



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 23 December 2021

Session 6



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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE
15th Meeting 2021, Session 6

CONVENER

*Neil Gray (Airdrie and Shotts) (SNP)

DEPUTY CONVENER

Natalie Don (Renfrewshire North and West) (SNP)

COMMITTEE MEMBERS

- *Jeremy Balfour (Lothian) (Con)
- *Miles Briggs (Lothian) (Con)
- Foyso! Choudhury (Lothian) (Lab)
- *Pam Duncan-Glancy (Glasgow) (Lab)
- *Marie McNair (Clydebank and Milngavie) (SNP)
- *Emma Roddick (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Sara Cowan (Scottish Women's Budget Group)
- Claire Murdoch (Scottish Fiscal Commission)
- Dame Susan Rice (Scottish Fiscal Commission)
- Professor Alasdair Smith (Scottish Fiscal Commission)
- Evelyn Tweed (Stirling) (SNP) (Committee Substitute)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

Virtual

Scottish Parliament

Social Justice and Social Security Committee

Thursday 23 December 2021

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Neil Gray): Good morning, and welcome to the 15th meeting in 2021 of the Social Justice and Social Security Committee. Apologies have been received from Foysol Choudhury and Natalie Don. I am pleased to say that Evelyn Tweed has returned to the committee to attend as Natalie's substitute.

Our first item of business is to decide whether to take items 3 and 4 in private. Do we agree to take those items in private?

I see that we are agreed. Thank you very much.

Budget Scrutiny 2022-23

09:00

The Convener: Item 2 is post-budget scrutiny of the 2022-23 Scottish budget. This morning, we will hear from two panels. The Scottish Fiscal Commission will be followed by the Scottish Women's Budget Group. From the Fiscal Commission, I welcome Dame Susan Rice DBE, chair; Professor Alasdair Smith, commissioner; and Claire Murdoch, head of social security and public funding.

I invite Dame Susan to make an opening statement.

Dame Susan Rice (Scottish Fiscal Commission): Good morning, and thank you for the invitation to help you with your scrutiny of the 2022-23 budget. We last appeared before the committee 11 weeks ago, in early October, to discuss the updated forecasts that we published in August. At that point, we had just started work on the budget forecasts that we published earlier this month, so we are a bit back to back.

The main headline in our August forecast, which we discussed with you in some detail, was the costing of the new adult disability payment. We now expect the total additional costs to reach £567 million in 2026-27. That figure is broadly unchanged since our discussions in October. We are conscious that the Scottish Government published regulations last week and that the committee may have more questions following your recent evidence session with other stakeholders.

Another area that we were interested in was the doubling of the Scottish child payment, which the Scottish Government had committed to delivering during this session of Parliament but which was not costed in our August forecast. The Scottish Government has confirmed that the payment will increase to £20 next April. We expect that to cost an additional £103 million in 2022-23, rising to more than £180 million a year from 2023-24. That cost allows for potential increases in payments for both universal credit and the Scottish child payment, in addition to the £20 payment. Higher inflation forecasts and the United Kingdom Government's changes to universal credit that were announced in its October budget also increased the costing and the underlying forecast for the Scottish child payment compared with the August position.

In our new forecast, we expect spending on devolved social security to rise from £3.7 billion this year to £4.1 billion in 2022-23, and to reach £5.5 billion in 2026-27, once the full costs of the adult disability payment and the Scottish child

payment are included. That is nearly £1 billion more than in our budget forecast in January this year, and is mainly accounted for by the introduction of the adult disability payment, the doubling of the Scottish child payment and a higher inflation forecast.

We highlight in our report how a significant funding gap is expected to open up between the forecast spending on social security and the devolved funding received from the UK Government. That gap reaches three quarters of a billion pounds by 2024-25. The money must be found from elsewhere in the Scottish budget. That is in the context of a resource budget that is under pressure, which is not helped by a negative net tax position for the next five years.

There is significant uncertainty around our forecasts, particularly for the Scottish child payment in the coming budget year, as a number of changes are being made at the same time, with the expansion of the payment to older children, the doubling of the payment amount and the impact of significant changes to universal credit.

Finally, I should add that our forecast closed the day before the new omicron variant was announced by the World Health Organization.

We are happy to take your questions.

The Convener: Thank you very much. If members would like to come in at any point to ask a question or witnesses would like to supplement an answer, they should type R in the chat box and I will do my best to facilitate that. I ask members to direct their questions, in the first instance, to Dame Susan, who can delegate from there.

Pam Duncan-Glancy (Glasgow) (Lab): I thank the witnesses for the evidence that they submitted in advance and Dame Susan for her extremely helpful presentation.

My first questions are on a similar theme and relate to the evidence that has just been given. When the higher costs of the Scottish child payment in 2023-24 were included, how much were those costs at the time? In your written evidence, you say that some factors, such as eligibility and uptake, have been revised downwards. I am keen to understand a bit more about that downward revision and your assumptions about eligibility and uptake.

I have another couple of questions but those are on a different subject.

Dame Susan Rice: In relation to the change in the upcoming budget year, I remind the committee that the Scottish child payment was originally offered to families with a child under the age of six but is now being offered to families with a child under the age of 16. Therefore, one factor that affected the overall forecast amount is that a lot

more children are now eligible for the payment. In the upcoming budget year, the payment will double from £10 to £20 per week, per child.

I turn to my colleague Alasdair Smith to give a little more detail.

Professor Alasdair Smith (Scottish Fiscal Commission): As Susan Rice has described, the dates at which the changes were introduced in our forecasts are the dates that were announced by the Scottish Government for the doubling of the payment and its introduction for eligible families with children between six and 16. The payment will be updated in December 2022.

