand us in good stead as we build for wave 2.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): You mentioned some of the ways in which you have been co-operating with the UK Government and the DWP, but I am keen to know how that works in detail. Audit Scotland has said that you have done well to implement what you have in the time available, but it also states:

“The programme and agency will be reliant on the DWP for a number of years.”

Can you say a bit more about how that relationship works and what the challenges are?

Shirley-Anne Somerville: The DWP and the agency will be reliant on each other on an on-going basis because we share clients now. Once the joint programme is complete, we and the DWP will rely on each other to provide information and assistance to people in our own areas and ensure that, where we share clients, we do so effectively.

I will bring Lisa Baron-Broadhurst in to talk about some of the on-going work with the DWP. As the committee will be aware, I will have fall-outs with the DWP on a number of policy areas, but we have a very good working relationship with the DWP, particularly with the DWP's devolved benefits team, on the programme and work to do with the devolution of benefits. The challenges sometimes come when we deal with the rest of the DWP, because it is a massive organisation and clearly the devolution of benefits is not the first priority of everybody in the DWP. We sometimes rely on the wider DWP, which is where some of the challenges come from. However, our day-to-day work with the DWP is going exceptionally well

and there are very good relationships around the programme and the agency now that it has gone live. For example, on the joint work that has been undertaken on the lessons learned from best start grant programme, there were not two camps who tried to lay blame on each other; there was a joint commitment to learning how we could go forward from that programme to what everyone recognises are more complex benefits.

I hope that that has given the committee a flavour of the genuinely good work that is going on not only day to day but hour by hour. Lisa Baron-Broadhurst can talk about the teams that have been set up and how that works in practice, which will give the committee the reassurance that, although we will have disagreements at a political level and at the development level about the programme, things are otherwise going well.

Lisa Baron-Broadhurst: To reiterate what the cabinet secretary has said, we have joint project teams with the DWP, joint plans and joint risks in terms of lessons learned. I hate the word “premortem”, but we use it for work that we do with the DWP before we go live on anything to assess what could go wrong and how we could fix it, and what that joint working would look like. The relationships at official level, with the same themes running throughout the different teams, are very strong.

We have similar relationships in the IT space. It is not about us in Scotland taking these benefits and not having a relationship with the DWP; we have an on-going relationship with the DWP and our systems will continually need to talk to each other in the future. It is therefore essential that we maintain those relationships and keep working together well.

Dr Allan: You may hate the word “premortem”, but Taggart calls it “antemortem”.

I will ask about the relationships that you have described. There is a carers allowance agency agreement. What have you learned from that process and how will that inform future agency agreements?

Shirley-Anne Somerville: The agency agreement for carers allowance was put in place to ensure that we got money into people's pockets as quickly as possible. If we had not made an agency agreement with the DWP, we would have been unable to increase carers allowance until we had designed, built and gone live with the system. The agency agreement was critical to ensuring that we could move very quickly. Indeed, the first thing that the agency did was to make a payment to carers, which was an important Government priority.

We will use agency agreements in future. It is important to remember that one of the underlying

core principles of the agency agreements is ensuring that the delivery costs are met. The costs under an agency agreement reflect the DWP's actual delivery costs. If we did not have an agency agreement with the DWP to pay carers allowance, the agency would have to take on the delivery cost instead. The DWP is prohibited from making a profit on agency agreements, to ensure that we get fairness and value for money.

Agency agreements will be part of how we deliver. They ensure that we build up incrementally to delivery. Again, that is important to ensure a safe and secure transition.

Agency agreements have been used not just by this Administration, but by previous Administrations when the case for their use has arisen and they have been required, and by other devolved Governments elsewhere in the UK. They are a normal part of Government. We will use them only when required, to ensure that we deliver on our wider commitment to a safe and secure transition on an incremental basis.

Dr Allan: My next question is more specific. What progress are you making on adjusting universal credit to implement split payments?

Shirley-Anne Somerville: We are determined to deliver split payments, but we are dependent on the DWP changing its IT systems to do that. I cannot ask the agency to make the changes—I cannot ask it to fix an IT program for me. That must be delivered by the DWP, because universal credit remains a reserved benefit. We have worked through our policy proposals and we are working with the DWP on what the system will look like, to determine what changes it would have to make to its IT systems.

We furnished the committee with the two policy proposals that we asked the DWP to do an options appraisal on and test. We are working with the DWP to, I hope, agree on what achieves our split payments policy requirement and what the DWP believes to be implementable through its systems. Once we have reached that stage, we will report back to the committee and Parliament. At the moment, I cannot put a timeframe on that, because it is a joint project, but officials are meeting regularly to work through the issues.

