



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 18 February 2021

Session 5



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SOCIAL SECURITY COMMITTEE
4th Meeting 2021, Session 5

CONVENER

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

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*Tom Arthur (Renfrewshire South) (SNP)

*Jeremy Balfour (Lothian) (Con)

*Keith Brown (Clackmannanshire and Dunblane) (SNP)

*Mark Griffin (Central Scotland) (Lab)

*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

*Alison Johnstone (Lothian) (Green)

*Shona Robison (Dundee City East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Shirley-Anne Somerville (Cabinet Secretary for Social Security and Older People)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

Virtual Meeting

Scottish Parliament

Social Security Committee

Thursday 18 February 2021

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Bob Doris): Good morning. I welcome everyone to the fourth meeting in 2021 of the Social Security Committee. We have a full house this morning; no apologies have been received.

Agenda item 1 is to decide whether to take business in private. The committee is asked to agree to take in private agenda item 6, under which it will consider the evidence heard earlier in the meeting. I will assume that that is agreed unless someone indicates otherwise in the chat box.

No one has done so, so that is agreed.

Budget Scrutiny 2021-22

09:00

The Convener: Under agenda item 2, the committee will take evidence on the Scottish Government's social security budget for 2021-22. I welcome the Cabinet Secretary for Social Security and Older People, Shirley-Anne Somerville, and her officials. Kevin Stevens is head of strategic and programme finance, social security directorate, Scottish Government; and James Wallace is deputy director, finance and corporate services, Social Security Scotland. I invite the cabinet secretary to make a short opening statement before we move to questions.

The Cabinet Secretary for Social Security and Older People (Shirley-Anne Somerville): Thank you very much and good morning.

I am pleased to appear before the committee to discuss the social security budget. In looking to next year, I am proud of the social security provision that we have completed and which we will continue to provide to mitigate the impact of Covid-19 on people's lives and livelihoods.

From its recent inquiry, the committee will be aware of the challenges that people across Scotland face because of the pandemic. Social security is but a part of a range of support that the Government has developed to assist people on low incomes during the pandemic, which it will continue to develop when life gets back to normal.

Although much social security spending remains reserved, the Scottish Government has responded to the increased need with new and expanded forms of support. In 2020-21, we increased our investment in the Scottish welfare fund in distributing £57.5 million to ensure that support is available for those in need. We introduced the new £500 self-isolation support grant, and supported carers with an additional one-off coronavirus carers allowance supplement payment of £230.10, which doubled the payment that eligible carers received.

Through the pandemic, Social Security Scotland has, of course, continued to pay people the money that they rely on. We have also introduced three new benefits, starting with the job start payment, which will support around 5,000 young people a year in starting a new job after a period of unemployment. We delivered child winter heating assistance payments to children and young people in time for winter. In November, the Scottish child payment for under-sixes opened for applications; I am delighted that the first payments will start this month. We are investing £68 million in that game-changing new benefit, which will be instrumental in tackling child poverty and will pay families £40

every four weeks for every eligible child. It is the biggest benefit that we have introduced to date, and it has been delivered at an unprecedented pace.

In 2021-22, social security will remain at the heart of the Scottish Government's response to Covid-19 and our commitment to building a fairer and more equal society as we recover from the pandemic. I was pleased to see that approach shared in the committee's pre-budget scrutiny recommendations. To deliver that, the social security and older people portfolio money has been increased by 7.1 per cent to £4 billion. Some £3.5 billion of that will go directly to more than 800,000 people in Scotland, including through the first of our major disability benefits.

This summer, we will introduce the child disability payment, which will deliver approximately £231 million of support for disabled children and their families. For the first time in Scotland, people will be able to apply for a disability benefit online. I am delighted to confirm that the regulations for the child disability payment have been laid before Parliament. That is an important milestone in the devolution of disability benefits.

The budget recognises the important role that carers play in supporting those with disabilities or long-term conditions, with a further £306 million for the carers allowance and £42 million for the carers allowance supplement to provide financial assistance to carers.

Covid continues to be a central consideration in social security and in the whole Government. We have extended eligibility for the £500 self-isolation grant to everyone who is on an income that is below the level of the real living wage so that people who are self-isolating do not have to choose between supporting themselves and their families financially and isolating to help to break chains of transmission and protect public health. We are investing £41 million, including in local authority administration, in the Scottish welfare fund to enable local authorities to provide essential help to the most vulnerable people in our communities. In addition, the Cabinet Secretary for Finance announced further measures in the budget statement yesterday, which include an additional £25 million to tackle poverty and inequality this year and £100 million to support low-income households next year.

Although the pandemic means that we are living and working in uncertain times—we continue to respond and replan as necessary—we remain focused on building a new system for the people of Scotland with dignity, fairness and respect at its heart. I look forward to the next steps for social security, which the budget supports, and I welcome any questions from the committee.

The Convener: Thank you very much, cabinet secretary.

I am very supportive of many of the social security policy initiatives that the Scottish Government has taken forward, and I am sure that other members of the committee will want to ask more questions about them and to scrutinise them. I apologise for asking a dry and dusty question to start off the evidence session, but the structure of Social Security Scotland and ensuring that we get value for money from the systems that have been put in place have to underpin all those positive policy initiatives. We are looking at a budget process. I want to look at the administration costs that underpin a lot of the benefits that are being paid out.

The administration budget for Social Security Scotland has gone up significantly for the coming financial year, from £186 million last year to £271 million this year. Will you say a little more about the reasons for that increase?

Shirley-Anne Somerville: Certainly. Quite simply, Social Security Scotland's budget needs to increase because the agency will deliver more in the next financial year. I mentioned the child disability payment, which is an important milestone. We will, of course, also be preparing for the introduction of the adult disability payment, and we need to have the staff and facilities available to allow the delivery of that benefit. The on-boarding, training and induction of new staff are therefore very important. That is why the administration budget for Social Security Scotland is increasing next year. That trajectory has been laid out in the programme business case that was submitted last year.

The Convener: I apologise; I am not an expert on the programme business case, but I know that there was a revised business case in February 2020. That suggested total development and running costs of just over £300 million in 2020-21, rising to £380 million in 2021-22. Are the earlier figures that I put on the record in relation to the running costs consistent with the revised business case, as produced in February 2020?