As far as eligibility is concerned, we have assumed a pretty high level of uptake. That is the message from the data that we have. The rate of uptake is close to 80 per cent for children under six, and it is only slightly lower for children between six and 16, when they become eligible. We have also assumed that there will be an increase in uptake primarily because of the interaction with the changing rules for universal credit, which is the main qualifying benefit for the Scottish child payment.

The increase in the taper for universal credit makes some changes to the incentives for families to apply for the Scottish child payment, so we assume that there will be some increase in eligibility and that those who are eligible will have an increased incentive to apply for the payment, especially if they have children between the ages of six and 16 who were not previously eligible. There might be some incentive for people who are eligible for universal credit but who were not applying for it to apply for the payment. There are also some incentives for people to stay on universal credit if they can, as there is a bit of a work disincentive at the top of the eligibility band.

It is quite hard to be precise about those eligibility effects. We have assumed a 1 per cent increase in eligibility and a 2 percentage point increase in take-up because of those incentives, but there is a lot of uncertainty about eligibility and incentives.

The Convener: I can see that Claire Murdoch wishes to come in.

Claire Murdoch (Scottish Fiscal Commission): To go back to the question about the exact payment amounts, as Susan Rice and Alasdair Smith have said, we assume that the payment will double to £20 from December. That is the Government's stated policy. Susan Rice mentioned the roll-out to children aged six to 15. We assume that the payment will be £20.80 a week. The Government has basically brought forward to December 2022 the uprating that would have occurred in April 2023. That is just to confirm the payment amounts.

The Convener: Thank you—that is very helpful. Does Dame Susan have anything further to add to that?

Dame Susan Rice: No. I think that that is enough on that question, unless Pam Duncan-Glancy would like more information.

Pam Duncan-Glancy: Thank you for your responses, which are very helpful.

I have a further question on some of the assumptions but this time in relation to unemployment figures. You have assumed—*[Inaudible.]*—and you have now amended that to 4.9 per cent. How much of that employment is secure work? Do the figures break down so that we can look at how specific groups—for example, women, black and minority ethnic people and disabled people—are affected? How do they fit into the forecasts?

Dame Susan Rice: I do not think that we have absolute detail on how that employment figure breaks down. However, we look at, for instance, age populations in Scotland and younger working people, who will typically have been more involved in the leisure and hospitality sectors, which have been particularly constrained over the two years of the pandemic. We assume that employment in that group will be lower. We look at the issue in that way.

We also look at changing demographics. We are seeing a higher growth in the number of people in the older age levels and those individuals are less likely to be in employment.

Those are general comments. I think that my colleague Alasdair Smith can give the committee a bit more detail.

Professor Smith: I have nothing to add—Susan Rice has covered all the points that I would have made.

Pam Duncan-Glancy: What do the forecasting and the spending that you have set out in your written evidence and this morning suggest for the affordability of the social security budget in Scotland in the longer term?

Dame Susan Rice: I can answer that question simply by repeating the message that you will have heard in early October as well as now. Social security will cost the Scottish Government a good bit more than the funds that might come from the UK Government will cover. That is because of the decision to make the benefits more widely available and, in some cases, easier to access. The job for the Government, and, I assume, for the Parliament as well, is to find ways to cover those extra costs. That means looking at priorities and where in the budget money might or might not be spent on other things to balance that out.

The Convener: Before I bring in Jeremy Balfour, who will cover the points that you raised about cost pressures, the fiscal framework and the costs of the adult disability payment, which is the real driver behind the increased cost of social security to the Scottish Government, I want to take you back briefly to Pam Duncan-Glancy's question about employment. What is your expectation for how much of an impact the omicron variant will have on employment levels and, therefore, social security levels in the coming months? Do you have any update on that from your previous forecasts?

09:15

Dame Susan Rice: That is a good question to ask. As I pointed out, omicron became known to us the day after we closed down our economic forecast a few weeks back. However, we have considered it. We have watched the impact of Covid closely throughout.

At this stage, we have assumed that the omicron variant of the virus is a downside risk to our central forecast, but the assumptions in that forecast do not change. We put into those assumptions some ups and downs in relation to the continuing pandemic and we considered some of the factors that would come with an increase in infections over the winter. We also observed the ability of businesses all round to come through what happened earlier this year and last year a little bit better than everyone thought at first.

Omicron is something to keep a close eye on, but it does not change our central economic forecasts just now. Once again, however, Alasdair Smith might give you a more nuanced response to the question.

Professor Smith: It is worth emphasising that the social security budget as a whole is not particularly sensitive to unemployment or economic conditions. Omicron might well have an effect on employment, especially in the leisure and hospitality sectors, but the social security budget is driven by disability benefits, which are long-term entitlements and are not much affected by the recipients' economic circumstances. It is also driven by benefits that are tied to universal credit, which is available to lower-income families that are in and out of work, so even that is not particularly sensitive to employment levels.

If omicron turns out badly—we hope that it does not, and I note that there are some positive signs—there may be some significant effects on the economy at large, but there are unlikely to be big effects on our social security projections. Also, whatever the omicron effects are, they will be in the current year or next year. They will not, we

hope, have much effect on our long-run forecasts, which have been the highlight of our report.

The Convener: Thank you, Professor Smith. That is helpful.

Jeremy Balfour (Lothian) (Con): Thank you for your written submission. I will ask two questions on the adult disability payment—one that relates to the short term and one that relates to the longer term.

I have asked my first question before, but I am still not sure that I fully understand the answer. I apologise for my ignorance. You have forecast an increase for the budget for the adult disability payment in the next couple of years because you think that uptake will be higher. How do you work out that uptake will be higher? It appears from the new regulations for the payment that the way that the benefit will be assessed is almost identical to the way that it is assessed at the moment. Have you looked at that afresh in light of the new regulations? Does it make any difference?