The Convener: It is good to hear that there is a good working relationship at official level. I distinguish between policy decisions that are made by the Government or at the most senior echelons of the DWP from time to time and those at the coalface who do the heavy lifting.

When Jeremy Balfour and I went to Victoria Quay, your officials told us that the DWP systems are antiquated. The issue is not that there is a skills shortage but that the folk who developed those systems are no longer around.

10:15

The context is therefore that of a new generation having to be taught the skills of the late 1970s and early 1980s. I mention that because, for the wave 2 benefits, there has to be a close working relationship, particularly on the commitments on disability assistance. I have had reassurances in writing from the cabinet secretary about disability assistance, and I asked for such reassurances again from the First Minister at the Conveners Group meeting. I know that it might seem like duplication but, given how carefully those on disability benefits are following progress at a Scottish level, it is important to put some of those aspects on the record again this morning.

The Scottish Government's position is that, by spring 2021, new claims for disability assistance for working-age adults will go through a Scottish social security system and assessment process. I hope that you will confirm today that that is on track. However, with regard to the DWP systems and relations with Social Security Scotland as we hit 2021, it will be important for anyone in Scotland currently on disability living allowance or the personal independence payment that, if they are invited to participate in a reassessment process, that triggers something between the DWP systems and the Social Security Scotland systems that ensures that a reassessment does not take place and that they migrate to the new Scottish social security system.

The important point is to reassure individuals—our constituents—who are looking at developments that they will be dealt with under a Scottish social security system from spring 2021 and not under a UK or DWP system. I ask for that reassurance for a third time. People keep asking me about that and it is important to get that information out there.

Shirley-Anne Somerville: Unsurprisingly, I confirm that what the First Minister said at the Conveners Group meeting was absolutely correct, because we are on track with our delivery for new claims. We also take seriously our requirements for case transfer and for having key principles that underpin that process.

We are open to hearing about other requirements, but one of the most obvious is that, when anyone in Scotland is coming up for a review or reassessment, they will move over to the social security system in Scotland. As the convener pointed out, that will require joint working with the DWP to ensure that there is a trigger that means that, instead of someone in Scotland having a review or reassessment, their case is transferred to the Scottish social security system.

Another important aspect of the transfer process is to keep the individual closely involved with, and

informed about, what is happening with their case so that they are told when their case is being transferred. It will be explained to them that that will not involve applying for a new benefit, as would be required for people moving on to universal credit, and that we will transfer their case and tell them when the transfer is complete.

When we talk about large numbers and how we will deal with them technically, it is important to realise that we are talking about people who have had bad experiences of the benefits system and therefore might be concerned about the transfer process. It is our responsibility to take away any concern and anxiety and reassure them that their case will be transferred and that there will be no reassessment by the DWP.

The convener was right to make his point about the DWP. Dealing with the DWP system is challenging, because there is not just one DWP system but many DWP systems and because some talk to each other better than others and some have been around longer than others. That makes dealing with the DWP for some benefits exceptionally challenging, because we are trying to get the agency to link with not one DWP system but various DWP systems and some of them do not talk well with each other, never mind with the brand-new agency that we are establishing.

That is a particular challenge. The DWP is aware of it, but it makes unpicking a little bit of the benefits system and putting it up in Scotland exceptionally more complicated than it would be if we were to have a wholesale change in our benefits system.

The Convener: That is helpful. It is important for the Scottish Government to keep up strong communication about the progress of and timetable for disability assistance, because there are high expectations across Scotland. Can we get a bit of detail about the progress that has been made? What is the progress with the detailed design, development and testing of disability assistance for children and young people? I picked that benefit because it will be launched in just over a year's time, so it is the first target for the Scottish Government.

Shirley-Anne Somerville: A great deal of progress is under way. As I said, two of the three major contracts for wave 2 have been let. We have in sight those who will work on the digital portal, which is important because this will be the first time that people can apply online for disability assistance. The portal will go through exceptionally rigorous testing, as do all our application forms and online applications, to ensure that we get it right for the individual.

The digital portal work is well under way. When I met the team last week, we went through some of

the information to ensure that we are picking up the right information in the right way and building on the lessons that we have learned from wave 1.

