



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 2 February 2017

Session 5



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SOCIAL SECURITY COMMITTEE

2nd Meeting 2017, Session 5

CONVENER

*Sandra White (Glasgow Kelvin) (SNP)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Mark Griffin (Central Scotland) (Lab)

*Alison Johnstone (Lothian) (Green)

*Gordon Lindhurst (Lothian) (Con)

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

*Ruth Maguire (Cunninghame South) (SNP)

*Adam Tomkins (Glasgow) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Jamie Hepburn (Minister for Employability and Training)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Security Committee

Thursday 2 February 2017

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Sandra White): Good morning everyone, and welcome to the second meeting in 2017 of the Social Security Committee. I remind everyone to turn off their mobile phones as they can interfere with the recording system.

Our first agenda item is a decision on taking in private items 3 and 4. Do committee members agree to do so?

Members *indicated agreement.*

Employability and Sanctions

09:30

The Convener: Item 2, which is the main item on today's agenda, is an evidence session on employability and sanctions. I welcome the Minister for Employability and Training, Jamie Hepburn, on his first visit to the committee this year. The minister is accompanied by Michael McElhinney—I hope that I have pronounced that properly—who is the employability programme lead, and Julie Bilotti, who is policy manager with the employability policy team, both from the Scottish Government. Minister, do you want to make an opening statement?

The Minister for Employability and Training (Jamie Hepburn): Yes, convener, and afterwards I will be happy to field any questions that committee members want to throw at me.

Thank you for the invitation to come to the meeting. I welcome the interest that the committee has shown in our employability programme—in particular, in how it might have interacted with the United Kingdom Government's sanctions system, although it will not now do so. I will set out some of the background on where we are with the programme, and then I will be happy to take any questions that members want to pose.

I assure the committee that we are building the employability programme on a solid foundation. It is informed by the significant consultation work that has already taken place, and by an on-going process of consultation and discussion with those who have expertise in employability and with a range of stakeholders. The consultation will include those who have provided similar services in the past and those who may provide such services in the future, and—most importantly, as I am sure the committee will agree—those who were customers of the predecessor programmes and those who are likely to be customers of our programme when it goes live from April 2017. We are very much on track for delivery from that juncture.

We undertook a full, formal consultation in 2015, and the responses highlighted a clear sense of ambition and a significant consensus on the future of employment support in Scotland. There was a clear and consistent view that Scotland can improve on the UK Government services and can provide better support to help people into work while operating in an environment that respects the dignity of those who engage with the service and that allows for respect between customer and provider.

In responding to the consultation results, we set out the key values and principles of our approach

to employability. Those are aligned with our wider ambitions for a fairer Scotland and are underpinned by the fair work convention's fair work framework and by our broader commitment to fair work. That includes the labour market strategy that I published in August 2016, which was imbued with our approach to fair work along with our determination to achieve more inclusive growth throughout Scotland and to tackle inequality by supporting those who really need our help. We are committed to reviewing our work continually so that we learn from our experiences with the programmes that we have put in place and improve them.

As a basis for the work that is under way, we have set key strategic objectives: first, to establish a distinctly Scottish employability service; secondly, to design and deliver a high-quality, high-performing service that helps people into sustained jobs and treats them with—as I have said—fairness, dignity and respect; thirdly, to focus on those who are furthest from the labour market but for whom work remains a realistic prospect; fourthly, to have a service that is nationally consistent but delivered locally using a variety of providers in the public, third and private sectors; and lastly, to integrate and align services not only to maximise value for money but, as a critical part of the person-centred approach, to ensure that we get it right for those who engage with our programme.

As we move towards implementation, we continue to consult closely with a wide range of people on these matters to ensure that there is effective transfer, development, design and delivery of the new powers—which, I remind the committee, are the first from the Scotland Act 2016 to go live. We have engaged with members of our stakeholder advisory group, with customers and with the representative bodies with which potential customers might engage, especially on disability matters. Third sector organisations and local government have also been an important part of the consultation process.

Of course, the context in which we are operating is important. Much has changed since 2011, when the UK Government implemented its work programme. Unemployment is lower and employment rates are up, which is welcome, but there are still many who are removed from the labour market. They want and need help to get into work, but many of them probably feel that proper help has not been forthcoming. The committee is well aware of the funding challenges that we have been set as a result of the UK Government's significant cut in funding for contracted employment support. The combination of those factors means that it is incumbent on us to take a new approach in this area.

We are moving quickly towards the operational phase of the service from April 2017. It is an important step and an exciting time, and I am very much committed to taking the opportunity to make employment services work differently and more effectively in Scotland. To ensure that support continues for customers who need it throughout the development of the longer-term service that we seek to implement, we have put in place a transitional service to run for one year from April. The contracts for that service are now in place.

I am confident that we are on track to ensure that, after the transitional year, the new services will be in place from 2018. I have already set out the broad principles for the service. As I made clear in correspondence with the committee, it is critical that the service is voluntary, in common with the other employability and training initiatives that we offer, as I think that that will build a greater sense of confidence in those who engage with it.