Dame Susan Rice: I will begin on that but, again, I will turn to Alasdair Smith, because it is good for the committee to hear from both of us.

The place to start is the motivation, if you see what I mean. The Scottish Government has expressed the aim of increasing take-up and the number of people who receive the payment, and it has a number of levers and ways to try to do that. One is promotion and encouraging people to apply, and another is shaping the application process to make it more accessible and a little more supportive and easier for applicants. However, there are a number of other elements that lead to our judgment that there will be more take-up. Professor Smith, do you want to fill in some of those other levers?

Professor Smith: Yes. Mr Balfour is right to say that the formal rules of eligibility have not changed but, as Susan Rice said, the Scottish Government has announced various ways in which it wants to make the whole process friendlier for people who might be entitled to benefits in order to encourage them to apply and encourage take-up.

If I may say so, Mr Balfour can be excused for feeling that he might not have understood the full effects, because they are terribly complicated. We have looked at all six or seven channels through which ADP, which will be administered by the Scottish Government, might lead to higher expenditure. For example, we expect that people who previously applied for the personal independence payment but whose applications were turned down might have another go at applying under the new system. We expect a spike, or more properly a bulge, in applicants when ADP comes in, and some of them will be successful.

I am trying to think my way through all the complications. We have looked at what happened when other changes to social security systems were brought in, such as the switch from disability living allowance to PIP. Past changes have had the effect that, as people get reassessed under a new system, more people become eligible for payments and there is an increase. Those are two of the main ways that we think that there will be an increase in expenditure, but the main thing, as Susan said, is that the Scottish Government's policy is to push up the take-up rate by making the system friendlier to applicants.

Jeremy Balfour: My second question is about the longer term. The Scottish Government has announced a review of the criteria for people getting the adult disability payment. That review may or may not be implemented in the current parliamentary session, depending on time and what the independent commission is asked for. How much notice do you require to be able to forecast whether there will be a differential? For example, if the mobility criteria distance was increased from 20m to 50m, more people would be able to get the benefit. Would you be able to forecast the effect? What information would you require from the Department for Work and Pensions and Social Security Scotland in order to do that work?

Dame Susan Rice: That is a good question. I turn to Claire Murdoch, who I know will have her arms around all the detail, to give you a response.

Claire Murdoch: The short answer is that we will produce a forecast when the Government has a policy. We stand ready for the Government introducing such changes. If it has a review, we will get notice of that. Once the Government has decided on the policy, we will include it in our forecast and we will ensure that that is available to Parliament before you consider any regulations that will change the rules.

In relation to the information that we need, we said multiple times in the adult disability payment forecast that we are having to make a lot of judgments. There is information on how the current system works, but nobody knows exactly how the new system will work. To a certain extent, when the policy changes, we will be in a similar position, but nobody will know exactly what the effects of those changes will be.

We can look at people who currently qualify. People who apply for PIP score points under different criteria. We can look at how many people are receiving or not receiving those points and try to assess how that might be different if the rule was changed. We would be looking for the DWP and Social Security Scotland to collect and hold that information so that we could use it to produce our forecasts.

I hope that that answers your question. I am happy to elaborate further.

Jeremy Balfour: If Parliament was minded to alter the regulations that we have at the moment, how quickly could you do that work?

Dame Susan Rice: To repeat what Claire Murdoch said, I note that our framework does not cost potential or possible changes. As soon a policy has been announced, we will cost it. If we have advance warning, although it is hard for me to say how many days or weeks that should be, we will anticipate what the cost might be. Claire is closer to the team that does the modelling work and she can say whether we can put a timeframe on that.

Claire Murdoch: I want to say that anything is possible. The longer we have, the more we can look at something in detail and the more confident we can be in our estimates. The less time we have, the greater the uncertainty will be. The ambitious part of me would say that we can do that in a couple of weeks or a month. My team would probably want me to say that we would need a bit longer. We do a whole budget process in 10 weeks. The Government is free to announce policy in that time and to change it. We can work to a similar timescale if required.

The Convener: Your flexibility and ambition on behalf of us all is admirable, and we appreciate it.

Pam Duncan-Glancy: I echo the convener's thanks for your flexibility on this work. In your future estimates for adult disability payment, have you estimated how many people's awards would increase, decrease or stay the same? If so what are those assumptions?

Dame Susan Rice: I turn again to a colleague who will know what we know about those assumptions. Alasdair Smith should have that at his fingertips.

Professor Smith: I am not sure about having that at my fingertips. Our forecasts do not quite go into numbers increased or decreased; we focus on overall numbers. We are forecasting that the introduction of ADP will increase the number of people who receive the benefit.

I am tempted to go a little further and to say that we do not see any forces that suggest that there will be a substantial number of people who would have received a benefit under PIP but who will not receive one under ADP. However friendly the assessment process is to applicants, one cannot guarantee that there would not be some people who would have succeeded in an application under PIP and who will not do so under ADP. Overall though, the pressure is entirely in the other direction. There will be more recipients under ADP than under PIP, but the short answer to your

question is that we have not broken it down in the way that you have asked about.

Dame Susan Rice: Does Claire Murdoch have a supplementary comment to make?

Claire Murdoch: As Alasdair Smith said, we do not estimate in quite the way that Ms Duncan-Glancy is suggesting, but we have considered what effect we think we will see for people who are new applicants and what we think will happen when people go through the award review process.

For new applicants, we assume that 25 per cent of clients who would have received a nil award under PIP will now receive a standard award under ADP, and that 15 per cent who would have received a standard award under PIP will now receive an enhanced award under ADP. We assume that some people will receive a slightly higher award than they would have done before, under the PIP system.