I stress, as I did earlier, that we have completed the discovery phases for all three disability assistance benefits. That is integral because we have learned the lesson from how other benefits have been brought in at a UK level that, before we build the system, we must find out what it needs to do and what people require of it. That does not mean that it is set in stone, but it gives us a far better starting point than not doing that.

The discovery phases are complete for those benefits. That gives us a good, sound basis for moving on to the next phase of delivery. The first benefit to be delivered will replace child DLA. The agency has started recruitment of decision makers for the initial disability assistance, which will be for children and young people, as the convener pointed out.

The Convener: We want to make sure that the systems are okay, that there is migration of information and that the clever bits behind the scenes do what they have to do, but the beef of the question is about the policy intent of the Scottish Government and the Scottish social security programme and the difference that that is supposed to make.

When you outlined the timetable for delivering benefits, you sent the committee a series of position papers. One of those papers was on changes in relation to terminal illness. What progress has been made on developing clinical guidance for assessing whether terminal illness rules ought to apply for immediate, lifetime and long-term awards, in contrast to the current UK system, with which there has been a lot of dissatisfaction?

Shirley-Anne Somerville: There has been extensive and on-going consultation. Understandably, the committee showed a great deal of interest in that as the Social Security (Scotland) Bill progressed. We are taking that overall consultation and discussion and moving on to how we develop that in practice. The chief medical officer has established two groups to support that work. The short-life working group on terminal illness for disability assistance is responsible for developing the guidance for registered medical professionals to make clinical judgments about terminal illness. A reference group that comprises wider stakeholders has also been established.

That work led to the publication of draft guidance, which was subject to a managed consultation that closed on 19 April. The responses will be looked at by the CMO, the short-life working group and the reference group before

we publish the complete guidance, so the guidance will be well in train by the time we deliver the first disability assistance packages for children and young people.

The Convener: Do you expect the committee to have a role in that? We want to make sure that clinicians are confident in applying the guidance and that there is support from those in wider society, who were clear that things had to change and about how decisions on benefits and terminal illnesses should be made. The committee will want to assure itself that the process is going well. When will the committee get a flavour of the guidance? I welcome the information that you have set out about the process, but when will the committee see the guidance in more detail?

Shirley-Anne Somerville: When we get to the point of publishing the guidance, it will be made available to the committee, which I am sure will take a great interest in it. I and others will be happy to answer detailed questions on the guidance at that point.

The Convener: I apologise—I know that other members want to come in, but I have to ask technical questions on a couple of points. On the policy to make an additional payment from spring 2021 to carers of more than one disabled child, is there further detail, such as the amount of the payment and the eligibility rules? We are trying to get greater detail about the wave 2 entitlements.

Shirley-Anne Somerville: I cannot give detail at the moment, because we are working through it internally. That is one area that we will have to work on quickly, but the programme works at pace.

We are still working though the detail of the policy, but it is absolutely our plan to be on track to deliver in early 2021 the additional payments to people who care for more than one disabled child. We will provide the committee and stakeholders who have a wider interest with the detail of our thoughts in due course, when we go out to wider consultation.

The Convener: That would be helpful, because the committee will want to look at the details and amend our work programme accordingly, so that we can carry out due diligence on and scrutiny of the policy.

If some people of pension age are to receive DLA under the administration of Social Security Scotland, what appeal rights—the committee has looked at appeals processes before—as well as provision for change of circumstances and for terminal illness will apply? The committee hopes that the new system in Scotland will be fairer, more robust, more humane and more responsive, but that does not mean that everyone will get a positive outcome when they go through an

assessment process. The appeals process has to be robust, open, transparent and supportive of those who make an appeal. What update can you give us?

Shirley-Anne Somerville: We are committed to ensuring that those cases are transferred over smoothly for the clients involved. We are committed to honouring the current awards at the point of transfer and ensuring that no one over 65 who is in receipt of DLA will be worse off as a result of their case being transferred to Social Security Scotland.

We will need to provide for changes of circumstances and appeal rights and to ensure that they are applied in a way that is consistent with other forms of disability assistance. We are also keen to ensure that people who are in receipt of DLA for the over-65s, who are regarded as terminally ill and who are not in receipt of the highest rates receive higher awards from the point that they transfer to the Scottish system.

The Convener: So there will be in-built protections. It is helpful to put that on the record.

Jeremy Balfour: I understand from a couple of constituents who have been in touch with me that the draft guidelines on terminal illness are out for consultation, particularly among those in the medical profession. Will the committee be able to take evidence from you and your officials on the draft guidelines or will it be able to do that only when the guidelines are about to be implemented? The committee might well want to give input on the draft guidelines. If the consultation ends in May, when would it be appropriate for the committee to have you back to ask about those things?