Shirley-Anne Somerville: You will see slight changes in what was in the business case because, obviously, we have had to replan the programme as a result of Covid. People will see a difference in the phasing of our implementation costs over the remaining years of the programme and differences in the development of Social Security Scotland's administration costs. We do not expect the overall cost of the programme or, indeed, of Social Security Scotland to increase, but you will see a difference in the phasing. We would expect to stay within the overall programme business case envelope, but those costs will be phased differently in future years.

One aspect that was not included in the programme business case but which will show up in the budget for Social Security Scotland is transfers of functions between the Scottish Government and Social Security Scotland. For example, the transfer of the chief digital officer's division is now planned for the year 2021-22. That will, of course, make a difference to where that money shows up in a budget line, but it does not make a difference to the overall cost of the delivery of the programme.

The Convener: Okay. I have a few more brief questions on that issue. I am keen for other members to get on to some of the meaty policy decisions, as I am sure you are, cabinet secretary. The committee has spoken a lot in the past about one-off costs in relation to setting up a social security system for Scotland, and expanding what is now an established social security system for Scotland. There is talk about what the steady state costs are and what the one-off costs are—about recurring costs that will be embedded into future spend and one-off investments. I do not know whether there is a breakdown of the uplift from £186 million last year to £271 million in the coming financial year. How much of that increase is due to steady state costs and how much of it will do the heavy lifting to further develop Social Security Scotland?

Shirley-Anne Somerville: I can come back to the committee with details on the figures if my answer does not go into enough detail for you. In essence, the cost increase for the year is because of staff whom we will take on to deliver benefits. Obviously, they will be permanent staff as we move forward. On why the agency will cost more next year, I go back to the point that it will do more and it will take on functions that were previously within the Scottish Government, such as the chief digital officer's division. That is the reason for the increases. They are to do with staff costs, the ability to build the agency, and everything that goes with the staff, including training, equipment, facilities and workspaces.

The Convener: That is an important point that I hope our successor Social Security Committee will focus on. I am sure that that committee will want to consider whether we are getting value for money from the administration of Social Security Scotland. Of course, the more localised you make a service and the more face-to-face opportunities you give for individuals to engage with Social Security Scotland, the more expensive it becomes, because staff costs play a significant role. For future budget scrutiny, it would be useful to get information on the delivery costs of administration for Social Security Scotland, so that we can compare that to the staff to claimant ratio, for example. There might be a bit of work to be done on that.

I will move on to my final question. Once we strip out the costs of the benefits that the Scottish Government pays for but that are delivered under agency agreements with the Department for Work and Pensions, is there an envelope that you try to work out that shows how much money Social Security Scotland is paying out compared to the administration costs? Do you have a target ratio for the moneys that Social Security Scotland gives out compared to the administration costs? I understand that it is not an exact science because, if we had sufficient money, we could substantially increase benefits overnight and the administration costs might not change, but the moneys going out would dramatically increase. However, does the Scottish Government aim for a certain ratio? Does it expect that, for every £1 spent on administration, so many pounds will be given out in benefits to people in Scotland? What consideration has the Scottish Government given to that?

Shirley-Anne Somerville: It is important to analyse what is being delivered for the money. I would point to the programme business case, which said that we expected that, under steady state, our cost of administration would be around 5 per cent of the benefits administered. That is broadly in line with the figure for the DWP although, as you pointed out, we will be doing things differently from the DWP. As we build up to steady state, the percentage will be higher than 5 per cent. However, I again give the example that, at one point later on this year, we will have brought in all the staff to deliver the adult disability payment, but we will not be delivering that payment at that time.

There will be times when we have a higher percentage of administration expenditure compared to benefits expenditure, but that will be because we have brought in staff who are just about to deliver a new and, particularly in the case of adult disability payment, very large benefit. We will see fluctuations in the percentage over time as we reach steady state and as we bring in more staff to deliver more benefits. However, in steady state, we expect to be roughly within the same envelope that the DWP is in.

09:15

The Convener: That is helpful. I said that that was my final question but, as convener, I will indulge myself a bit more. I am trying to set baselines for future social security committees. I am not a member of the finance committee and my maths is not always brilliant but, with that figure of 5 per cent, are you in effect saying that, for every £1 that is spent on administration, you anticipate putting £20 into the pockets of claimants in Scotland?

If that is the case, is that the kind of thing that we could use as a baseline as we bring in additional benefits? Will you be looking for the same ratio? Is that the kind of thing that a future committee could look at? If, in a couple of years, the amount going to claimants for every £1 spent on administration has dropped to £18 or has gone up to £25, the Scottish Government could give a rationale for that change. That could be because of greater efficiency, less efficiency or more generous benefit entitlements. It would be good for a future committee to be clear about those things.

Shirley-Anne Somerville: I will not attempt to do the calculation that you have done, but it is important that we look at the cost of administration and compare the administration costs to the benefits administered. However, the committee has to bear in mind that the cost of administration as a percentage of benefits is not necessarily a measure of value for money. For example, the cost of administration measures economy, but it does not show efficiency or effectiveness or improved outcomes that we secure for clients.

For example, we could greatly decrease the cost of administration by not having as many staff on board or by not having the local delivery offices that we intend to have, but that would not lead to good outcomes for clients. As well as, rightly, looking at the overall cost, we have to look carefully at what we are delivering for the money. We will, of course, look at the value for money in line with our commitments in the social security charter. That is another way that we will look at value for money in the process.

The Convener: I will bring in Rachael Hamilton for a supplementary, but it would be welcome if you reflected on this final comment when dealing with that supplementary—

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Thank you, convener—

The Convener: Keep your powder dry for a wee second, Rachael. I am going to bring you in once I have made this comment.

In future, when the Scottish Government is reporting on administration costs, including the 5 per cent target, it would be helpful if it set those numbers beside outcomes for claimants and maybe localised staff to claimant ratios so that we do not just get raw data and numbers. As the cabinet secretary said, those numbers might give an idea of efficiency, but they do not give an idea of the quality of the service. The numbers have to be set beside the lived experience of those who use the system to give context to that.