09:30

At the moment, about 19 per cent of clients under PIP will be disallowed at review. Once people are in the ADP review process, we assume that that will fall to 5 per cent, partly because of the way in which the award review process is changing, which means that people are not automatically disallowed if they do not respond to a letter. There is a more collaborative approach to the review process, which has an effect on how many people stay on the payment and how many people have an increase or decrease at the award review.

I hope that that answers the question.

The Convener: That is very helpful and interesting. Just to be clear, are you assuming that the assessment process for ADP will be more accurate and will therefore result in fewer reviews?

Claire Murdoch: The reviews will still take place, because people's awards will have a set amount of time. It is more the appeals process that we assume will be slightly different. Fewer people will go to an appeal and have their award disallowed. At the moment, quite a lot of people are disallowed, they appeal and they are successful at appeal. We assume that some of that will apply earlier in the system.

Miles Briggs (Lothian) (Con): Good morning, and thank you for joining us today. I want to ask two questions about the forecasting that has been put forward. You outlined an estimated £1 billion in additional expenditure. In your experience, what steps are ministers taking to look at how they will control those pressures in future?

Dame Susan Rice: We do not assess what steps ministers might be taking. What we do is highlight the fact that consideration will need to be given to the disparity between the amount of money that will be required to deliver social security benefits and the amount of money that is coming in and is available for those benefits. We have highlighted that in our report, in the media release on the report and here at the committee, today and previously. It is up to ministers to consider how they will fund the social security payments that are promised and are available, and whether those payments are where they want them to be, by looking at the entire budget. Sorry not to give you a fuller answer.

Miles Briggs: I was approaching the question from the point of view that Social Security Scotland is a new system and we need to ensure not only that it is an affordable system but that resources are being monitored and costs properly maintained. Turning that question on its head, what lessons will ministers have to learn soon about how best to meet those commitments? Significant additional money will have to be found in the overall budget. Where do you think that that will come from?

Dame Susan Rice: Again, I would refrain from giving an answer, mainly because it begins to get us closer to a sort of policy area, and our job is not to assess or comment on policy—it is to look at the cost of that for the budget.

You asked what lessons will be learned. Let me turn that question slightly on its head. Often lessons are learned after the fact or after a problem. What we have here is a Government and, hopefully, a Parliament that understand that there is a challenge ahead in meeting the costs of the social security programme. Hopefully, they are looking ahead, against the legal requirement that you have to have a balanced budget each year, to see where those moneys will come from. What are the priorities? There are lots of things that the budget will propose to spend money on, so it needs to spend a little less in one place in order to spend a little more in another. So, a lesson will be learned in that regard, but, possibly, there will be lessons along the way, because that issue is on the table and anticipated now. However, I cannot tell you how we think that ministers will, or indeed ought to, address that.

Miles Briggs: Thank you. Finally, with regard to your experience not only of this budget but across the whole portfolio of policies in the Parliament, what would you like to see—specifically for this committee around social security—to improve the processes that we have in place to follow resources? Thinking back to my time on the Health and Sport Committee, whenever we did budget scrutiny, it was incredibly difficult to follow

a taxpayer pound through the national health service. From your experience, do you want to put any learning around that on the record?

Dame Susan Rice: May I turn to Alasdair Smith or Claire Murdoch to respond to that?

The Convener: Professor Smith, you are shaking your head.

Professor Smith: I do not think that I have any wisdom to offer Mr Briggs on that specific question, but on the earlier issue of lessons to be learned, like Dame Susan, I am not going to start advising ministers on how they should answer the quite proper questions that you have raised. However, there is one important lesson from our analysis, which is that, when we are looking at the social security budget, we are looking at not just a large sum of money but at long-term commitments. Once people become eligible for adult disability payment, for example, they are likely to remain eligible for a long time. It is not open to the Government to control the budget by rationing access to it—access is determined by the criteria. Perhaps the most important lesson for ministers about the budget is that commitments that are entered into are for the long run and need to be considered in a long-term way. That is why we have put so much emphasis in our report on these long-run forecasts.

The Convener: Thank you.

Evelyn Tweed (Stirling) (SNP): Good morning. Does the Scottish Fiscal Commission expect the £20 Scottish child payment to make a big difference to the people who apply for it?

Dame Susan Rice: Again, you are asking for a non-forecasting judgment. One must assume that, if used in the right way, more money available should make a difference—there is logic in that. However, we have considered the impact of doubling the amount, and we think that it might attract more people who are already eligible to apply for the benefit because it appears to them to be more worth while. That is the way that we look at the doubling of the amount—whether it will have an impact on eligibility, which is one of the key factors in doing our forecasts on social security benefits. Claire, do you have anything else to say about that?

Claire Murdoch: Obviously, if the money is available and people are eligible they should claim it. We think that there will be around 15,000 extra applications because of the higher payment. That is a combination of more people who are eligible taking it up, as Susan said, and the fact that people will become eligible.

The Convener: Thank you; that is helpful to know.

Evelyn Tweed: What are your views on the fiscal framework and how it works, or does not work, for Scotland?

Dame Susan Rice: That is an important question to raise. As had been planned from the beginning, the fiscal framework is due to be reviewed very shortly, in 2022, and that review will take place between the Scottish Government and the UK Government. The Fiscal Commission will not be directly involved in the review, as that might be a little bit like marking one's own homework, to some extent.

If there are to be changes to the fiscal framework, when they are agreed and announced, we will definitely take a look at them and we will try to explain through an occasional paper, reports or whatever what the impacts of those changes might be. I hold back from giving an opinion of what we think about that, because it is outside our purview, and I think it would be inappropriate for us to share views, particularly at this stage, when the review has not even begun. That is a matter for discussion and debate between the two Governments.