There will be various levels of support for those who engage with the programme. We recognise that some people might need less support than others, and there will be specialist support for those who are disabled. As we have heard clearly, one of the unintended consequences of there being no service fee in previous programmes was a perverse disincentive to reach out to those who are furthest removed from the labour market. The term "picking the low-hanging fruit" has been used; a service fee should remove such a disincentive and allow smaller providers to feel more confident about tendering for contracts. Of course, there will still be payments for job outcomes at various junctures; I can touch on that later if members are interested.

Given my responsibility to make such announcements and be accountable to Parliament first, I am using this appearance at the committee to announce that we have determined that there will be nine contract package areas across Scotland for the services that are due to commence in 2018, in recognition of the fact that the type of services that people require will differ from area to area.

Given how the contract package areas are being rolled out in the rest of the United Kingdom, I suspect that, if the service had not been devolved, Scotland as a whole would have been covered by one contract package. I freely admit that that is speculation on my part, but my view is informed by what is happening south of the border in England and Wales. Having smaller contract areas in Scotland will embed confidence among smaller providers to enable them to come forward.

I know that the issue of sanctions is of utmost interest to the committee, and I highlight the fact that participation in our employment programme will be voluntary. As you will be aware from your

recent dialogue with Damian Green, in his appearance before the committee and in your subsequent correspondence with him, the Department for Work and Pensions will respect our approach. I note that Damian Green confirmed that position in writing to you before he confirmed it to me, but I was glad that he did so, given that I happened to notice his letter to the committee. I have now had written confirmation from the DWP.

It is important to emphasise that those who engage with our programmes will not necessarily be exempt from sanctions in their interactions with the DWP, because all other areas remain the preserve of the UK Government. However, we had clear confirmation from the UK Government that, for our devolved programme, the limits on conditionality and the criteria were ours to set. To my mind, that means that we are able to say that there should be no interaction between sanctions and our programme, and I very much welcome that that has been respected.

I will touch quickly on two other areas, the first of which is the wider agenda for integrating the service. There are funding challenges, as I have mentioned, but there is an opportunity, too. We can seek to better integrate the employment programme with some of our other devolved functions, including health and justice; we can work with partners including local government, which provides a range of employability initiatives and runs departments for economic development; and we can seek to better align the programme with social work. Furthermore, we can seek to better align the service with our employability training offer, right up to modern apprenticeships. That is a longer-term ambition, and I readily concede that it is easier said than done, but I am determined that we will seek to do it. Consequently, last month, I announced a £1 million innovation fund to support the testing of new models of integration in different areas, which will allow us to learn from that experience. In addition, we have formed an integration and alignment advisory group to develop an integration and alignment action plan, which we plan to publish in spring 2017.

The second issue is very relevant at present. I recall that the committee held a session with witnesses from Jobcentre Plus about the programme of proposed closures, which at that stage included branches in Glasgow. I very much welcome the fact that Damian Green came to the committee—I was deputy convener of the Welfare Reform Committee, which was this committee's predecessor, and we encountered significant challenges in trying to get any UK Government minister to come to speak to us publicly, so at least you have achieved that. That is welcome.

What is less welcome is the process by which the Jobcentre Plus closures have been announced. I am dissatisfied with that for a number of reasons, primarily because of the impact on those who will be affected in the various communities where the closures will take place. The closures are relevant to our employment programme because Jobcentre Plus will be a key conduit for referral to the service, and the closure of branches could have an impact in terms of the ease with which people are referred.

There is also an issue with regard to paragraph 58 of the Smith commission report, which set out that we should

"identify ways to further link services through methods such as co-location wherever possible and establish more formal mechanisms to govern the Jobcentre Plus network in Scotland."

09:45

I acknowledge that there have been discussions at official level between Skills Development Scotland and the DWP, but that dialogue must be more meaningful. If we are to establish the "more formal mechanisms" that are identified in paragraph 58 of the Smith commission report as being necessary for us and the UK Government

"to govern the Jobcentre Plus network in Scotland",

the fact that I, as the Scottish Government's Minister for Employability and Training, found out about Jobcentre Plus closures through the pages of the *Daily Record* speaks of the need—to be generous—for more significant work to be done in that regard. I will continue to pursue that with the UK Government.

Although there are issues with that particular element of interaction, I do not want to detract from where we are now. There are challenges for funding and the long-term integration agenda, but there are also opportunities. The integration agenda represents a huge opportunity as well as a challenge. We have the opportunity to create a person-centred approach and to better support those who are furthest removed from the labour market—that is my ambition for the employment programme as we move forward.

We are very much on track to deliver the transition arrangements from April 2017, and I believe that we are on track to deliver a longer-term approach from 2018. If, at any stage, the committee would like further updates, I will be happy to provide them.

The Convener: Thank you very much, minister. You have covered a number of areas, and we have a number of questions. I think that the committee shares your concerns on the jobcentre closures. Two weeks after taking evidence from Damian Green, we were told that other jobcentres

would be closing—we found that out through the newspapers. Although we were grateful that he came to give evidence, it would have been nice to be told in advance that those jobcentres were to close. We need to look at that.

I want to ask you about a couple of issues that have been raised with us in evidence. You mentioned providers and contract areas, which were raised with us by the Scottish local authorities economic development group. Will you expand on what you said? You said that there will be nine contract areas and that you will work with the existing services but that you were not sure how long the process would take. Will the agencies that are working on economic development at the moment automatically be bidders for the contracts?

