



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 29 September 2022

Session 6



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Thursday 29 September 2022

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
BUDGET SAVINGS AND REDUCTIONS 2022-23	2
PRE-BUDGET SCRUTINY	23

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

24th Meeting 2022, Session 6

CONVENER

*Elena Whitham (Carrick, Cumnock and Doon Valley) (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)
*Paul McLennan (East Lothian) (SNP)
*Emma Roddick (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Danny Boyle (BEMIS Scotland)
Gordon MacRae (Shelter Scotland)
Frank McKillop (Enable Scotland)
Graham O'Neill (Scottish Refugee Council)
John Swinney (Deputy First Minister and Cabinet Secretary for Covid Recovery)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 29 September 2022

[The Convener opened the meeting at 08:00]

Decision on Taking Business in Private

The Convener (Elena Whitham): Good morning, and welcome to the 24th meeting in 2022 of the Social Justice and Social Security Committee.

Our first item of business is a decision on whether to take items 4 and 5 in private. Do members agree to take those items in private?

Members indicated agreement.

Budget Savings and Reductions 2022-23

08:00

The Convener: Our next item of business is an evidence session on budget savings and reductions in 2022-23. On 7 September, John Swinney announced £500 million of in-year reductions to the budget, and some of those are relevant to our remit—namely, employability, education maintenance allowance, concessionary fares and rail fares, and child poverty consequentials.

I welcome to the meeting the Deputy First Minister and Cabinet Secretary for Covid Recovery, John Swinney, who is also covering the finance brief at the moment, and his officials, Julie Humphreys, deputy director of tackling child poverty and financial wellbeing at the Scottish Government, and Michael Walker, senior finance business partner at the Scottish Government.

I hand over to the Deputy First Minister to make an opening statement.

The Deputy First Minister and Cabinet Secretary for Covid Recovery (John Swinney): I am grateful to the committee for the opportunity to discuss the emergency budget review and the underlying savings that are of interest to the committee.

As the convener said, on 7 September, I set out to Parliament the hard prioritisation choices that the Government has had to take, with the pressures of inflation placing a significant new burden on our budgets; a burden that was not planned for when the spending review was undertaken by the United Kingdom Government last autumn. People and businesses have been deeply impacted by the cost of living crisis, and the Government has vowed to do everything that we can to mitigate the crisis as far as possible. We must do that while meeting the increased costs of public sector pay and balancing our public finances.

My letter to the Finance and Public Administration Committee highlighted over £500 million in savings and reforecasting that we have had to take forward. The options are challenging, but we must do that in order to move to balance our budget and do everything that we can to help people in need. That is, of course, the harsh reality of having a fixed budget and limited fiscal powers. In addition, the majority of our spend cannot be changed at this stage of the financial year due to contractual and legal commitments. Therefore, there are limited options to make savings.

I should note that the 2022-23 element of our emergency budget review is part of normal financial management practices, with a number of savings arising as a result of natural demand. Formal scrutiny of budget changes will be undertaken through our normal budget revisions process, and impact assessments will, of course, continue to be taken forward as part of the annual budgetary process.

Notwithstanding the financial challenges that we face, the Government remains firmly focused on tackling and reducing child poverty and supporting strong and sustainable growth as part of the national strategy for economic transformation.

Our 2022-23 budget continues to take forward key programmes and policies, such as the increase in the Scottish child payment to £25 per eligible child per week from 14 November, the fuel insecurity fund and widening access to the warmer homes fuel poverty programme.

Finally, I note that I intend to publish the outcome of the emergency budget review in the week beginning 24 October. Further savings are likely to be required to balance the budget. I look forward to this morning's discussion, and I am very happy to answer questions from the committee.

The Convener: I turn to members for questions. We have grouped questions into themes of employability, education maintenance allowance, concessionary fares and transport costs, and cost of living consequentials and child poverty. Members, as ever, will also have their own questions, which I will bring them in on towards the end. To start, members should direct their questions to the Deputy First Minister, who will bring in his officials when he decides to.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning, cabinet secretary. Thank you for coming and for the information that you shared with us in advance.