The Convener: Do you have any further questions, Evelyn?

Evelyn Tweed: No—that's me, convener, thank you.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning, panel.

Dame Susan, you estimated that the cost of the adult disability payment will be higher than that of PIP by some margin. How much of that is due to a more compassionate approach in promoting take-up and dealing with claims?

Dame Susan Rice: There are a number of factors. You are right: in its primary vision, Social Security Scotland wants to increase take-up or availability of the benefits to more people who are eligible and who want them. That is its stated objective. In order to do that, it is applying several factors, some of which we mentioned before—including those related to ADP. It is believed that the combination of those factors will lead to more people being involved. That relates to promotion, encouraging people to apply and making the application process easier or more accessible for people. I think there is a removal of face-to-face physical assessments, which may make it easier for people who cannot come out and do face-to-face assessments all that easily.

There is a lengthening of the time between award reviews. The award is for the long term, as has been pointed out by my colleagues, but it obviously needs to be reviewed to see if circumstances have changed for the individual. By lengthening the time between the award reviews, it

may seem or feel more worth while for an individual to go through the application process. There have also been some changes to the definition of "terminal illness". A number of those changes would serve to open up the process and make it more accessible to potential applicants.

Marie McNair: We might think that an increase in the number of people who are motivated to claim ADP will result in an increase in claims for carers allowance and carers allowance supplement. Is there a direct correlation between two or more of those, or do you think that the memories of the barriers to claiming carers allowance will still deter some people, to an extent?

Dame Susan Rice: That is another good question. *[Interruption.]* Please put me on mute because of my phone ringing and turn to Claire Murdoch.

Claire Murdoch: That is right: we assume that there will be an increase in carers allowance spending. The basis for that estimate is the current ratio between the number of claims for PIP and the number of people receiving carers allowance. We are assuming a very similar situation. We have not yet included any Scottish replacement—the new Scottish carers assistance—in our forecast, because the Government has not yet published firm plans for the changes. The estimate is based on the existing system and the existing ratios between PIP and carers allowance.

The Convener: Do you have a further question, Marie, before I bring in Jeremy Balfour, who indicated that he had some questions in this area?

Marie McNair: Not at this point, thank you.

The Convener: Do you have any further questions, Jeremy Balfour?

Jeremy Balfour: No, convener. I think that everything has now been covered by other members.

The Convener: Lovely. There are no further questions for the panel—nobody has indicated in the chat box that they wish to come in. I do not know whether colleagues on the panel have anything further that they wish to add.

Dame Susan Rice: You have asked some very pertinent questions, and we wish you good luck with your deliberations.

The Convener: Thank you. Thank you very much for your time this morning. The discussion has been very helpful and insightful for us in doing our work. I wish you all a very safe and merry Christmas, and all the best for 2022.

I will suspend the meeting as we switch over from panel 1 to panel 2.

09:45

Meeting suspended.

09:48

On resuming—

The Convener: Welcome back. We will now hear from Sara Cowan, who is the co-ordinator of the Scottish Women's Budget Group. Good morning, Sara. We appreciate you giving your time to the committee today.

I remind everyone to type an R in the chat box if they would like to come in with a supplementary question or an answer. My colleagues will ask their questions in turn.

Pam Duncan-Glancy: Good morning, Sara. Thank you for the information that you sent us in advance of the meeting and for your time today.

My questions are about social care and women's responsibilities for work, including unpaid work. The "Equality and Fairer Scotland Budget Statement 2022-23" identified women's responsibilities for unpaid work as a risk with regard to their ability to find paid work. Does the budget go far enough, particularly with regard to social care? Does it contain enough support to lift women out of poverty? Does it do enough to address the increased structural inequality that was seen as a risk? The question also applies to disabled people, and disabled women in particular.

Sara Cowan (Scottish Women's Budget Group): I thank the committee for inviting the Scottish Women's Budget Group to give evidence today, and I thank you for the question, Pam. My answer is in several parts.

We saw in the budget some elements that move towards balancing some of the structural inequalities that exist for women, with more investment in social care. Elements such as the increase in the minimum wage floor for social care staff, the vast majority of whom are women, are important steps, but they really have to be viewed as first steps. There have been years of underfunding and undervaluation of social care overall, those who work in the sector and unpaid carers. Huge amounts of investment are needed to return to the sector its correct value.

You indicated in your question that there was a risk around unpaid carers, but there is not very much in the budget for unpaid carers, to be honest. There was a commitment of £5 million to provide a right to respite for unpaid carers, but that is unlikely to go far enough. Many unpaid carers have experienced little opportunity, if any, to take any break over the course of the pandemic, as many respite services were closed, at least during the first part of the period. There are also fears

and concerns about how to access services as the pandemic continues.

We also did not see much in the way of an increase in the remit of carers allowance and other support for carers. We would like to see that benefit go further to support unpaid carers and protect them from poverty by increasing the value of the payment as well as, crucially, widening eligibility for carers allowance so that the support that is needed to protect carers is provided.

It is also necessary to ensure that the services are there to support unpaid carers in the work that they do. Reopening of local respite services will be crucial over the next period, but just as we see uncertainty with the impact of omicron, there is continued uncertainty about how that will happen.

I think that more could be done to support unpaid carers. As I said, because of the long-term undervaluing of social care, continued support needs to be offered to ensure that that is rectified.

Pam Duncan-Glancy: Thank you, Sara—that was helpful.

On a similar tack, I was interested in the link that you make in your submission between social care and the climate crisis and green jobs—I think that, ultimately, you consider social care as an area in which to create green jobs. That is something that I believe in passionately. I have often said that social care is a key sector that could be a massive help to our economy, particularly as we move towards a green economy.