10:30

Shirley-Anne Somerville: I will look at when that can most usefully be done. Perhaps it would be useful to go beyond the consultation's closure and to ensure that the short-life working group and the reference group have had an opportunity to feed back their thoughts, so that we are further down the line on those aspects. I am happy to get back to the committee on the finer details of a timeframe for when that will be, to see where it might fit and allow the committee to do its work programme planning. If Jeremy Balfour agrees, I will get back to the committee on the specifics.

Jeremy Balfour: Thank you.

The Convener: That question was important. We want to expect things to go well, but Jeremy Balfour was asking when the committee can have a weather check before everything is signed, sealed and delivered, so that we have a point of influence. That was the underlying point and it would be helpful to do that.

Shirley-Anne Somerville: I will take that on board.

Keith Brown: Cabinet secretary, you mentioned earlier that the principles of a safe and secure transition underpin your approach, and in your recent statement to the chamber you talked about being pragmatic. Is that the underlying philosophy of your approach to severe disablement allowance? Does that thinking underlie your entering into an agency agreement to deliver the benefit, given that it is a closed benefit, rather than assuming or exercising a power directly, for the sake of it?

Shirley-Anne Somerville: The social security programme is busy and it is, therefore, important that we prioritise the areas that those with lived experience of the system feel are of greatest concern. The most obvious one is the application and reassessment process for disability assistance. It is not the only area of concern, but it is certainly a major one.

There have been no calls for the Government to change the severe disablement allowance. It is a benefit that has been closed for a considerable time—from memory it is 18 years. A very small and declining number of people—a couple of thousand—are on it. If those people thought that there was a requirement for change, of course we would take that on. It is not that a small number of people are affected that prevents us from making changes, but that there is no call for the Government to do that. The severe disablement allowance benefit has been closed to new applicants since 2001 and nobody is asking for any changes to it. We have another wave of benefits to which people are asking us to make a great many changes, so that wave is my priority. It is pragmatic and sensible that my priority is focused where people want to see change.

I am not closed to looking at the situation. If material comes back from disability assistance that flushes out people who are looking for changes, which has not happened in the past, then of course we will look at that. The reason why we have the longer-term agency agreement for severe disablement allowance is that people are not asking for change. I will focus on the areas where people are looking for change.

Pauline McNeill (Glasgow) (Lab): My question is also on wave 2 benefits. You will be aware that industrial injuries disablement benefits will be replaced by employment injury assistance, starting from autumn 2022. The committee has been made aware that a lot of the information for the IIDs is held on paper, which surprised me. Not having the information available electronically may be tricky.

Of more concern, though, is that the UK Government receives specialist advice from the

Industrial Injuries Advisory Council, but states that that advice will be provided only to UK ministers. What is your thinking about the timescale for more detailed policy development, cabinet secretary? Would you try to do it in Scotland? Or would you go back to UK ministers and say that it would be better if you could tap into the specialist advice that they receive?

Shirley-Anne Somerville: The IIDB records sit in clerical storage, which presents particular challenges, because we are starting from scratch to create a package to deliver the benefit. The other challenge with the IIDB in particular is that a great deal that impacts on it stays reserved. For example, there are issues around employment insurance and occupational health and safety that prevent the Scottish Government from introducing any statutory changes in those areas. That is the context for the IIDB.

The benefit is not closed, as is the SDA, but live, so we have to develop a system to administer it in Scotland and that will require the Government to deal with those complexities. The deputy convener rightly pointed out that one of those complexities is that, based on the Scotland Acts, we cannot refer to the current expert committee. The delivery time will therefore be longer, because we will have to tease out the complexities of the system. Once we get that done, we can look at whether we need a similar structure in Scotland or at what the best way of doing it is. We need to get the policy right and look at the changes that people are asking us to make.

As I said, the IIDB is different from the SDA because it is an area where people are looking for change. However, there is not just one voice looking for change in one area but different stakeholders asking for different changes. On that basis, we will look to do something ourselves in Scotland, but we will have to work through those complexities and challenges before we make any changes to the system and before Social Security Scotland delivers it.

Pauline McNeill: Does that mean that expanding the scheme to include self-employed people would not be possible?