Another issue that was raised with us was the costing of service provision in the contracts. At the moment, 30 per cent of the funding is for running the service and 70 per cent is based on outcomes. A number of voluntary organisations told us that they would prefer to see a 50:50 split. Could you elaborate on that, too?

Jamie Hepburn: Before I deal with your questions, I want to pick up on your opening remarks, in which you welcomed the UK Government minister giving evidence to the committee but noted that you found out about the specific closures—as I did—through the newspapers. The committee's experience is similar to ours. Interaction is welcome, but it must be meaningful. Words are easy, and when I meet UK Government ministers face to face, I want us to have meaningful interaction. Hitherto, on certain aspects of the process, it is questionable how meaningful that interaction has been, and I am sure that the committee might want to reflect on how meaningful its interaction with the UK Government has been.

On the nine contract package areas, I omitted to mention some elements, one of which is of particular importance. I can today announce that we will reserve one of the contract package areas for supported business to tender for. I think that that is an important thing to do, because it is an important area for us to support. That is something else that I can announce today, although we have not yet finalised which of the areas it will be. I can run through the nine contract package areas if members would like me to do that—I am sure that they will—but we will make a further announcement about which of the nine areas that reservation will apply to.

There will be no automatic element to the tendering process. It will be incumbent on those who seek to tender for the services to build a tender and then to bid. I have already set out that organisations across a range of sectors can bid.

There is no automatic switch that allows an organisation to be part of the tendering process. We have engaged extensively with the sector. We have set out our high-level ambitions and spoken to the sector about how those ambitions can be practically applied. Incidentally, we did that in a range of locations across the country to ensure that we met as many organisations as possible and that it was as convenient as possible for them. That has been hugely instructive in the shaping of the final contract package areas and it will inform the final tender documents, which we expect to publish in March when we go to tender.

We will continue to speak to folk and hear what they have to say about the service fee. I ask people to reflect on the fact that the predecessor to the programme had no service fee, so there is literally an infinite increase in the level of service fee. It will continue to be a learning process for us. The coming tender process will not be the only time that we will tender for services, so we will need to learn from the first set of contracts that we put in place. We will continue to hear what our providers say about that.

Broadly speaking, however, I think that we have got it right. There is an expectation that there should be some form of payment by outcome because, at the end of the day, we want the programme to have positive outcomes. Ultimately, a positive outcome for an employment programme is people getting into sustained employment. There will be trigger points whereby the provider will receive further payments once a person has been in employment for three months, six months and 12 months. That is a fairly generous approach. Once the person has been in employment for three months, the contractor will get a further payment; once they have been in employment for six months, the contractor will get a further payment; and, if the contractor can sustain the person in employment for 12 months and beyond, it will get that final payment.

The service fee that we are embedding has been welcomed across the board in the sector, as has our decision to disaggregate the employment programme from the sanctions regime. There will be a constant process of learning but, right now, I think that a 30 per cent service fee sounds about right.

The Convener: Thank you for being up front and honest in answering that question, which came from some of the voluntary services.

Adam Tomkins wants to come in on the back of that.

Adam Tomkins (Glasgow) (Con): I thank the minister for his full opening statement. I want to pick up on a couple of areas that he mentioned in it. The first is about local authorities. A point that

we heard in evidence last week that I think struck many of us—it certainly struck me—was the statement from one of our witnesses that there is a very “cluttered landscape”. We are interested in knowing how it might be decluttered. As you know, minister, devolution complicates and clutters things further. That does not imply that I am opposed to it—I am not—but do you have any reflections on that general statement that there is a very cluttered landscape? Does the Scottish Government have any proposals that you could share with us as to how it might be decluttered?

Jamie Hepburn: I concede that there is a cluttered landscape, if you want to use that terminology. There are a lot of different initiatives and programmes in place, all for good reasons. I think that we should be relaxed about there being different programmes and approaches to suit local needs and purposes, as that is why we have moved to more localised contract package areas for the programme.

However, I agree that the landscape is not always clear for providers and, above all, those who seek to interact with the services. Let me be still more candid. When I came into office as the Minister for Employability and Training in May, I was immediately beset with a range of new programmes and it took me a little while to get my head round them, although I hope that, a few months down the line, I have now done so successfully. That is why the integration agenda is important. We need to try to integrate the health service, the justice system, local government social work and the entire gamut of employability training initiatives rather better with one another.

That is not to put flags in the ground and say that we want to reclaim things from local government. There is no ambition to do that. However, some months ago I met Harry McGuigan—Mark Griffin knows him well, as I do, because he is a North Lanarkshire councillor—who is the spokesperson for this policy area, and he shared that perspective. There is a willingness for us to get round the table and engage in further dialogue to make it a more seamless process, ultimately, for the person on the ground who is seeking to interact with all those services. That must be the most important thing.

However, that is a lot easier said than done—I concede that at the outset. It is not going to be in place from April 2017 and is unlikely to be entirely in place by April 2018. It will be an on-going process, but it is of the utmost importance to me and to our success in getting people into sustained employment through the various programmes, including the employment programmes. I have mentioned the £1 million of funding for alignment and integration to test things out, and that will help to inform our thinking.