In the letter that we received recently, you said that you have taken the decisions that you consider to have the least impact. In relation to the employability service cuts, how have you carried out the assessment of impact? What organisations have you spoken to?

John Swinney: In relation to the choices that we face, it is important that I re-emphasise a point that I made in my opening statement. At this stage in the financial year, the range of options that are available to me is really rather limited because of the contractual and legal commitments that are made, in any circumstance, during the financial year. When we get to the mid-point in the financial year, significant programmes have already been allocated and undertaken, so room for manoeuvre and our choices are quite limited once we reach that stage.

My second point is on the employability budget, which will increase in this financial year—if my memory serves me right, it will be of the order of a move from about £56 million to about £71 million. It is just that the scale of the increase will not be as great as we had originally planned, which was that it would go from about £56 million to about £120 million. Regrettably, I have had to remove £53 million from that budget. Since that expenditure was not legally committed to any organisations, and given the growth in the budget and the fact that we are experiencing persistently low unemployment at this stage, I felt that I could afford to make such a budget saving, on the balance of risk. Ultimately, I have to take such decisions. Although I would have wanted to avoid that one, it is a necessity that we must confront.

Pam Duncan-Glancy: I appreciate that the opportunities that are available to you are limited, particularly in year. Who did you speak to when considering which opportunities or options you had? Which organisations did you engage with? I appreciate that it happened in short order, but did you speak to any organisations or individuals to discuss the potential impacts of cuts to such services—including, for example, those for disabled people, lone parents and women?

John Swinney: Obviously, we carry out a great deal of discussion with organisations about the formulation of our budget priorities, so that we have a good awareness of the issues. For example, when we were taking decisions about setting out plans for expanding the range of employability services as part of the formulation of our wider programmes, we engaged with a range of organisations so that the Government had knowledge of what was involved in such programmes.

We have strong monitoring information on the capacity of existing programmes that will be untouched by the changes, which shows that there is still adequate capacity in those programmes to enable them to deal with referrals of individuals. In our existing programmes that are untouched by the changes, there remains capacity to support individuals who require employability assistance. On the basis of those assessments, I came to the conclusion that the Government could make the saving and that we would be able to manage the implications, because we still had capacity within our existing programmes.

Pam Duncan-Glancy: I have one further question in that area. You have set out that there is already a process for you to engage with such organisations. However, last week, the committee heard from the Scottish Human Rights Commission that it

“was not a brilliant process”.—[*Official Report, Social Justice and Social Security Committee, 22 September 2022; c 7.*]

That is where my concerns lie. On a good day, we rely on processes being really good. On a difficult day—I am sure that the decisions that you were taking were difficult—if a process is not quite up to scratch, that makes it all the worse.

Given that, and given what we also heard about the third sector’s concerns—for example, about the ability of the no one left behind approach to have dealt with capacity in the first place—what could you do between now and bringing in the emergency budget to reassure such organisations that you will take account of the issues and needs of the people they represent?

John Swinney: When I look at the way in which Government engages, there is extensive engagement with organisations in the formulation of our plans. At a personal level, I am involved in some of those discussions, but my colleagues—principally, the Cabinet Secretary for Social Justice, Housing and Local Government, as well as the Minister for Just Transition, Employment and Fair Work—take forward a range of discussions with organisations that have an interest in the sphere of employability.

Generally, the Government has every opportunity to hear and understand the perspectives of different organisations in that respect. Obviously, we will continue that dialogue. I will be talking to a range of interested parties as I finalise issues around the emergency budget review. We have had a number of submissions from organisations about what resources should be available to assist with cost of living challenges and where they would be best deployed. The committee will be familiar with the range of propositions that have come forward from organisations, and we will certainly undertake further dialogue on that.

In response to the questions about equality impact assessments, those are carried out in relation to budget statements and programmes and we will continue to do exactly that.

Pam Duncan-Glancy: Thank you.