Can you say more about how you believe the Government could combine its agenda of addressing financial and recruitment issues in social care with looking at broader climate justice solutions?

Sara Cowan: As we consider the just transition, it is crucial that we look at it as a feminist just transition, so that we are able to move towards a net zero economy that really can tackle inequality. In the just transition and net zero commitments, we heard a lot about commitments to decarbonise activity, support the lived environment and make changes within industry. In our note to the committee, we say that it is important that we expand the view of what is needed in a just transition and what would make that a feminist just transition.

There is a real risk that a just transition could, at best, maintain existing labour market inequalities by moving an energy sector that is often highly paid and male dominated into a decarbonised energy sector that remains highly paid and male dominated. Therefore, we need to find access routes to challenge that labour market inequality and actively look for opportunities for women and other marginalised groups to get into the sector.

There are opportunities for that within the green jobs fund.

Expanding what we think of as the just transition is also a crucial part of that. We need to expand what we think of as infrastructure investment and include social infrastructure within that. That means infrastructure within the care economy. We need to think of that as part of an important investment, not a cost to the economy. Investing in social care as a move towards a green economy will bring returns for the economy and society.

Viewing care jobs and other jobs that have a low carbon impact but high social good as part of the move to green jobs and trying to link up the thinking that is going on with the establishment of the national care service and the move to a just transition is an important element of seeing how the economy can work better for women.

The Convener: On the support that is available to unpaid carers, to what extent will the £5 million help with respite for unpaid carers? You said that it is not enough but will you quantify how supportive it will be and how much more would have been needed to help fill the gap, given the challenging time that unpaid carers have had through the pandemic?

Sara Cowan: It is really challenging to quantify that. We see from surveys conducted by Carers Scotland that many unpaid carers have been unable to take any respite, either because of closures or because of health concerns, but that means that there is a pent-up need, so there is likely to be a period when more respite than usual will be needed because there has been a lack of access, and then we will need to continue to ensure that respite is available.

In addition to that, we need to recognise that there are now many more unpaid carers than there were before the pandemic. Therefore, we need to assume that we will need a higher level of respite than the pre-pandemic levels due to the increase in unpaid care that has taken place.

I am sorry that I am unable to quantify the level of need, but I could look into that and see whether I can get that information to you.

The Convener: That would be helpful. We all understand and appreciate the difficulties that carers have been going through during the pandemic. We took evidence on that during the passage of the Carer's Allowance Supplement (Scotland) Act 2021. I take your point about the fact that the number of unpaid carers has grown during the pandemic. The Scottish Government appears to have recognised that point but we would be interested in finding out more about the extent to which it will meet demand, so any supplementary information that you have on that would be gratefully received.

Miles Briggs: Good morning, Sara. You might not be able to answer this today, but have you seen any data about councils that suspended care packages during the pandemic—there has been a lot of pressure from that in Edinburgh—and have not restored them? Do you have any examples of that? It has forced more people to leave their work to take up full-time unpaid care roles.

10:00

Sara Cowan: I can come back to you with more detail on that. Last year, at the start of the pandemic, the Glasgow Disability Alliance did some really good research into the suspension of care services and the impact that that was having on people. I encourage members to read its report entitled "Supercharged: A Human Catastrophe", if they have not done so already.

I can get back to you on the second element around restoring care packages and data levels. I can say that we hear from unpaid carers in our membership a lot of frustration about the on-going challenges in accessing social care support and some health support because of the on-going impact of the pandemic. We have all got used to things being different and there being more processes and steps when accessing different kinds of services, but that has added to the unpaid work that people have to do. We hear of frustration about the impact that that is having on carers while there is what feels like a lack of on-going support for them.

The wider investment in social care is also crucial for unpaid carers. As services are invested in, there can be more support there, but that will be a longer-term process, so we are calling for some kind of support that can help people in the short term after so long in this pandemic.

The Convener: Before I bring in Evelyn Tweed, I want to go back to the carers allowance supplement. Obviously, and sadly, women continue to bear the greatest responsibility for providing unpaid care. To what extent has that been supported by the doubling of the carers allowance supplement this month? Have you seen that effect on the ground? Has it been beneficial? Would you like to see it reviewed going forward?

Sara Cowan: It is probably too early to say where the impact of that has been. We do know that women make up the majority of the claimants for carers allowance and the carers allowance supplement, at 69 per cent of claimants. Any changes to that allowance will have a disproportionate impact on women and it is important to make those changes.

Wider and longer-term reviews will need to consider how we can ensure that there is a minimum income standard for people in receipt of

that benefit and that the allowance and supplements to it can protect carers from poverty. We see carers living in poverty because of their circumstances. Any future review that focuses on that element and on ensuring that there is a minimum income standard would be great.

Evelyn Tweed: Good morning, Sara. It is nice to see you here today and thank you for your submissions so far. I have a more general question. I want to get your views on budget decisions and what you feel will have the greatest impact on reducing inequality and promoting social justice.

Sara Cowan: I hope that you will have seen this in our advance submission. It is crucial that any budget decision is based on information and analysis of how to tackle inequality. For us, that means integrating intersectional gender budget analysis into the budgetary process and into the review process between the draft budget and the finalised budget. That process is crucial to ensuring that decisions that are made will work towards building a more equal society.

The principal aim of gender budgeting is to integrate intersectional gender analysis into economic policy and, through that process, to create awareness of the different impacts that decisions around publicly funded policies and programmes will have on women and men, and on different groups of women. It challenges the assumption that budget decisions can be gender blind.