I hope that that is a full enough answer for you, Mr Tomkins.

Adam Tomkins: Can I just drill down into one aspect of it?

Jamie Hepburn: Of course.

Adam Tomkins: I want to ask about your new employability programmes and Skills Development Scotland, as well as about the general relationship between employability programmes and skills. In your opening remarks, you said that aligning employability with, for example, modern apprenticeships is a longer-term ambition. Aligning and decluttering are closely related to one another. Can you help us to understand how Skills Development Scotland will work with the organisations that win the nine area contracts that you are going to put out to tender?

Jamie Hepburn: Some of that might emerge in the tenders themselves. There is a nationally consistent service, but it can be delivered differently in local areas, and those who bid for the contracts may themselves set out how they will seek to interact with a variety of organisations including Skills Development Scotland.

I am being candid about the fact that there is a longer-term agenda of integration and alignment. We want to get it right; we do not want to rush it and get it wrong. That is not to say that it is not an immediate priority, though. We are determined to take it forward as quickly as we can. Indeed, we are already on to that agenda through the dialogue that we are engaging in. When I say that it is a longer-term agenda, I do not want to give the sense that it is in the long grass—it is more that we have a sense of realism about the approach that we need to take to get it right.

As part of the wider alignment agenda, Skills Development Scotland delivers a variety of initiatives that could be considered part of the family of employability and training. We ask SDS to tender and contract for the employability fund for modern apprenticeships, and it is engaging in that. Skills Development Scotland therefore has a critical role to play—as per the name on the tin—in our wider agenda of upskilling the population and getting people ready for the world of work. SDS is therefore part of the alignment agenda as well.

10:00

Adam Tomkins: Yet SDS’s budget is being cut by—I think—£6.8 million under the draft budget. Given that SDS’s budget is being cut by nearly £7 million, can you guarantee that there will be no closures at all for any SDS premises, offices or services?

Jamie Hepburn: It is ultimately for Skills Development Scotland to look at its estate. I think

that I can see where you are going with this one, Mr Tomkins, and I am sure that we will pick up on that in due course. However, I know that SDS has a clear commitment, whether or not it has a physical office on the ground, to engage with every community in Scotland. It remains to be seen whether other organisations share that commitment. Of course, Skills Development Scotland might be able to help them do that.

Mark Griffin (Central Scotland) (Lab): Good morning, minister. I have some questions about conditionality and sanctions. I welcome the Government's approach to ensure that the programmes are voluntary and that there will be no conditionality, but you touched in your opening statement on the interaction between the devolved programmes and reserved benefits, and any conditionality and sanctions that are attached to those. Is it possible, through the tender, for the Government to design the programmes in such a way that people attending the programmes meet the commitments to seek work and so on that are set down for reserved benefits?

Jamie Hepburn: The difficulty is that, if we did that, it would become a mechanism by which a person could be sanctioned for not participating. Therein lies the difficulty for us, because it would become a way of facilitating the sanctions system. My comments at the outset were meant to make matters clear to people, because there could be a danger or tendency for people to think that there will not be sanctions in Scotland any more. I cannot commit to altering the UK Government's system of sanctions, because that is for the UK Government to do.

However, what I could commit to do and what I sought to do is ensure that the devolved employment programme should not facilitate the UK Government's sanctions system. Of course, that was not just the Scottish Government's perspective but that of the Scottish Parliament. I accept that it was not unanimously its perspective, but it was so overwhelmingly.

Incidentally, I will always seek to secure the support of the Parliament, but we could have done that by executive prerogative. However, I thought that it was very important that I was able to go to Damian Green and say, "This isn't just the Scottish Government's perspective; it's the perspective of the Scottish Parliament as well." We successfully managed to get the DWP into a position where it has stuck to the principles that it set out over a significant period of time during which it said that the conditions in the devolved employment programme were for the Scottish Government to determine, which I took to include interaction with the sanctions system. For some time, it was not entirely clear whether that position would be respected, but I have to take the word of Damian

Green, who confirmed it to this committee, and of Damian Hinds, the UK minister who confirmed it to me, that they will respect our view that our programme should be voluntary.

Mark Griffin: I accept that the minister does not want to facilitate any sanctions, but a person could be sanctioned for not seeking work whether they attended the Scottish Government programme or not. Is there any way of having an agreement between the DWP and the Scottish Government that anyone who attends the programme is automatically under no threat of sanctions? Could that apply to reserved areas as well?

Jamie Hepburn: We could certainly explore that further, but we need to be cautious about that, because the flipside is that it could be argued that, if they did not attend, they would then be subject to sanctions. I see the point that you are driving at and we can explore that further with the DWP, but I cannot give a commitment that the DWP would agree to that.

Gordon Lindhurst (Lothian) (Con): I welcome some of the things that you have said.

Jamie Hepburn: Not all of them?

Gordon Lindhurst: That may come as no surprise. With respect to certain areas, you mentioned that there is a learning process. You have decided on a voluntary approach, rather than on a sanctions or conditionality approach. What plans do you have for evaluating how that approach is working and for reassessing the approach and the mechanisms that are employed?