Jeremy Balfour (Lothian) (Con): Thank you for making the time to speak to us this morning. To follow on from Pam Duncan-Glancy’s questions, what will be the practical effects with regard to the employability budget reduction? You said that there is an increase in the budget and that the changes will not affect services that are being provided. I am trying to work out what the extra £56 million was planned to do, if its absence is not going to affect direct services.

John Swinney: My point to Pam Duncan-Glancy was that the existing provision of services

is maintained. For example, the work that is undertaken in the employability and workforce skills programmes—such as the no one left behind scheme and the employability fair start Scotland work—all remains in place. It is just that a planned increase in expenditure is not taking place as a consequence of the pressures that we face. The employability budget lines were projected to increase from £56 million to £125 million. Instead, they will increase from £56 million to £71 million. It is simply that an expansion of capacity has not been undertaken.

The plan was for us to try to make greater inroads in supporting people who are currently economically inactive to become economically active. I take the view, which is not universally held, that people who are economically inactive require significant holistic support to assist them into employment, because it is unlikely that it will be a straightforward journey. There is plenty of opportunity in the labour market just now so, if people are economically inactive, there is likely to be a wider contextual challenge. We had been planning to expand some of that support—which, by its nature, is likely, per capita, to be a more expensive degree of intervention—to try to make greater inroads into the economically inactive population. The budget restrictions that I have had to put in place are likely to mean that we will not be able to do as much of that as we wanted to do.

Jeremy Balfour: That is helpful, and I agree with your analysis of the situation. As we come out of Covid, the issue is that the number of disabled people who are unemployed has gone up compared with the pre-Covid figure, and that is true across many other parts of the world, so it is not just a Scottish issue. However, the percentage of disabled people who are unemployed is now much higher in Scotland than it is, for example, in England. My concern is that those who are particularly disabled and want to get back into employment will not get those services. Is it your analysis that the figure is likely to grow higher and that more disabled people will be unemployed in the next six to nine months because they are not getting the holistic support that they need to get into employment?

08:15

John Swinney: I do not think that that will be the case, because, as I said to Pam Duncan-Glancy, there remains capacity in our programmes to support individuals and deal with referrals.

Mr Balfour is correct in saying that good progress is being made on narrowing the employability gap among disabled people. That progress has been made in the aftermath of Covid. In addition to that, other existing programmes that remain unaffected by the

changes still have capacity to support individuals. I have to concede that, as a consequence of the reduction, the rate of progress in reducing the employability gap might not be as fast as I would like it to be. However, as I set out to the committee, I am faced with some very difficult choices in trying to balance the budget in this financial year. Choices of the type that we are discussing are the ones that remain open to me.

Jeremy Balfour: You will come back to the Parliament in two or three weeks' time with your budget. I think that last week's United Kingdom budget will have resulted in some Barnett consequentials. I appreciate that it is early days yet—less than a week—but is there any mitigation from those Barnett consequentials that means that the cut or reduction, whichever word you want to use, might not have to take place?

John Swinney: The implications of the United Kingdom Government's mini-budget last Friday in Barnett consequentials for this financial year—I stress that the conversation that we are having is just about this financial year—total £35 million. Those are a consequence of the changes that are being made in stamp duty.

I have taken no decisions about the consequentials. I am, to say the least, uncertain about whether the changes that were made last Friday will come to pass, given the fact that enormous market volatility is being experienced. However, that is the available impact on this financial year and I will consider those questions as I formulate the provisions around the emergency budget review.

For completeness and accuracy, I stress to Mr Balfour that the emergency budget review will consider the issues around balancing of this financial year's budgets. Budget statements will be made later in the year in the normal sequence of events and will be accompanied by the normal level of forecasting that Parliament would expect.

The Convener: Pam, do you have a supplementary question on that before you take us into the next section of questioning?

Pam Duncan-Glancy: I do, and I can run it on if that is helpful.

Mr Swinney, I hear you say that the current level of service will continue but there will not be as big an increase in the budget. That worries me, because the current level of service still delivers high numbers of unemployed disabled people in Scotland. Therefore, putting in the money in the first place would have been helpful and taking it out now will have serious consequences. The SHRC said last week that doing so removes a poverty prevention method, so I worry about the impact of this on disabled people's poverty.