I apologise to Rachael Hamilton, but I just wanted to put that on the record. I will come to you now for your supplementary, Rachael.

Rachael Hamilton: The administration cost of the Scottish welfare fund has remained at £5.5 million. In light of the difficulties that have been experienced with that administration and calls for the welfare fund to increase, am I reading that correctly or were those issues not taken into consideration in the budget?

Shirley-Anne Somerville: I apologise, but there was a problem with my connection at that point and I completely missed Rachael Hamilton's question. I did not hear any of it, I am afraid.

Rachael Hamilton: That is okay—I will repeat it. The line for administration of the Scottish welfare fund remains at £5.5 million for 2021-22. In light of the difficulties with the administration of the fund that have been highlighted during Covid, is there any reason why that has not been taken into consideration and why the amount has not increased?

Shirley-Anne Somerville: We have been careful to discuss with the Convention of Scottish Local Authorities the additional support that local authorities have required because of the increased administrative burden during Covid. As we have looked to increase the amount that we have put into the Scottish welfare fund, we have also had discussions with COSLA about additional support. That includes discussions about the additional support with administration funds for the self-isolation support grant. Local authorities have had increased administration support from the Scottish Government through the Covid pandemic to deal with the additional pressures.

I have not been able to find the figures for that as I have been answering the question, but I am happy to provide them to the committee in due course if that would help.

Keith Brown (Clackmannanshire and Dunblane) (SNP): In your opening remarks, you said that this is an important year because it will see the start of disability benefits being paid. In particular, you mentioned the child disability payment pilot and the adult disability payment. I completely agree with and support the idea that it is worth paying to have well trained staff delivering good services locally and that that is a good investment. Do you expect the pilot for the adult disability payment to start before the end of the coming financial year? You said that there would perhaps be a gap between all the staff being trained and the service being provided, but do you expect some payments to be made in the coming financial year?

Shirley-Anne Somerville: We will take on staff in the correct timeframe to allow us to move straight from their training and induction to deliverability, but we are still considering what the pilot will look like for the adult disability payment.

That will be an important part of the process. As we consider what the pilot might look like, that will determine what the exact timescale will be.

As I have said in previous sessions with the committee and in the Parliament, we intend to move to the adult disability payment pilot in spring 2022. Some decisions still need to be made about the model for that, and I will keep the committee updated on that in due course. That will have an impact on the exact timing of when the pilot will begin.

Keith Brown: Are the decisions that you are yet to make designed to resolve some of the uncertainties that the Scottish Fiscal Commission has raised with us with regard to how the decision-making process will differ from that used for the personal independence payment? That difference is natural enough when we are devolving and want to do something different with the disability payment, but the Scottish Fiscal Commission has mentioned some of the uncertainties that are created. Will the decisions that you are talking about try to address those issues?

Shirley-Anne Somerville: As we go through the year, decisions will be taken in Government. For example, operational guidance will be published on how decisions on the payment will be taken. We will reach a point at which we have more clarity on the minutiae of how the decision making will happen, and that is what the Scottish Fiscal Commission will need to see and understand to be able to make forecasts.

The commission works closely with Scottish Government officials to ensure that it has the information that it requires to make its forecast. With the child disability payment, the commission has been able to make a forecast before the pilot takes place, but that will change once the commission has sufficient knowledge to determine how the different application forms might make a difference to benefits and how the overall way that we make decisions will impact on how many people may or may not get a benefit.

It is not necessarily so much about the pilot; it is about ensuring that we provide the Scottish Fiscal Commission, in a timely manner, with the operational guidance and the nuances of the application and decision-making processes that will allow the commission to move forward. I know that the committee has examined that area. Understandably, it is a particular challenge for the commission, because it is difficult to forecast for a new benefit, particularly when there are changes to processes and to applications.

As the committee will be aware, given the general size of the adult disability payment, a very small difference between forecasting and what happens in reality will make a very big difference

to the social security budget. Of course, we have to meet that difference, because it is a demand-led budget.

There are numerous challenges, but we are working closely with the Scottish Fiscal Commission to get in as good a place as possible to allow it to make as robust a forecast as possible. That is certainly in our interest as we look forward to budgets for future years.

Keith Brown: Along with your exchanges with the convener earlier, that has covered the ground that I wanted to cover on the adult disability payment.

I have one quick question on the child disability payment. How many cases does the Government expect Social Security Scotland to be managing by the end of the coming financial year?

Shirley-Anne Somerville: The Scottish Government will be responsible for the 51,000 clients who receive either child disability payment or disability living allowance for children. We will begin the transfer of children and young people from DLA for children to child disability payment from the autumn onwards. We expect around 650 new applications for the child disability payment per month, if the numbers are approximately the same as what we have previously seen with DLA for children. We will also look at reviews and changes of circumstances, which will put more people on to child disability payment on top of that.

Pauline McNeill (Glasgow) (Lab): I want to ask about the Scottish welfare budget, which has returned to its normal level of £35.5 million. The Poverty and Inequality Commission raised concerns in its report about the

“lack of awareness of the Scottish Welfare Fund”

and the variation across local authorities in how it was promoted and delivered.

Given the change in eligibility for the self-isolation grant, which is paid from the Scottish welfare fund, should the Government not wait and see whether it can fix the issues regarding the number of applicants to the Scottish welfare fund? There is clearly an unmet need there.

09:30

Shirley-Anne Somerville: To be clear, the money for the self-isolation support grant is in addition to the expenditure on the Scottish welfare fund budget. We would not expect local authorities to have to dip into the Scottish welfare fund pot to deal with demand for the self-isolation support grant. I appreciate that the grant is administered through the Scottish welfare fund, but we are looking at the two things separately. I have, of course, read the commission's report on the

Scottish welfare fund, which was written very early on in the pandemic.

Local authorities have been doing a lot of work to ensure that they are assisting people during this time, as has the Scottish Government. For example, we have been looking at what we can do to encourage people to get the benefits and payments that they are entitled to. We have been running a number of national marketing campaigns to encourage income maximisation and increase knowledge of what is out there for people.