Jamie Hepburn: If we are to learn from our programme, on-going evaluation has to be part of the process. We are developing a monitoring and evaluation plan, which will fully set out how we will do that. I would not want anyone on the committee or out there—further of the committee—to feel that we will not continuously assess the efficacy of our approach.

We will have our own independent evaluation of the approach, but this or any other committee of the Parliament can call me to come before it to answer questions about how our approach is working. The disbursement of public funds is involved, so Audit Scotland will probably take an interest, which will cast further light on the approach.

The principle of the voluntary approach—we succeeded in our determination to get the DWP's agreement to respect that approach—is consistent with the other programmes that we offer. Those programmes have good outcomes and allow people to engage with them with greater confidence. Through the customer feedback sessions that we held, I know that there was

significant concern about the potential for being sanctioned under the predecessor programmes because of their rigidity. We do not get the best out of people or get as good an outcome if they engage in programmes with that level of anxiety.

It will be incumbent on us to do evaluation if we want to continue to learn from our approach. I readily commit to the committee right now that that will be part of our process.

Gordon Lindhurst: There are two aspects. One is the particular principle that you are committed to, which might be a political decision or might be based on a particular view of evidence. The other is about how that principle is applied and how it works within the system. I would have thought that you would be able to commit to reviewing how the system is working in tandem with other matters. Is there a timescale for when we will get a comment on how it is considered to be working and on what might be adjusted or improved?

Jamie Hepburn: Once we have agreed a contract, there will be contract terms that we will expect providers to meet, although that is not to say that I want a rigid and inflexible system. The system should have flexibility to identify and adjust approaches if they are not as effective as we expected or, when something works particularly well, to make enhancements.

To go back to your point about whether the decision was political or evidence based, I can say that it was evidence based. For example, the Joseph Rowntree Foundation published information that suggested that in a range of jurisdictions—in particular where sanctions are especially punitive—the evidence that individuals who have been sanctioned get into long-term sustained employment is limited.

I think that I am right in saying that the committee commissioned research—I know that the Welfare Reform Committee commissioned some—that showed that the elements of conditionality in the sanctions system that the UK Government is implementing are not as effective as the UK Government might think that they are. That is why we are taking the approach that we are taking.

My commitment to evaluation is absolute. If this committee or any committee of the Parliament wants me to attend a meeting, I have to do so and I will answer any questions that members have about their concerns. If the committee has concerns in the future, I will be happy to come back and respond to them. I will either say that the concerns are legitimate or explain why you are wrong.

Gordon Lindhurst: If I understand you correctly, the contracts that you are entering into

will allow for flexibility to review methods, procedures and approaches. Is that correct?

Jamie Hepburn: Yes. I do not want to give the impression that the flexibility is so great that it will make things hard to evaluate, but I do not think that the committee or anyone else would want me to implement a system that was so rigid that, if something was not working, we would stick with it anyway.

The Convener: You are correct that research was commissioned, particularly on disabled people and sanctions. Research was conducted by Sheffield Hallam University, and there were other reports as well.

Alison Johnstone wants to come in on this issue.

Alison Johnstone (Lothian) (Green): I am not entirely sure that my question is connected to the issue, but I can begin and let you make a judgment, convener.

The Convener: Ben Macpherson has a question on the particular issue, so I will let him in first.

Jamie Hepburn: I am ready for anything—although, of course, I could live to regret saying that.

The Convener: I am just trying to keep control of the committee.

Jamie Hepburn: As any good convener does.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I will build on the themes that colleagues raised in the previous two questions. Last week, we heard evidence about the point that is being made. Rhiannon Sims from Citizens Advice Scotland said:

“We have not seen the previous employability support that was provided by the work programme as being particularly helpful in supporting people into work. In fact, sanctions and conditionality are more likely to hinder people’s efforts to get into employment.”—[*Official Report, Social Security Committee*, 26 January 2017; c 25.]

I warmly welcome the point in the letter of 25 January about the shift on benefit conditionality and the move away from a culture that involves a system that creates fear about losing benefits to one in which the word “support” in the descriptor of the programmes actually means something.

From a philosophical and human point of view, I am interested to know what you think the impact will be on people of having the employability support programmes on a voluntary basis. What will be the effect of changing the culture to an approach of encouragement and support rather than judgment and suspicion?

Jamie Hepburn: Inherent in Mr Macpherson's question is the suggestion that he concurs with the evidence that has been gathered. Of course, some of it is anecdotal. I have engaged directly with a range of organisations. On the day that I publicly announced that we would be taking the approach that I have outlined, I met representatives of One Parent Families Scotland in Edinburgh, who clearly indicated concern about the sanctions system in the UK and the rigidity of some of the requirements. They spoke of an approach that was not person centred and which did not give people confidence in their ability to get into work through a programme that is fundamentally designed to that end.

10:15

You could say that that is where the philosophical element comes in, because it is informed by my experience of speaking to people and by my constituency postbag. It is informed by people who have come to me from time to time—too frequently, I am sad to say, if I am candid with you—because they have been subject to sanctions or have other concerns about the social security system.