In this budget, we have seen some really positive decisions, especially in respect of the big announcements on the Scottish child payment, which will have a significant impact for women. Child poverty and women's poverty are intertwined, and the majority of those who are in receipt of the Scottish child payment are women; Social Security Scotland statistics show that that figure is 80 per cent. Those kinds of decisions will have important impacts on the people who are in receipt of those benefits.

To come back to the first set of questions, from our perspective, the value that is placed on care is crucial for how we build an economy that creates more fairness within it and works towards equality. Valuing and investing in care and the caring economy is an important element of how we reduce inequalities.

Evelyn Tweed: Can the impact of the budget decisions and how they play out be quantified?

Sara Cowan: Yes. What is important is the data that we have around the budget decisions, and the need to ensure that there is disaggregated data available for us to look at and analyse in order to understand how decisions impact on people's lives.

Beyond that, it is important that we have more intersectional data, as there can be a real gap in that regard. We need to understand how decisions impact on people differently, and on their different lived realities. We need to recognise that many people will have a variety of characteristics on which we do not necessarily have data, which means that we do not have as much information as we should to enable us to quantify the impacts. The more data that we can gather and the more we can include the intersectional nature of that data, the better the analysis that can be done in order to quantify the impact of the budget decisions.

The Convener: Marie McNair will now ask her set of questions. I once again remind colleagues that if anybody wishes to come in at any stage, they should type R in the chat function.

Marie McNair: Is there any current spending in the budget that should be transferred into areas in which you want more money to be spent?

Sara Cowan: We would encourage consideration of how capital investment and what are often termed "hard-hat projects" will impact on the economy, and whether that investment is having the strongest impact that it can have on the people of Scotland. Looking at that area is one option.

As I highlighted when we discussed the just transition, it is also important to consider how things fit into a certain area. For example, the just transition often involves focusing on infrastructure-type projects, but it can be broader than that. It is important that areas are brought together so that there is better integration in decision making.

Marie McNair: Which proposals should take centre stage at a time of ever-emerging Covid pressures on the budget?

Sara Cowan: This should have come across already, but I think that care needs to take centre stage. By that, I mean all forms of care, although I have talked more about social care and its importance to people and to our economy. Care is often talked about as a cost to the economy, but it is important to say that it is an investment. It brings economic and social returns.

Investment in childcare is also important. It is important that the Scottish Government is continuing to invest in the expansion of childcare. We welcome the announcements on the expansion to two-year-olds from low-income families. The thrust of that roll-out—to reach more children—is really important, and it will be important in reaching the child poverty targets.

The Convener: The child poverty targets are a key theme in the committee's early work, particularly our scrutiny of the Scottish

Government's budget. You mentioned in your submission, and you have said this morning, that women's poverty and child poverty are intrinsically linked. Single parents are most likely to be women, and women are most likely to work in part-time or low-income roles. To what extent are the changes to universal credit having an impact on child poverty rates in Scotland? The investment in work allowances is obviously very welcome, but there is also the £20 per week cut to the standard allowance.

Sara Cowan: Supporting people's incomes is important but, obviously, cutting benefits does the exact opposite of that. We expect to see that having an impact on women's poverty and child poverty. Others have conducted modelling that demonstrates where they expect to see the impact and a rise in poverty as a result of the cut to universal credit. We know from previous longer-term analysis about the impact when benefits are cut or frozen and when austerity measures impact on benefits. Those measures had a greater impact on women, particularly women from ethnic minority communities and disabled women.

Any change to the benefit system is likely to have a disproportionate impact on women. I do not see a cut to universal credit being any different.

The Convener: Thank you.

I will bring in Pam Duncan-Glancy next, followed by Jeremy Balfour.

Pam Duncan-Glancy: Thank you for allowing me to come in again, convener. I want to explore a couple of areas a wee bit further, if that is okay.

Sara, your submission mentions the evidence that was given on the impact on equalities alongside the budget and says that the top-line information was given "across portfolio areas", but we probably need a bit more detail on specific inequalities. How can the detail be improved so that we can continue to improve in that area?

Convener, I have another question that is on a slightly different topic, if I can come back in afterwards.

The Convener: Of course.

Sara Cowan: To premise what I will come on to say, the "Equality and Fairer Scotland Budget Statement 2022-23" is a really important statement of intent that comes out alongside the budget. It is really important to see the commitment to equalities through that publication but, as Pam Duncan-Glancy mentioned, what was published this year was very top line.

It is important to consider that the statement is the final product of the analysis that has gone into the budget and can only ever be as good as that analysis. A lot of the focus has to be on improving

the quality of the analysis and the assessment processes if we are to achieve improved policy outcomes in people's lives, which can then be reported through the EFSBS, rather than there potentially being retrospective reporting on inequalities and budget policies.

10:15

It might be best to look at an example of where there could be improvements. In the annex to the statement, there is a good analysis from the transport portfolio of how public transport, and spending on public transport, affect men and women differently. More women use bus services, but those services are often designed to work better for people who work full time, from 9 to 5, and who go from outside town into city centres. The analysis recognises both the importance of bus services for women and that services do not currently work for them.

However, there is no mention of dealing with that inequality, except a mention of how on-going subsidies to bus transport will have an improved impact on women. It would be good to see more detail about how bus subsidies can help to provide more services that work for women in a way that recognises the part-time work that women tend to do and the cross-town journeys that they are more likely to take because of their caring responsibilities.

We need more detail on how budget allocations tackle the inequality that has been identified. Without that information, we assume that nothing else is going on alongside the analysis.

Other information could be provided to make decision making more transparent. More equality impact assessments could be published. Some portfolios have provided a number of links within their sections of the budget. For example, the Covid recovery portfolio has provided multiple links to different equality impact assessments. It would be good to see that across all portfolios, so that there is easy access to the information and analysis used in decision making. Without that, there is a question about whether that analysis has taken place.