We have looked very closely at what local authorities are doing, and officials and I have had close communication with COSLA on the issue. We are still anticipating an underspend in the budget for the Scottish welfare fund during this financial year. At first instance, that may seem strange, given the pandemic that we are going through, but I would point to the fact that although demand for crisis grants has increased significantly, the number of community care grant applications—which on average are six times higher in value—took a significant dip, particularly early on in the pandemic. Therefore, we anticipate an underspend in the total Scottish welfare fund budget this year, which will be carried over into local authority budgets for next year.

Pauline McNeill: You obviously share my concerns, but if you are expecting an underspend, it seems that you do not expect your promotion of the Scottish welfare fund be successful. What if the assumption is wrong? What if the uptake starts to improve, which I hope it will?

Shirley-Anne Somerville: To be clear, we are doing the marketing campaigns because we have an overall desire in Government to ensure that everybody—particularly those who might not have had any contact with the benefits system before—knows that they have available to them a single point of contact that they can go to. That is not just about the Scottish welfare fund; it is about ensuring that everyone out there experiencing financial difficulty knows they can get advice to support them with that.

We are anticipating an underspend because the level of demand for community care grants, which are on average six times higher in value than crisis grants, has not been strong this year. Local authorities say that one reason for that was that the number of new tenancies that were being put into place during the initial lockdown—and also later in the year—was significantly lower than usual and, indeed, was virtually zero for many months. That is why there has been an underspend.

Right at the start of the pandemic, when we did not quite know how it would impact on local

authorities, the Government increased the Scottish welfare fund significantly, but during the year we saw variations, particularly in community care grant applications, which meant that the welfare fund's entire budget might not be required. That is why, near the end of the year, money has been given to local authorities in a different way—not through my portfolio but through Aileen Campbell's portfolio—to allow local authorities to provide flexible support for financial insecurity and help people with food and fuel and so on. We have dealt with demand in different ways, not just through the Scottish welfare fund. As I said, the underspend is due to those in-year variations, but the underspends will be kept by local authorities.

Pauline McNeill: I want to ask about the discretionary housing payment fund and why the additional £8 million that was provided in 2020 has not been continued in the 2021-22 budget. There is a lot of unmet housing need and it is clear that a lot of people are struggling to pay their rent, in particular students, those with high recent earnings and those without recourse to public funds. In our sessions, the committee has been discussing the fact that people with a mortgage who are on universal credit and have lost a job through the pandemic get no assistance from social security. Given that, I am wondering why the Government has not committed that additional money for discretionary housing payments in the 2021-22 budget.

Shirley-Anne Somerville: This ties into the answer that I have just given on the Scottish welfare fund. Some of the additional £8 million that was provided as a response to Covid has not been needed this year. We believe that that is due to some of the temporary measures that have been put in place, such as the extension of the furlough scheme, the extension of eviction bans and the £20 increase in universal credit. We are closely monitoring the spend on discretionary housing payments with local authorities, and we have recently agreed with COSLA a funding methodology that will allow local authorities to benefit from any underspend of the additional funding that they had this year by rolling it forward into next year.

The Scottish Government has been providing additional expenditure to local authorities, but the experience on the ground has been slightly different from what was anticipated early on in the pandemic. Therefore, the Government is being flexible with local authorities so that that any underspends from this year will be carried into next year. I hope that that reassures the committee that we are working with local authorities to assist in the next financial year, too.

Pauline McNeill: Has the Government considered my last point, which is about those

have lost their jobs and are on universal credit are but have mortgages and are not paying rent? Has the Government considered that they should be eligible for funds—perhaps the DHP fund? If they were on universal credit and were paying rent, they would qualify for that. Do you know whether they are eligible? Has the Government considered that the people in that position might be a relatively small or medium-sized group?

Shirley-Anne Somerville: I can perhaps get back to the committee on what support is available for home owners, which might be something that I do not deal with directly in my portfolio. I am happy to come back to the committee with a further answer in due course.

Pauline McNeill: I appreciate that the issue might cross over into the housing portfolio, but I am talking about those who are on universal credit. Home owners do not tend to get any other funds from social security. Given these changing times, the impact of the pandemic and the fact that it is not those people's fault that they have lost their jobs, it seems to me the system will have to adapt to different people who need help. I would be very grateful if the cabinet secretary would consider that point and get back to the committee.

Shona Robison (Dundee City East) (SNP): My apologies if you mentioned earlier—I do not think that you did—the additional £25 million for the council tax reduction. Has that money been needed? Would the Scottish Government consider making additions to the 2021-22 budget, should claims continue at a higher level?

Shirley-Anne Somerville: The £25 million for the council tax reduction reserve was needed due to an increase in claims. I believe that that has already been distributed to local authorities on top of the £350 million of funding that was allocated to them for the council tax reduction scheme.

The budget for next year sets out that local authorities will receive an extra £259 million in the current financial year to support Covid pressures. Local authorities may use a proportion of that to cover any additional council tax reduction costs over and above the £351 million provided for next year.

Shona Robison: That is helpful. It is bundled into that extra money and councils will have more flexibility in how they spend that.

You mentioned that there is £100 million in next year's budget to help low-income families. Will you say a little bit more about the make-up of that funding? Again, is that part of that £259 million? Do local authorities have quite high levels of flexibility in how they use the £100 million?

Shirley-Anne Somerville: That is a separate announcement, which Kate Forbes made to the

Parliament yesterday. The £100 million is to support low-income households in the next financial year. We are still to work through the details of the investment in discussion with, as the committee would expect, local authorities and COSLA. We will announce details of that in due course, so I cannot say any more about that today, I am afraid.

However, we are keen to ensure—as we have tried to do, successfully in some cases—that the United Kingdom Government will not claw back any of the support that is provided, for example, through reduced benefit payments. We will be working closely with UK ministers as we design schemes for next year, to make sure that there are no unintended consequences that would, in effect, lead to people being no better off because of a policy decision at a UK Government level.

Shona Robison: Finally, is the Scottish Government considering repeating the additional carers allowance supplement Covid payment?