Shirley-Anne Somerville: There are absolute limitations or restrictions, because of the reserved nature of the IIDB, on what we can do. There are challenges with other benefits because they passport to reserved benefits, but aspects of the IIDB in particular come up against reserved areas very quickly. We have been asked to look for change with regard to the IIDB and self-employment, but it is difficult to see how that would be possible under the current settlement. However, I am very keen that we do a proper policy analysis of what people's priorities are on the IIDB, assess what could be done and test that

to the limit of what is possible under the current settlement. As I said, though, it will take more time because of the complexities.

Pauline McNeill: You have three years to make a determination on that. Is it fair to say that if the UK Government will not open up its specialist advice from the IAC to the Scottish Government, you will have to replicate what the UK Government has?

Shirley-Anne Somerville: If we are looking to run the benefit in the same way, we would have to look at duplicating the UK Government's advisory council. The challenges will not go away in a couple of years' time, but we will be able to work through those challenges very closely with colleagues at Westminster, not just in the DWP but in wider areas, and assess what could be done.

Pauline McNeill: Because of the complexity of the benefit, do you not need a solution for specialist information in advance of 2022?

Shirley-Anne Somerville: Yes, we need such a solution as quickly as possible.

Jeremy Balfour: I want to go back to the financial stuff for a moment, just to get some understanding. As you said, you will deliver all our devolved benefits as of next year. If there is a change to the criteria for a benefit—for example, for whatever the new PIP will be called—and it means that more people can get the benefit than get it at the moment, would that be covered under the agreement that is set up in the budget for 2020, or would the Scottish Government have to find extra money for that?

Shirley-Anne Somerville: If we were looking to change the eligibility criteria, for example, the money would need to be found through the Scottish block grant. It would not come from the transfer from Westminster, because the changes would be ones that the Scottish Government had made.

We will have to look at changes on a case-by-case basis to test how much they will cost and fit that within our budgets for the forthcoming years. That is important, because what might seem to be small changes to eligibility can add up to a substantial amount, given the sheer number of claimants that we will take forward. That takes me back to the point that we made earlier about continuously refining the budgets not just for the programme or the agency, but for delivery of the benefits. As we make policy decisions, we will be up front about the changes that they will require, and if they infer any increased budgetary pressure, we will, of course, be transparent to Parliament about how we will deliver them.

Jeremy Balfour: If the criteria remain the same but there is greater uptake because of better publicity or whatever, will the cost be covered or will that money have to be found from the block grant?

Kevin Stevens: Under the block grant adjustments, the cost of Scottish policy changes will have to be met from the Scottish budget. We will get our population share of any increases at the UK level.

Shirley-Anne Somerville: When we consider the benefit take-up strategy, we need to take into account the fact that, if we encourage take-up of benefits, it will be the Scottish Government's responsibility to deliver on that.

Jeremy Balfour: That is helpful. Thank you.

The Convener: We are almost there, cabinet secretary, but I have a final question. As the deputy convener said, there may be points to do with aspects of your remit that you wanted to put on the record in an opening statement at the start of the meeting. We will give you an opportunity to put them on the record at the end.

My final question is on the workforce: the people who will deliver the system on the ground. When we first visited David Wallace and Social Security Scotland in Dundee—it seems quite some time ago now—we were encouraged by the inclusive nature of the work to seek applications, not just for benefits but for positions in Social Security Scotland. If someone had gone online and started a job application but had not followed it through, Social Security Scotland would give them a call—if there were contact details—and say, "You were thinking about applying for a job. Is there a reason why you didn't do it?" That was pretty good.

As the head count has increased, have you audited how diverse the workforce is in terms of protected characteristics or whatever? How diverse is it? How are you trying to encourage people from underrepresented groups to be part of the team?

Shirley-Anne Somerville: I will let David Wallace pick up on some of the highlights from the insights that have been published, I think just this week, on the diversity of the workforce. It is an important point, because we were determined to ensure that the agency's workforce represented the wider public and the people who will be using the service.

I am very pleased to see that what we have been putting in place to encourage wider recruitment is paying dividends. There are, of course, still areas where we want to see further improvement. The one that particularly struck me when we were discussing the statistics was around the number of people who self-declare as

being disabled or having a long-term condition. That is particularly important given our desire to have an agency that reflects the people of Scotland and the people that it will be serving.

David Wallace: I echo the convener's comment that it seems quite a long time since we had the conversation that he mentioned.

Yesterday, we published our first insights into both our client group and our workforce, and we have been able to demonstrate that, on all the protected characteristics, we are slightly above the baseline for the Scottish working age population, whether that is on ethnicity, disability or sexual orientation.