Above all, the approach is informed by the academic analysis that we have referred to. The Joseph Rowntree Foundation and Sheffield Hallam University did good work for the Welfare Reform Committee and I am sure that they will continue to do good work for this committee, if asked. A lot of evidence has been presented about the lack of effectiveness of the UK's particular system of conditionality at getting people into long-term sustained employment.

Ben Macpherson: To move from the philosophical and the principled analysis to the practical side, another issue that was touched on last week is how much of people's time is taken up—the time of those who are engaged in the programmes and of those who are involved in third sector support and the infrastructure around that—by conditionality and sanctions.

How much time and capacity are engaged in dealing with those who are suffering from sanctions? Has there been any analysis or consideration of how alleviating the need to deal with conditionality and sanctions will help to provide extra time and capacity for support instead?

Jamie Hepburn: It is important to emphasise again that those who engage in our programme will still remain subject to conditionality and the potential for sanctions through their interaction with the reserved social security system. Our achievement is that our devolved employment programme will not facilitate such things. It is

important to emphasise that again, because people need to be cognisant of it.

You are correct to say that a provider will no longer have to go through the process of going back to Jobcentre Plus and the DWP to talk about compliance, which could free up some capacity. However, more fundamentally, the fear of being sanctioned will be removed for people who engage in our programme, which will liberate them to feel confident that our programme is about not trying to get them off benefits but trying to get them into work. That is my clear determination through the programme.

Pauline McNeill (Glasgow) (Lab): You mentioned the specific issue of lone parents, and One Parent Families Scotland told the committee last week that work programmes in the past have not been beneficial for lone parents and that some lone parents are seeking a specific package. I know that other vulnerable groups will be looked at in relation to the employment programmes from April 2018 onwards.

Some of the evidence from lone parents, which I am sure that you have heard, is about a single parent's ability to meet some conditions. In the regime that is forced on single parents by the DWP, unless their child is very young—under one year old, I think—single parents have to seek full-time employment. There does not seem to be any specific way to deal with that issue. I know that that is a matter for the DWP but, in relation to the employment programmes, have you given that any thought?

Jamie Hepburn: We have. As you pointed out, deputy convener, it is for the DWP to determine the extent of the conditionality and I cannot alter the expectations about that for lone parents or anyone else.

I saw the evidence from One Parent Families Scotland, which, as I said, is the organisation that I was seeing when I made the public announcement about our programme's interaction with the sanctions regime. I think that you are alluding to the suggestion of a specific strand for lone parents. I understand why the organisation makes such a call, which is very much informed by its experience of the previous programme.

I am not against such an approach in principle, and I go back to my point that we will continually learn from what we put in place. However, I hope that I can give a reassurance to lone parents and anyone else who takes part in our programme—after all, every individual, and not just lone parents, has circumstances that are unique to their life, such as caring responsibilities or episodic health conditions that might curb their ability to interact with the programme at certain junctures.

My clear ambition is to have a person-centred approach that ensures that, if a person is, say, a lone parent, that fact is very much taken into account by the providers. Under the contract for providing the service, a provider will set out how it will support an individual into employment. Having a person-centred approach for each and every person who interacts with the programme will lessen the requirement for a specific strand for lone parents.

The Convener: Ruth Maguire wants to come in on that issue and to ask another question.

Ruth Maguire (Cunninghame South) (SNP): The committee heard from Damian Green about the UK Government's "Improving Lives: The Work, Health and Disability Green Paper". Does the Scottish Government intend to respond to that paper and, if so, what points will you make about it?

Jamie Hepburn: I, Jeane Freeman as Minister for Social Security and Aileen Campbell as Minister for Public Health and Sport intend to make a joint response, because the green paper covers areas that touch on all our portfolios. It has a number of clear implications, not least of which are the consequences from the amount that is expended on the UK Government's programme for what we will receive for our employment programme. I have referred to the cut in funding that has been driven by the move to the new programme that the UK Government is seeking to put in place for England and Wales and the significant funding cut for activities there. Given all that, we will respond to the green paper.

Despite my concerns about the funding implications, I welcome much of what is set out in the green paper, because its agenda is about the same as the integration and alignment agenda that we are determined to pursue. I recognise that what I am about to say is as true of me and the Scottish Government as it is of Damian Green and the UK Government, but the proof will be in the pudding. It is inevitable that integration and alignment might mean one thing to us in Scotland and another to the UK Government and its ambitions but, on the high-level principle of integrating and aligning services—particularly, in this instance, with health—it is sensible for the UK Government to seek to do that.

Ruth Maguire: You would be hard pressed to argue with the words that are being used and, when Damian Green came before the committee, I welcomed them. However, I am interested in hearing a bit more about the issue and about the 87 per cent cut to the employability budget. For all our welcome of the tone in and the warm intentions behind the green paper, what impact will such a cut have on disabled people, the long-term unemployed and the ability of those people to gain

the skills and support not just to get but to sustain a job? After all, that is what we want for folk.

Jamie Hepburn: There is no escaping the fact that there will be a practical impact. We have decided to mitigate the effects of the spending reduction by leveraging in additional resource from existing Scottish Government resources. However, even allowing for that, it is hard to escape the practical effect that there is a reduced amount to spend on the new employment programme.