Shirley-Anne Somerville: Unfortunately, because of the way that the legislation is designed, repeating a coronavirus carers allowance supplement would require primary legislation to go through the Parliament. That is obviously not feasible for a June payment, given the current pressures on the parliamentary timetable.

In addition to the coronavirus carers allowance supplement that we paid last year, we have been keen to look at what else can be done to support carers through the pandemic. I go back to the point that I made in my introductory remarks: it is not just about social security, but about what is happening in the wider sense of Government.

There has been investment in local carers centres. Throughout the year, there have been a number of announcements on, for example, the additional funding to Young Scot for young carers packages—those are wellbeing packages—and the funding to support respite care.

As a Government, we have been looking at what we can do through social security, but, because of the rather blunt measures that we have in social security, it is often easier to support people through different parts of Government. We have done that with carers—we have looked at what we can do in the wider sense to support them.

Shona Robison: That is helpful. That is all from me, convener.

The Convener: Thank you. After I pass to Rachael Hamilton for a supplementary, our deputy convener, Pauline McNeill, will convene the meeting for a period. I will return shortly.

Rachael Hamilton: I am grateful for your bringing me in, convener. I am just after some clarification on the £20 million that was taken from the Scottish welfare fund reserve to pass on to local authorities, which I presume was for the discretionary payments for supporting people with food and fuel that the cabinet secretary mentioned. You also mentioned the communities budget allocation, and there are winter plans for social protection, too. As we try to rebuild from Covid, including dealing with rising unemployment and so on, is it time to look at the Scottish welfare funding formula for future budgets?

09:45

Shirley-Anne Somerville: It is a very important point that we reflect on what has been happening with Covid to see whether there are lessons to learn. It is fair to do that in social security, as it is across the Scottish Government.

We have had to learn and adapt throughout the pandemic. As I said in response to Pauline McNeill, we initially made an overall funding announcement for the Scottish welfare fund. However, as the year progressed we, in conjunction with local authorities, realised that assistance was required in different ways. We needed to allow local authorities to be more fleet of foot. We were also not seeing the pressure on the Scottish welfare fund budget that we had perhaps anticipated. Again, that was because of a very dramatic reduction in community care grants, which have a higher value.

When we are looking at those aspects, particularly in the face of a pandemic, social security is quite a blunt instrument in terms of what is required. During the pandemic, local authorities have been exceptionally good at being fleet of foot and responding to local needs. Does that mean that, in essence, something is inherently wrong with the Scottish welfare fund? I do not necessarily think that it does. The welfare fund is exceptionally flexible. It can and does allow for local authority discretion. It allowed us to bring in the self-isolation support grant, which was exceptionally useful, which proves in many ways how flexible the Scottish welfare fund is. However, we must look at any lessons that we can learn, as the committee would expect us to do.

The Scottish welfare fund works very well in the main. I appreciate that the Poverty and Equality Commission had concerns about the fund at the start of the pandemic. We are working closely with COSLA to make sure that the use of the discretionary element of the Scottish welfare fund by local authorities is encouraged and that they feel empowered to be able to use that.

The Deputy Convener (Pauline McNeill): We are moving on to theme 4, which is about uprating. I call Alison Johnstone.

Alison Johnstone (Lothian) (Green): I would like to ask about the best start foods payment, which has not been uprated since 2019. Did the Scottish Government consider uprating it or extending it to children under four?

Shirley-Anne Somerville: I point to the fact that, when best start foods was introduced, the payment was much more generous than the overall UK Government fund, although the UK Government has now increased its similar package to the same amount of £4.25 a week. In addition to considering that our scheme was brought in at a higher level, it must also be borne in mind that the best start foods payment is part of a broader package of support. Along with the Scottish child payment and the best start grant, that package will provide families with more than £5,200-worth of financial support for their first child and slightly less than that for second and subsequent children. We have looked at how we can provide support for families, not just through best start foods, but through other aspects. The wider support package that we have shows that the Scottish Government is taking serious steps to support children, including those whose families may be getting best start foods payments.

Alison Johnstone: We have faced exceptional circumstances this year, but given the relatively low cost of the uprating policy this year, did the Scottish Government discuss whether it could have uprated a wider range of benefits?

Shirley-Anne Somerville: From the discussions that we had last year, the committee will be well versed in our duty to uprate the young carers grant and the funeral support payment by the cost of inflation. However, in recognition of the exceptional circumstances of Covid, I decided to increase a wider range of benefits this year. The best start grant, the job start payment, the carers grant, the funeral support payment and child winter heating assistance were uprated by 1 per cent, which is higher than the 0.5 per cent inflation uprating that was required. On top of the uprating decision, I go back to the point that there are a number of other programmes that are in place to support low-income households, both during the pandemic and in future years, particularly around the Scottish child payment.

We have also responded to particular concerns about the impact of Covid. That includes the £100 Covid hardship payment to children and, as Kate Forbes announced yesterday, a further £100 Covid hardship payment to children and young people in receipt of free school meals. We are taking seriously how to support children and young people and their families during this time, but that

cannot just be done through social security. We need to look at how we can support low-income families in the round and much of that will be wider than through social security.

Alison Johnstone: I have two more questions. One is on support for people during the pandemic. In your opening statement, you noted that the self-isolation support fund was available to those earning less than the living wage. Do you have information about how many people are eligible for the fund, and how many people have taken it up?

Shirley-Anne Somerville: We are looking carefully at the eligibility for the self-isolation support grant. We anticipate that the number of people who apply for self-isolation support will be much greater than it would have been. We have taken that increase seriously.

When we looked at the number of people who our modelling suggests could be eligible for the grant if they were required to self-isolate—this is not the number of people who will get the grant but those who could be eligible for it—we believe that that would extend the number by 390,000 people. I again stress that those are not the people we expect to apply and receive the grant but who could be eligible for the grant if required to self-isolate. Therefore, there will be additional costs next year. The Scottish Fiscal Commission will be asked to provide costings for that extension in due course.

Alison Johnstone: Do you know how many people have taken that up?

Shirley-Anne Somerville: It is too early to have figures for the extended eligibility for self-isolation support because of when it came in, which was earlier in February. If that is what Ms Johnstone is asking about, I am afraid that it is too early to tell at this point, but we will publish figures for the self-isolation support grant, as we have been doing, as soon as we have those figures available.