Have you considered that? Will you consider it in the emergency budget review? Do you have any indication of the impact that it might have on the Scottish Government's targets to close the disability employment gap?

John Swinney: I consider all that information because, as a member of the Cabinet, I carry collective responsibility for the Government's objectives. Therefore, the success of the Government's programmes, in whatever area of policy they happen to be, matters to me, so I want to ensure that we can be successful. I was heavily involved in the formulation of the child poverty delivery plan, for example, and such issues are material to me in the conduct of policy. However, I come up against hard financial choices. I understand the concerns that people will have about the scale of increase not being as great as we would like, but in a difficult context, I think that this is a rational policy choice, because we have available capacity within existing programmes to support our endeavour.

However, we may not be able to put as much resource into this as we would like to, given the financial pressures that we face, and that is the dilemma that I am trying to square. Ultimately, I have a legal duty to balance the budget, but there has been an increase in financial pressure that has come from a number of places. One is the erosion of the value of our budget because inflation is more than double what was predicted, which undermines the value of our budget to the tune of £1.7 billion. There is also a necessity to resolve public sector pay claims, which are coming in at a much higher rate than was anticipated in the budget. I have to find resources to balance all that, and, in that context, we have to make considered policy choices. Those choices might be difficult and have wider ramifications, but I am trying to make choices that protect the programmes that enable us to pursue the policy agenda to which we have committed ourselves. However, I will keep those issues under review.

Pam Duncan-Glancy: I appreciate that, and I appreciate the context in which the decisions have been taken. However, I have to say that I am not reassured that those decisions have fully taken into consideration a number of priority groups, such as those in the child poverty plan and people with protected characteristics. I do not think that I have had that reassurance today.

My next question is about the education maintenance allowance. It looks as if you are budgeting for failure of uptake of that. Should we not be encouraging people to take up the money and the benefits to which they are entitled? If uptake is higher than forecast—I know that it is a demand-led budget—what are your plans to get money from elsewhere?

John Swinney: Education maintenance is an entitlement, so, should an individual apply for it, they must get it regardless of the size of the budget. We do our level best to estimate the likely demand for education maintenance allowance. Historically, the budget line has been underspent, and one of our obligations in our approach to the management of public finances is to follow the guidance that budgets should be taut and realistic. In the circumstances that we are in just now, when I am having to take resources from one area of the Government's budget to allocate to another—to pay public sector pay claims, for example—and I have to find money to do that across different areas of Government, I have to ensure that there is budget clarity for accountable officers to make it clear that they have the necessary finance to spend. Therefore, if I have £3 million in an education maintenance allowance budget line that I do not think I will require, I can take that away and put it somewhere else, such as to address public sector pay claims, and that will allow me to support accountable officers to fulfil their obligations.

Obviously, we have made a judgment that is based on the best evidence that we have available to us. Should the total cost for education maintenance allowances be greater, I will have to address that financial pressure during the course of the financial year. All the budgets are monitored daily, and the information is provided to me to enable me to make judgments about where it is appropriate for us to reallocate expenditure to meet financial pressures.

However, I stress that the education maintenance allowance is an entitlement, so, if demand outstrips the £22 million that will be retained in the budget, I will have to find the resources to accommodate that. Based on previous years' experience, that is an appropriate judgment to make.

Pam Duncan-Glancy: Thank you.

Miles Briggs (Lothian) (Con): Good morning to you and your officials, Mr Swinney. Thank you for joining us.

I will carry further the line of questioning that Pam Duncan-Glancy started. Is cutting the EMA budget consistent with trying to improve uptake among those who move on from the Scottish child payment?

John Swinney: Yes, because it is a demand-led budget, so whoever is entitled to it will get it. It is simply about making sure, given the degree of pressure that I am having to deal with within this financial year, that I do not allocate money into budget lines in which it is unlikely to be required when it is required in other budget lines.