That is a challenge and, to be fair, there has been widespread acceptance from the sector of that. That is not to say that there are not, by necessity, opportunities. Some things strike me as sensible things to do. We do not have the same level of funding; there is a substantial reduction, which Ruth Maguire referred to. Even if there was not a reduction, it would be sensible to align and integrate services, but with the reduction in funding, there is even more of a necessity to do so. There is a substantial challenge as a consequence of the reduction in funding.

George Adam (Paisley) (SNP): Good morning, minister. You mentioned DWP office closures in your evidence today and in your letter of 25 January. I would particularly like to ask you about the shocking lack of communication from the United Kingdom Government about the situation and the impact that the closures will have on how you will deliver the programmes that you have set out today. If the communication issue continues and things keep going the way they are going, will it cause you problems in the implementation of the programmes?

Jamie Hepburn: That would pose a challenge, but we will find ways to surmount that challenge. The situation does not make implementation easier. Our real concern is about the impact on people on the ground: primarily, the users of the front-facing services of the jobcentres that will be closed. It will also be an uncertain time—I am aware that this will be of concern to you—for staff in the back-house function that supports the front-facing element.

The closures will not make the situation easier, but there are challenges, and we can overcome as the terms of paragraph 58 of the Smith commission report, which I have quoted, become more meaningful. The issue has been raised with the DWP and I raised it directly with Damian Green at the last meeting of the joint ministerial working group on welfare, which was held in London last year and which I attended with Angela Constance. I pressed very hard the point that we need to make significant progress towards making what is set out in that paragraph real and meaningful. There was a commitment to discussions between officials being had on that, and those discussions have happened. However,

it is quite clear from how the jobcentre closures have been announced that we need to make further progress.

I am sure that George Adam would agree that Jobcentre Plus should be a devolved function and that we in Scotland should have full discretion over how it is managed. I recognise that that is not where we are and that, as is stated in paragraph 58 of the Smith commission report, Jobcentre Plus remains a reserved function. However, paragraph 58 talks about co-location of services and a greater joint governance role. If that paragraph is to be meaningful, the DWP should, when it had such proposals in mind, have spoken to us before announcing them so that we could have raised concerns about the likely impact of closures and so that we could, when it was determined to press ahead with closures, have asked whether we could mitigate their effect by co-locating services. Skills Development Scotland has posited that it is interested in co-location, and local authorities will probably want to play a role with regard to the services that they provide. We can, however, engage in that type of dialogue only if we know that proposals are coming. We might think that proposals are wrong and should not go ahead—in this case, the case has not definitively been made.

The case for the jobcentre closures seems to be predicated entirely on the fact that existing lease arrangements are coming to an end. That seems to me to be a peculiar way of determining where jobcentres should be located. Undoubtedly, Administrations will review their estates—the Scottish Government does it: we will consider whether we want to continue running services from specific offices—but surely, in running a service such as Jobcentre Plus, the community that should be served should be considered. My starting assumption would be that if you want to serve a community, but not from a specific set of bricks and mortar, the office would have to be moved to somewhere nearby. I would like the issue to be devolved so that we can take a more commonsense approach.

10:30

George Adam: On that point, minister—

The Convener: I am sorry, Mr Adam. We are supposed to finish this part of the meeting at 10.30. This is an important subject, minister, and there are obviously lots of questions to be asked, so would it be acceptable to run for another five minutes?

Jamie Hepburn: As long as I can get away for my dinner at some point, I am happy to stay.

The Convener: Absolutely. Obviously, we also have to consider items in private. Thank you for

agreeing to run on for an extra five minutes. A couple of members still want to come in.

Jamie Hepburn: No problem.

The Convener: You mentioned back-room services. In my constituency, we have Portcullis house and the office in Cadogan Street, which are huge and serve not just the Glasgow Kelvin constituency but the rest of Glasgow and areas outwith it. It is important that you raise such issues when you have the conversation that you mentioned. If jobcentres and places where people go to be assessed for disability living allowance and personal independence payment are closed, where will people go? That is a huge question that Mr Adam and others will probably also ask.

George Adam: Can I ask a supplementary on the back of that, convener?

The Convener: I was not stopping you: I was just about to let you in, Mr Adam.

George Adam: The minister has mentioned the issue that I want to raise. He referred to the Paisley Lonend call centre. In effect, 300 jobs are being ripped out of the community by the right-wing Tory Government. In my opinion, that is a short-sighted move. As the minister rightly said, at best, all those people will be relocated elsewhere in the DWP and, at worst, there could be threats of redundancy. That is a concern.

The minister also mentioned another really important issue. I am led to believe that not just some, but all, of the DWP leases are ending. Is the current situation the thin end—could there be more closures yet to come from the Tory Government?

Jamie Hepburn: I cannot answer that. In the process thus far, none of the closures was known to me in advance of being announced. I have no indication that there will be further closures, but it would be wrong of me to say definitively here and now that there will not be more.

George Adam: When Damian Green was at the committee, we were told that there should be on-going dialogue on absolutely everything. I had a robust conversation and discussion with him—

Jamie Hepburn: I would expect nothing less from you, Mr Adam.

George Adam: Well, it was robust. We got to the stage at which he said that he would try to be open. However, we are now in a situation in which 300 jobs in my constituency are involved, and you are the minister who is involved in the process, but we have had no communication. That is absolutely shocking.