Alison Johnstone: I will pursue that further outwith the meeting.

The Scottish Government has decided to spend £90 million on freezing council tax—that is a Scottish Government proposal—but I would like to understand what other policies were looked at. It can be strongly argued that a council tax freeze does not always help those who need help the most. Has the Government looked at any better mechanisms for putting more cash into the pockets of low-income families?

Shirley-Anne Somerville: We look carefully at what we can do and try to be innovative in how we use the powers that we have. Of course, part of the challenge is to do with the fact that many of the powers around our ability to impact on low-

income benefits are still reserved to Westminster, which leaves us with a limited number of tools.

We are looking to help not just families but those single households and households without children that might also have been impacted by Covid, which would not be picked up if we were looking at simply providing packages that used, for example, the Scottish child payment. Although we are absolutely determined to tackle child poverty, we need to be cognisant of the fact that this pandemic in particular has hit many people in different types of households. Therefore, we need to consider what we can do to provide support to a wider range of people than would be the case when we consider what can be done for low-income families, on whom the social security powers that we have are currently focused.

I think that the council tax freeze is very important because it will provide support for people who would not get it if we were considering using the Scottish child payment or other aspects of social security. In saying that, we have, of course, not just announced the council tax freeze, should councils wish to take that up; I go back to the fact that, in addition to what was announced in the budget, yesterday Kate Forbes announced the further £100 Covid hardship payment for children, which will be paid alongside the payments that are offered for Easter free school meals. The provision of a school meal equivalent during holidays has been an important policy that has been delivered this year. As I have also mentioned, so I will not dwell on it, there is the £100 million support to low-income households that will be provided in the next financial year, details of which will follow after discussions with COSLA.

Alison Johnstone: I have no further questions.

The Convener: Pauline McNeill, do you have a supplementary?

Pauline McNeill: Yes, I do. On widening the eligibility for the self-isolation grant to those who are under the living wage, if compliance rates do not improve, might you have to widen eligibility further? We all have constituents who are on modest incomes who will lose their pay if they isolate, because not every employer is willing to continue to pay somebody to isolate. I think that that is one of the issues that have been missed in all of this. Do you think that you might have to change the criteria again if compliance rates continue to be a concern?

10:00

Shirley-Anne Somerville: Overall, compliance with self-isolation is very high. We know that we can support that financially, but we know that we will need to take more action on employers who are perhaps not being as supportive—if I can put it

like that—of people as they should be in requiring them to self-isolate. We know that the vast majority of employers are being exceptionally supportive, but we have had concerns raised by individuals and by local authorities that one of the main areas of challenge around self-isolation compliance is pressure being put on individuals to still go to work, despite being required to self-isolate, or people not being allowed to stay at home until they have a test.

When it comes to financial support, we have said all along, since I first announced the self-isolation support grant, that we will work with local authorities to assess whether it is doing what it needs to do. Self-isolation is an exceptionally important part of breaking the chain of transmission, and we continue to look at whether anything is showing up in the data or the feedback from local authorities to indicate that people are still finding it difficult to self-isolate. The self-isolation support grant is not a direct replacement for the full income that a person might lose, but it should provide those who are on less than the real living wage with sufficient financial cover.

Pauline McNeill: I understand that. I was not asking about those people. I believe that there are hundreds of people who are on moderate incomes who cannot isolate because their employers will not pay them. Those are the people for whom I wondered whether you thought that you might have to widen the eligibility criteria.

Shirley-Anne Somerville: We would certainly look at that if we felt that compliance was an issue. I am not quite sure what the income band would be for people to receive the self-isolation grant if it were not the real living wage. I am not sure whether Ms McNeill has a particular income band in mind.

Pauline McNeill: I do not know what you would consider to be a modest income, but there are people who are above the living wage who need such support. There are single parents who might be just above the current level; there are people on £20,000 or £22,000, which I would regard as a modest income. I could send you details of constituents who are in this situation right now. They do not get sick pay, they do not have the necessary terms and conditions and they do not have trade unions. They tell me that if they had to isolate, they do not know what they would do. There are plenty of people in that position. I do not know what you would regard as a moderate income. Those are the people I am talking about. It is not a question of them not wanting to isolate; it is simply that they cannot afford to.

I think that the Government should think ahead. If you are still concerned about self-isolation compliance, you should consider a wider group of people.

Shirley-Anne Somerville: We will certainly keep the issue under review, because we are taking compliance exceptionally seriously, as the committee would expect. If we were still seeing evidence of people who said that they could not self-isolate because of financial pressures, of course we would look at that.

As I said during the recent debate on self-isolation, the area is one that I am keen to work on across the chamber, because members will have constituents coming to them with particular experiences. We will take that feedback, along with the feedback from local authorities, very seriously as we move forward. We are very open to the fact that we will need to be adaptive to the circumstances to make sure that the self-isolation grant is working. I hope that I can reassure Pauline McNeill that we are taking the issue very seriously, and I am more than happy to continue to work with her and with others on it.

Mark Griffin (Central Scotland) (Lab): Good morning. I welcome the Government's decision to double the uprating rate for low-income assistance from the consumer prices index rate of 0.5 per cent to 1 per cent. The cabinet secretary will know that we have had debates about uprating levels in the past and that I have expressed concern about whether the CPI adequately reflects the increasing costs that low-income households bear every year. That is why I welcome the Government's decision.

Instead of just increasing the uprating rate on an ad hoc basis, would the Government consider having a policy of a minimum floor for the uprating of low-income entitlements, which would mean that the decision about whether to go beyond the CPI would not just be an annual one? Would the Government consider adopting a longer-term approach to a minimum level of uprating?

Shirley-Anne Somerville: The longer-term approach is set out in the response that we have provided to the committee in previous years—we will do that again this year—on why the CPI is the correct measure. I will not rehearse all the arguments again, for the benefit of time. I am sure that we will come back to the issue as we discuss uprating at the committee this year, but my view is still very much that if we are looking at uprating, which is there to ensure that benefits keep pace with the rate of inflation, the CPI is the correct measure.