10:45

We are pleased about that, but we absolutely would not take it as being where we want to get to. We want to continue with the inroads that we have made and look at how we can continue to improve in our recruitment and selection. The insights are very much the first set of reports, and we are working really closely with our analysts to follow through on them. That relates to the convener's point about following through on why people drop off and do not get through to work for the agency, as well as being about those who do.

The Convener: That is welcome news. If that initial analysis shows that Social Security Scotland is a bit above where other public agencies are in relation to this kind of thing, you must be doing something different to make that happen. There must be an opportunity to share what you are doing differently with other Scottish Government agencies and partners in order to create greater diversity in the workforce. [*Interruption.*]

Sorry—I was slightly distracted by the phone ringing. Will you share Social Security Scotland's approach with other Scottish Government agencies and partners in order to ensure that diversity can be improved elsewhere in the public sector?

David Wallace: Absolutely. We also do that through Scottish Government human resources colleagues. We work really closely with them and there is learning on both sides. We would absolutely not claim that we have a way of doing this that trumps everything else. It is about learning from others.

I think that, particularly when people have visited us in Dundee, they have seen us drawing on the good will and expertise that exist in the stakeholder community and the third sector in order to really try to reach out to people who we have not been able to reach before. The purpose of that is for us to improve and to continue that

journey, but also to share experiences and learn from others.

The Convener: Okay, thank you.

We are almost at the end of this evidence session. Before we move on to the next agenda item, is there anything else that you want to put on the record, cabinet secretary?

Shirley-Anne Somerville: No, apart from one thing. It would be remiss of me not to point out that other figures in the insights point to 98 and 100 per cent client satisfaction rates with the agency. That is a very positive note for me to end on.

The Convener: I suspect that you would have missed a trick if you had not put that on the record before the evidence session concluded.

I thank the cabinet secretary and the team of officials who came along to support her this morning. We look forward to working with them as the wave 2 benefits roll out. That concludes agenda item 2. I will suspend the meeting briefly.

10:48

Meeting suspended.

10:53

On resuming—

Decision on Taking Business in Private

The Convener: Welcome back. We will move back to agenda item 1, which is a decision on taking business in private, which we did not take earlier. The committee is asked to agree that the items on consideration of evidence heard earlier and consideration of a draft annual report, be taken in private. Is the committee agreed?

Members *indicated agreement.*

Subordinate Legislation

Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2019 (SSI 2019/133)

10:53

The Convener: With that whole-hearted approval, we will move on. The next item, which is still in public, is on subordinate legislation. I refer members to paper 2 and the note by the clerk. The committee is invited to consider the regulations, which are subject to negative procedure. Is the committee content to note the instrument?

Keith Brown: I want to ask a couple of questions to get it right in my head. The instrument relates to the withdrawal of council tax benefit, which happened a number of years ago. The council tax reduction scheme was introduced so that that benefit would, in effect, continue to be paid. The instrument tries

“to ensure that Discretionary Housing Payments are not treated as income or capital within the Council Tax Reduction scheme”

due to the introduction of later changes. Is the instrument basically about protecting people's rights under that scheme? There is a policy note but it would be useful to get a bit more background if there is any, because I am new to the committee.

The Convener: The way that Mr Brown has explained it is also my understanding, having read the same policy note. I am looking at our committee clerk who seems to have the same understanding also.

I cannot really answer the question because it is my job also to scrutinise the instrument, rather than answer questions. However, we can seek additional information from the Scottish Parliament information centre—let's just do that. I am assuming that that does not prevent us from agreeing to merely note the instrument at this stage.

Keith Brown: You are right, convener, I can check myself with SPICe. Having not been involved for a number of years with committees that are considering Scottish statutory instruments, I was not aware that the process is as perfunctory as that. I thought that there would be a discussion, but I see that the process is understood by people who have been involved with it previously.

I ask the clerks to confirm that the instrument would not apply elsewhere in the UK, and that the benefit would simply continue to apply in Scotland.

The Convener: I see nodding heads. It is slightly unfair to ask the clerks, given that they are not here to give evidence, but to advise us. Let the *Official Report* show that there was a nod of a head. I am told that there are other schemes elsewhere.

It has been drawn to my attention that we will not have to ask SPICe for additional information as a more detailed briefing is available. We can make sure that it is sent round the members. The important thing is that we formally agree to note the instrument so that we can move on. Are we agreed?

Members indicated agreement.

The Convener: Thank you. We will move into private for the next item, which is consideration of the evidence on devolved benefits.

10:56

Meeting continued in private until 11:17.

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