Miles Briggs: An important part of this, which you have outlined, concerns the projected lack of uptake of the benefits that are currently available. When it comes to this year's in-year spend, where do other benefits—for example, the best start grant—sit, and are those also being earmarked as potential areas in which finance is currently allocated but may not be spent?

John Swinney: Essentially, I have made two decisions on demand-led budgets: education maintenance allowances and concessionary travel. I do not have any evidence that allows me to make judgments about any other programmes at this stage. However, as I said in my last answer to Pam Duncan-Glancy, these issues are being monitored daily on my behalf and I will make further judgments on these points.

In the normal sequence of events, these are the type of fairly regular changes that are made by Government in either the autumn or the spring budget revisions, as we assess the demand for particular programmes. Those formal opportunities will be available to the Parliament so that it can consider the implications of any changes in demand.

Miles Briggs: Thank you for that. It would be helpful if you could provide that information to the committee as well, so that we can see where things sit, because, for example, some of our work involves trying to encourage uptake.

I have a final question in this section. A lot of people are seeking clarity over how the change will trickle down to other services. Where are protections expected by ministers—for example, in schemes that support young carers—and what work is being undertaken on that?

John Swinney: In my letter to the Finance and Public Administration Committee, I have set out the specific changes that are being made. If further changes are to be made, I will do that transparently.

I have been completely open with the Parliament. There is no obligation on me to come to the Parliament in September with the statement that I made. I could have left it all to the autumn budget revision. However, I have a duty of candour to the Parliament. It should hear the issues and difficulties with which I am wrestling. Those should be set out to members. Any further changes of that nature will be set out in a similar fashion.

The Convener: We move to a theme that we have already touched on: concessionary fares and transport costs.

Jeremy Balfour: I have just couple of questions, Deputy First Minister. How did you make the decision to cut that budget, and what

effect will it have on encouraging people to use public transport rather than their cars?

08:30

John Swinney: The judgment that I was making there was based on looking at the available data on the levels of usage of public transport in the current context. We fixed our budget—obviously, concessionary travel is a crucial social and economic benefit in our society—and made our best estimates of what we reckon will be the uptake of the concessionary travel scheme.

We looked at the data that is available to us through the financial year showing the degree to which people are returning to public transport in the aftermath of Covid—there is obviously a degree of nervousness or anxiety about using public transport—and made a judgment about where we think that demand will eventually settle.

Again, there is a degree of judgment involved here and, ultimately, if we find that the budget line exceeds what I have predicted in the latest update, we will have to meet that cost from other areas in the budget. However, I hope that the steps that we have taken will be appropriate and that the predictions about the budget will have the necessary accuracy.

Jeremy Balfour: I will pick up on the new youth concessionary travel scheme. I say this as somebody who is a non-driver and who therefore uses the bus a lot: it amazes me how many children in Edinburgh are still not using the scheme. They are putting their fare in and paying for the bus.

One reason for that is that the scheme is quite complicated to apply for; I say that as somebody who tried to get it three times for my children. There is variation across Scotland in how to apply and how easy it is to apply. I wonder, not necessarily for this project, but looking forward, whether the Scottish Government could make applying for the scheme easier. The issue concerns me, particularly as people who struggle to get access to the internet or do not have a passport are not necessarily picking up on the scheme. They may be the people who need the scheme more than those who have already applied for it.

John Swinney: I am aware that different approaches are taken in different parts of the country to what support is available to people—for example, the arrangement for my son's national entitlement card was handled through the school and done very efficiently. It was a totally straightforward process and there was no difficulty whatsoever, and he is now using his national entitlement card with some gusto.

Given that the scheme has been open since only January, there have been high levels of uptake in a relatively short space of time. We are promoting awareness of the national entitlement card among young people, and we encourage them to take it up. We make necessary judgments about the volume of usage, which allows me to make the judgment that I have made about the size of the budget.

Pam Duncan-Glancy: In reaching the decision that you have come to on the use of buses, did you look at usage during the Covid pandemic, and did you look at comparable years before that? It strikes me—I am sure that you will appreciate this with your Covid recovery hat on—that disabled people and older people have been more reticent about going back to using buses. I would be worried if the amount was based on only very recent patronage.