The decision that I took this year was specifically to do with the fact that we are in an exceptional year. Therefore, I felt that it was important to increase not just the benefits that we are required to uprate but a wider set of benefits, and by more than the rate of inflation. That is due to the exceptional circumstances this year. Our longer-term policy is as it was laid out in the

discussion papers that we presented to the committee last year, and we will do that again this year.

Mark Griffin: Thank you, cabinet secretary. I look forward to that discussion.

The Convener: Thank you, Mark. We will go to theme 5. Jeremy Balfour has not yet had an opportunity to ask a question.

Jeremy Balfour (Lothian) (Con): I have a couple of questions on the risks to the budget. Obviously, we are in uncharted waters for the next 12 months, so what are the major risks to the budget? As the budget is demand-led, how does the Scottish Government see that risk being mitigated, if required?

Shirley-Anne Somerville: These are challenging times in which to ensure that we are keeping close control over a budget that is, as Jeremy Balfour rightly points out, demand-led: if we are required to pay a benefit, of course we do so. In many ways, this year has been remarkably stable, considering the circumstances. For example, expenditure on the funeral support payment has been higher than forecast, but that has been offset by lower expenditure on other payments, such as attendance allowance.

As the committee will appreciate, there have been challenges in estimating expenditure for both the year that we have gone through and the year that we are about to enter. Some of that is because we are dependent on information from the DWP, but it is exceptionally challenging for it to anticipate what demand for the reserved benefits might look like. Obviously, a great deal of that will be impacted by decisions elsewhere within the UK Government, on what happens to furlough, for example.

We saw significant increases in universal credit claims this year, which has had an impact on the variance, month by month. In many ways, however, the additional expenditure this year has been where we have chosen to provide additional support, whether that is the coronavirus carers allowance supplement, the additional payments to the Scottish welfare fund or the self-isolation support grant.

There is a substantial amount of risk associated with the budget next year, given the scale of the expenditure that we are now responsible for. The Scottish Fiscal Commission has pointed out that it is difficult to predict demand-led expenditure in normal times, but it is even more difficult under circumstances such as Covid. We are working very closely with the Fiscal Commission as it develops its forecasts for next year and which we have delivered our budget to meet—the committee will be aware that our budget is set based on the Scottish Fiscal Commission's forecasts.

The money that the Scottish Government gets, however, is based on block grant adjustments that are decided at UK level, so there is the challenge of ensuring that the money that is coming to the Scottish Government will meet what the Scottish Fiscal Commission thinks we will be required to spend. If there is a change, and we see that in-year, we will adapt to it in-year. The Scottish Government also has limited borrowing powers and limited reserves that we would have to use if we had to make any adjustments between financial years. It is quite a complex picture at the best of times, but it would be fair to say that it is even more complex than it would usually be.

Jeremy Balfour: I will ask about two benefits. I am having discussions with part of the third sector, which thinks that there is quite a lot of pent-up demand for personal independence payments and attendance allowance, simply because people have not been able to get advice, so they have not applied. Is that something that you see? How does it work if the number of people applying is greater than you anticipate? Is that covered in the agreement that you have with the DWP or will the Scottish Government have to find extra money?

Shirley-Anne Somerville: New applications for PIP are now returning to what we would have expected pre-pandemic, although there absolutely was a sharp decrease in applications during the early months of the pandemic. What happens depends on whether such variations are noticeable in the financial year or not. The block grant adjustments are reconciled twice in a year: there is an in-year reconciliation and a final reconciliation that is applied in the following year. We will work closely with the DWP and the UK Treasury on that because you would assume—and it looks likely from the figures within Scotland and the UK—that if there has been a decrease in demand in Scotland for the reasons that Jeremy Balfour suggested, there would be the same pent-up demand in the rest of the UK. That would be covered by those block grant adjustments, which, as I detailed earlier, are reconciled twice a year. I hope that that answers your question about the impact of an increase in PIP applications, how we intend to cover it and what impact it would have, particularly on the Scottish Government budget.

10:15

Jeremy Balfour: Thank you, cabinet secretary, that is very helpful. The Scottish Fiscal Commission indicated in its evidence to us last week that it thinks that there will be greater take-up of the child disability payment. One of the reasons it gave us for that was that the benefit will perhaps be better advertised and that more people will apply. What measures are you taking to make people are aware of the benefit? Do you see it

being advertised across Scotland so that parents can apply?

Shirley-Anne Somerville: You make the important point that the Scottish Fiscal Commission suggests that costs may increase in Scotland, partly because of a simplified application process and also because of the decision-making process.

Encouraging people to apply and people having faith that the system will be simple for them to proceed through, are very important aspects. As the committee would expect, we intend to do the same types of work—although they are all different, depending on the benefit—to encourage take-up as part of our extensive work with stakeholders to ensure that they know what is happening and that there are trusted networks of people. We see that work being developed already in the three local authority pilot areas, so that stakeholders in those areas are aware of what is happening. As we move to the full national roll-out we will look very carefully at what more needs to be done at a national level.

In many ways, we have the unique benefit of bringing in something new that will raise the profile of the payment. The challenge that we always put to ourselves is how we can make the most of that first impact as something is launched. I am sure that Mr Balfour and other MSPs will play their role in encouraging constituents to come forward, but we are determined, as the committee would expect, to do a lot of work on benefit take-up in child disability, as we do with all the other benefits.

Jeremy Balfour: You mentioned earlier that you have laid the regulations for the benefits and that they will come to the committee either next week or the week after. The new regulations are fairly similar to those that apply at the moment and I was interested in your comment on that. Do you see the new regulations being interpreted by the Scottish agency differently from how they are interpreted at the moment by the DWP, thus leading to more people getting an award? How will that be monitored by you and the agency?