Another important practical step could be taken. The equality budget advisory group made a set of recommendations to the Government and the Parliament about how to improve the analysis of equalities within the budget process. Those recommendations include building capacity to deliver analysis; providing training—and doing so regularly; communicating the analysis work; and having clear leadership for delivery. The Scottish Government has said that it will respond to those recommendations in spring 2022. That response will be crucial to ensuring that the analysis that

goes into the budget can be correctly reflected in the final statements and documentation that come out.

Pam Duncan-Glancy: That was really helpful. The examples from the transport and Covid recovery portfolios are useful. We can look into those in more detail.

I move to an almost completely different subject, although it is still on the budget and a feminist analysis of it. I am interested in your deliberations. What is your assessment of the impact that we might be able to have on violence against women and on services that deal with violence against women, as part of addressing some of the structural inequalities that drive violence against women and make it worse?

Sara Cowan: It is difficult to view tackling violence against women as a year-on-year investment, which is what the budget is. Services that deliver support to women who have experienced violence or which work on preventing that violence need the reassurance of long-term funding. Beyond this budget, it will be important to look at the resource spending review, and to give those services confidence around longer-term funding.

There is on-going funding in this budget that continues to support services, but we would really like to see more long-term funding. Without long-term funding, time is taken away from delivering and spent instead on working out where the next year's funding will come from. The absence of long-term funding means that there is uncertainty around services, which is not what you want when you are working with such a vulnerable group of people. You want to know that you can focus on providing the support that is really needed. How we can ensure that long-term support and confidence are given to those services is a really important question.

The Convener: You will be comforted to note that we plan to return to that issue early in the new year.

Jeremy Balfour: Thank you for your answers, Sara. I have three questions.

The first picks up on the point that was just made. The Cabinet Secretary for Finance and the Economy seemed to indicate that we would be moving to three-year funding for the third sector. Have you had any indication that conversations have taken place on that? Have you received any communication from the Scottish Government? I am wondering whether the discussion has got down to the level of local groups yet.

Sara Cowan: We have not received any communication directly on the announcement that was in the budget. However, we recently received

three-year funding from the Scottish Government equality and human rights fund. Our group, and many others in the third sector, have been provided with three-year funding within the equalities framework. I think that other networking groups, such as the Scottish Council for Voluntary Organisations, will probably be first to receive those communications, which will then go out through their networks to their members and other community groups.

As I said in my previous answer, the confidence that multiyear funding can provide in supporting services to focus on what they are doing rather than on where the next funding will come from is really important. That applies to both services that deal with violence against women and the third sector more widely.

Jeremy Balfour: That is helpful.

My second question returns to questions asked by other members. I think that we all recognise that there are now a lot more unpaid carers, particularly female unpaid carers. I appreciate that this sounds contradictory, but do you have any idea of the number of unpaid carers out there who we do not know about? How could the Scottish Government or the committee find out that information? Obviously, if we want people to get the benefits that they are due, we need to consider how we identify those individuals. Are we talking about hundreds or thousands of people? Have you any concept of the scale that we are talking about?

Sara Cowan: Carers Scotland has highlighted the increase in the number of unpaid carers, which I think is now up at 1.1 million. However, the number of people who are in receipt of carers allowance is significantly lower. That is partly because of the tight eligibility around carers allowance. If the committee is looking at that further, the first step would therefore be to reconsider eligibility for carers allowance. Although not all unpaid carers would necessarily seek to access that support, there are very tight constraints around it. Those constraints also create challenges for unpaid carers who want to be in part-time work as well as provide care. I think that the starting point should be consideration of who is eligible for that support and how it could be extended.

As you say, knowing about unpaid carers that we do not know about is a challenge, but the more local services that are available to support people—both those who receive care and those who provide it—the more people will have confidence that those services are reliable and able to provide the required support. The more that that sort of support is available locally, the more people will come forward to access it. That is

another way that local budget spend can support those unpaid carers to reach out for support.

Jeremy Balfour: Can I follow up on that answer before asking my final question, convener?

The Convener: Yes.

Jeremy Balfour: What is the biggest hurdle that stops more people applying for carers allowance? Is it the number of hours for which they have to care for somebody?

Sara Cowan: It is the carers allowance eligibility criteria—the criteria around how many hours of part-time work you can do while being able to access the allowance. The hurdle is less about people choosing to apply for the allowance and more about eligibility and access to it. It is also about ensuring that people know what allowances and extra support are available, especially with the large increase in the number of unpaid carers. There may be people who do not know what is available, so it is important to provide more information about what is available.

Jeremy Balfour: Finally, if you could change the budget in one way to make it better, what would you do? How would you move money around to make the biggest difference for the people you work with?

Sara Cowan: I would have more investment in care. The discussion around the national care service is moving forward and there is a commitment to increase the spend on social care during this parliamentary session. The faster that that comes, the better.

Ensuring that local government is funded to provide those services is also important. Women are more likely to rely on services that are delivered by local government, so we should ensure that it has the tools to provide those public services where they are needed.

The Convener: That brings the questions from colleagues to a close. That was an incredibly informative session and I really appreciate you spending so much time with us. I wish you a very merry Christmas and all the best for 2022, when we will no doubt be in touch again.

That brings the public part of the meeting to a conclusion. The committee will next meet on Thursday 13 January, when we will hear from the Cabinet Secretary for Social Justice, Housing and Local Government on the budget.

Before we move into private session, I thank everybody who has supported the committee this year, including the clerks, broadcasting, the Scottish Parliament information centre and all the people who gave evidence. Their support is much appreciated. I wish everyone a safe and very merry Christmas and all the best for 2022.

10:29

Meeting continued in private until 11:17.

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