Jamie Hepburn: Yes—it is disappointing to say the least. It will also lead to poorer outcomes than we would get if we were engaged in meaningful

dialogue. We would continue to raise concerns if we fundamentally disagreed with a proposition. I do not think that the case has been made in this instance—for example, no equality impact assessments of the proposed closures have been undertaken. We will debate the issue in Parliament next week, when such matters might be germane and pertinent. Certainly, early dialogue would have allowed us to consider how we could continue some form of provision in communities to help people into work. That can happen only if we have meaningful dialogue.

I use the term “meaningful dialogue” deliberately. I have watched from afar the response of DWP ministers to my and Mr Adam’s colleagues who are members of the UK Parliament and who have similar concerns about the impact of closures in their areas. That response has been that there has been dialogue between Scottish Government officials and UK Government officials on co-location. That is true, but that has still resulted in circumstances in which my officials, Skills Development Scotland and I, as the Minister for Employability and Training, first found out about the closures in Glasgow through the newspapers on the day that they were revealed to the rest of the world. The DWP ministers will say that there was prior notification of the subsequent raft of closures, but we got a phone call the night before: Damian Hinds phoned my colleague Ms Constance and said, “Oh, there’ll be an announcement tomorrow.” That was it. My officials tried to explore the matter further. They asked what areas and communities he was talking about, and were told to watch the House of Commons live feed at 1 o’clock. That was really helpful—we were told that we could do what everyone else could do.

George Adam: I am still waiting for communication from the DWP. I have been led to believe that my parliamentary colleagues down in Westminster had to chase the minister themselves to get something in writing. Maybe we could look into the DWP office closures in a committee inquiry, because the issue is important and it will go on and on: indeed, it could get worse. I have been led to believe by a union that the whole jobcentre estate is, in effect, coming to the end of its lease. Who knows what could be next?

Adam Tomkins: I want to give the minister the opportunity to correct the record. Ruth Maguire’s question was about an 87 per cent budget cut. This year’s budget for the Scottish Government is, of course, the biggest since the dawn of devolution and is £500 million greater than last year’s budget. I want to give the minister the opportunity to acknowledge that those facts are, indeed, true.

Jamie Hepburn: Adam Tomkins has given me the opportunity to put on the record the fact that

we have still not come to a conclusion, through the fiscal framework negotiations, on what the final settlement for the specific programme that we are discussing will be.

Adam Tomkins: But this year’s budget is greater.

Jamie Hepburn: That approach is very interesting, Mr Tomkins. I regularly hear Conservative MSPs say, “This is the amount of funding that is coming for a specific purpose. Will you disburse it for that specific purpose?” We still await the final settlement for the specific purpose that we are discussing, but every indication that we have received thus far is that there will be an unprecedented and substantial reduction in funding. I would very much welcome Mr Tomkins’s taking up that issue with his colleague, the Secretary of State for Work and Pensions.

Alison Johnstone: The Government’s “Creating a Fairer Scotland: A New Future for Employability Support in Scotland” says that support will be offered through

“A flexible, tailored, ‘whole person’ approach”.

I appreciate that, and your comments on how sanctions are not the best way to get the best out of people, with which I agree entirely. There are groups of people who face particular challenges. Have you considered that part of the solution for people who get what many might consider to be too little support might be a set of minimum standards to which they can lay claim? Has there been any discussion of that rights-based approach? For example, work programme providers issue minimum standards, but it seems that they are frequently ignored. Will work able Scotland, work first Scotland and future programmes have a set of rights for services? Has that been considered? If so, how would those rights be enforced?

Jamie Hepburn: There will be such rights, because there will be contractual obligations on service providers. If they fail to meet them generally or for an individual, we will clearly take an interest in that. There will, in that sense, be rights for service users. We will have embedded in the system a process in which anyone who interacts with their service will understand what the provider has to provide for them, but also what is expected of them. We will want people to engage. If they are there, they are engaging willingly, but they will obviously have to maintain the commitment to engage willingly with our service. I believe that people will do that, but they have to agree to that. People will have rights that should be respected, in the process.

On Alison Johnstone’s point about people having differing needs, that will also be embedded in the system. We recognise that although some

people can probably proceed quickly into the labour market, other people require more intensive support, so our scheme will be designed to allow for that. It is about providing a person-centred approach.

Alison Johnstone: A fair amount of evidence suggests that, too often, work programmes do not result in a long-term career path and that people are almost forced into short-term work that is insecure, so that, within two to six months, two thirds of those people are unemployed once more. There is an opportunity to use employability programmes to promote social justice. How is the Government connecting up existing Scottish Government priorities with that opportunity?

Jamie Hepburn: That goes back to our agenda of integration and alignment. We have a specific pot of money with which to test ways of delivering that, and we will continue to engage in dialogue on that.

Alison Johnstone has hit on the fundamentally important point that we must support people to be in sustained employment. There will be an element of in-work support in our programmes. It is not as though someone will hit the 12-month mark, get their final payment and that is it. Also, for those who require it, there will be continued in-work support.

The Convener: Thank you, minister, for taking the extra time to answer our questions.

10:42

Meeting continued in private until 11:31.

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