Shirley-Anne Somerville: The regulations will be very similar. We have made no bones about that, because we require that for safe and secure transition. Through the decision-making process, we are attempting to ensure that people are more aware of the information that they need to provide in the application form, to enable the case manager to make the best possible decision for them, so that they get the maximum benefit that they are entitled to. The way in which an application form can be changed, and therefore the way in which the information can be available in front of a case manager may lead to more applicants receiving awards or applicants receiving higher awards than they might have

expected. We have been able to design the application form to enable applicants to present all the information that a case manager requires to be able to make a decision. That information might have been missed in the way that an application form is completed through the DWP process, but we have worked very carefully to ensure that the application form has been designed with the people who will be filling it in, to ensure that they are providing the information that we need to make the right decision. That might have an implication for the number or rate of awards that are made.

The Convener: I have no other bids for questions, cabinet secretary. I know that you will stay with us, but thank you for your evidence as part of our budget scrutiny, and thank you to the officials who supported you.

Subordinate Legislation

First-tier Tribunal for Scotland Social Security Chamber (Allocation of Functions) Amendment Regulations 2021 [Draft]

10:20

The Convener: We come to agenda item 3, which is subordinate legislation. The committee will take evidence on the First-tier Tribunal for Scotland Social Security Chamber (Allocation of Functions) Amendment Regulations 2021, which are subject to affirmative procedure.

It seems that you have never been away: I welcome Shirley-Anne Somerville, Cabinet Secretary for Social Security and Older People, joined by her officials, Ruth Steele, head of funerals, resolutions and early years benefits, and Stephanie Virlogeux, solicitor. I invite the cabinet secretary to make an opening statement and then there may be some questions from MSPs.

Shirley-Anne Somerville: Thank you, convener. The committee will be pleased to know that I will keep my remarks brief. The amendment regulations before you have been introduced to facilitate the continuation of the period of assignment of the temporary president of the Social Security Chamber. The amendment regulations make changes to the allocation of function regulations, which extend the period for which the assignment to the Social Security Chamber of a president who is also the president of another chamber of the First-tier Tribunal is permitted.

We have been engaging with the Scottish Courts and Tribunals Service since last summer. The recruitment of a president via the Judicial Appointments Board for Scotland would have been challenging at any time over the past 12 months, due to capacity issues and competing recruitment. We think that it is sensible to retain the expertise of the temporary chamber president to manage the more challenging appeal process that will be required for the initial delivery of disability benefits and to ensure consistency and certainty and the effective disposal of social security appeals. Allowing for the continuation of the period of assignment until 31 March 2024 broadly aligns with the delivery of disability benefits, and this will allow for appropriate judicial training arrangements to be put in place. However, the amendment regulations do not prevent the Scottish ministers from appointing a permanent chamber president in consultation with the Lord President before that date, if circumstances suggest that that it is the right thing to do.

In the course of amending the regulations, we consulted with the president of the Scottish tribunals and members of the judicial reference group, including the Lord President's private office and the Judicial Office for Scotland.

The Convener: Jeremy Balfour has a question.

Jeremy Balfour: Thank you, cabinet secretary. Why are you proposing a three-year delay? I can understand a one-year or 18-month delay. Three years seems to be quite a long period of time to take to appoint an appropriate person. I appreciate that you cannot bring it forward, but why such a long period before a person is appointed?

Shirley-Anne Somerville: You raise an important point. We gave the amendment regulations a great deal of consideration. We have tried to deal with the challenge of setting the regulations in the middle of a pandemic that has not finished and at a point at which we still require to see the full impact of the pandemic on social security and, indeed, on the court service. We have taken a cautious approach, in that I do not see us having to come back to committee again to extend the period, but we can also move to a full appointment at any time.

The regulations are a belt and braces approach, in that we went for something that might not be necessary, but that ensures that we do not have to come back to the committee at any point if there are any unforeseen circumstances, either within the courts or within social security. They also give us the flexibility to move out of this temporary arrangement as soon as we can. I hope that that reassures Mr Balfour that we have attempted to make the provision as flexible as possible and that we may very well not need the full time.

Pauline McNeill: Cabinet secretary, you mentioned the delivery of disability benefits and judicial training. I have previously raised concerns about wide disparities in social security judgments. In future, when we get to the point at which judgments are made on the basis of the new arrangements for disability benefits, I wonder whether there might be some scope to monitor those judgments, certainly in the early years. Some consideration of that would be useful.

Shirley-Anne Somerville: Ms McNeill has obviously had an interest in that for some time. She will be well aware that judicial training is not the responsibility of the Scottish Government—that separation is right.

The committee may wish to look at the issue and, within the Scottish Government's remit, we will obviously keep a close eye on aspects. I am sure that, within the judicial services, those aspects will also be looked at.

However, the actual training, how it is delivered and the implications of that are, quite rightly, not for the Scottish Government.

The Convener: I see no other questions from members, so we will move to agenda item 4, still on the same element of subordinate legislation. I invite Ms Somerville to move motion S5M-23951.

Motion moved,

That the Social Security Committee recommends that the First-tier Tribunal for Scotland Social Security Chamber (Allocation of Functions) Amendment Regulations 2021 [draft] be approved.—[*Shirley-Anne Somerville*]

The Convener: There is technically the opportunity for a debate. It is not normally taken, but any member who wishes may drop a comment or a question in the chat box now.

I see nothing there. The cabinet secretary does not need to sum up a debate that did not take place.

It remains for me to ask whether the committee is content to recommend approval of the instrument. If anyone dissents from recommending approval, please put that in the chat box now.

There is no dissent.

Motion agreed to.

The Convener: I thank the cabinet secretary and her officials for attending.

Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2021 (SSI 2021/51)

The Convener: We move to agenda item 5, still on subordinate legislation. I refer members to paper 5, a note by the clerk. The committee is invited to consider SSI 2021/51, which is subject to the negative procedure. The instrument amends the Council Tax Reduction (Scotland) Regulations 2012 and the Council Tax Reduction (State Pension Credit) (Scotland) Regulations 2012 to uprate the various allowances and premiums and to make minor amendments following exit from the European Union.

Are members content to note the instrument? Again, if I see nothing in the chat box I will assume that members are content to note the instrument.

There being nothing in the chat box, I confirm that we are content to note the instrument.

As previously agreed, agenda item 6 will take place in private session on a different platform. That concludes the public part of the meeting; I will see members shortly in Microsoft Teams. Thank you.

10:29

Meeting continued in private until 10:45.

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