John Swinney: We considered a combination of those things. In essence, the earlier budget estimates assumed a greater recovery in public transport patronage post-pandemic than has materialised. I again stress that it is an entitlement, so if it translates into more costs, I will have to address the issue in the course of further judgments that are made during this financial year, which would simply add to the pressures that I wrestle with at a different stage in the financial year.

We looked at the comparison between pre-Covid levels, Covid levels and, to use this terminology, Covid recovery levels in order to form the best estimate. I am not going to sit in front of the committee this morning and say that I am 100 per cent confident that we have that absolutely precise. We will continue to monitor it as the year progresses and, if there is a need to put in further financial support, of course, we will do that.

Pam Duncan-Glancy: Thank you.

Convener, may I follow that up with my additional questions on another area?

The Convener: There are members with additional questions, so may I bring you back in on that?

Pam Duncan-Glancy: Yes.

The Convener: Thank you.

Jeremy Balfour is going to start our questions on cost of living consequentials and child poverty.

Jeremy Balfour: I want to get a bit more detail on how the £82 million was going to be used in the first place. I am not sure that I could find that information within anything that has come to us. What was it going to be used for?

John Swinney: The £82 million is a product of decisions that were taken by the United Kingdom

Government, which gave rise to a consequential. As members know, those consequentials come into our budget but they do not come in with a badge on them; they come in as consequentials and we decide their allocation. Obviously, a range of measures to assist with the cost of living challenges are provided in Scotland that are not provided in other parts of the United Kingdom, and we have allocated resources for those measures. The £82 million had been allocated into the Scottish Government's budget to help us meet the various elements of expenditure that we put in to support our programmes that assist with the cost of living and other matters.

Jeremy Balfour: If I can push on that a wee bit, Deputy First Minister, I am not sure that I understand yet what that £82 million was going to be used for. I appreciate that the money goes into a big pot, and you described how that pot is spent. However, it is hard for the committee and the Parliament to know the intended purpose if we do not know how the £82 million was going to be spent. For example, was it for social security or education? Presumably, you had allocated £82 million to a particular Government department or budget. Where is that money coming from?

John Swinney: Essentially, the money does not come in with an intended purpose; it comes in as a consequential and the Government decides how it will be spent. For completeness, I have set out that, in order to meet the financial pressures that we face, we are allocating this within the wider budget management of the Scottish Government, which, of course, deals with a range of requirements, such as tackling child poverty, dealing with the cost of living and supporting individuals with their energy costs through the fuel security fund and various other measures of that type.

Jeremy Balfour: Maybe I will try just one more time. On a practical level, will it mean that a particular service is affected? It is a reasonable amount of money, so does it mean that a third sector charity will not be getting funding or that a particular project will not now be run? I appreciate that this is happening at a high level, but what consequence will it have for individuals in Scotland for the next six months?

John Swinney: It means that a range of programmes are being funded that, ordinarily, would not have been able to be funded had we not allocated the money in the way that I am allocating priorities today within the Scottish Government's budget.

Jeremy Balfour: Can you give us a list of those programmes?

John Swinney: It does not really operate in that fashion, because, as Mr Balfour said earlier in his

questions, the money comes into the wider pot of public finance and, from that pot, I have to support a range of programmes. We would not be able to afford the budget provisions that we have if I was not allocating the £82 million towards the range of programmes that are supported across the Scottish Government. It does not come in badged in a particular fashion that enables me to say that £10 million of that £82 million has gone towards this or that. It is part of the general financing of the Scottish Government's budget. All these issues are reconciled in the annual budget, the autumn budget revision and the spring budget revision.

Jeremy Balfour: Okay. I am a bit confused, but I am sure that others will pick that up.

Paul McLennan (East Lothian) (SNP): Deputy First Minister, at the start you mentioned the fiscal limitations. I know that I have asked you this question before, but this is for the sake of the committee. On the discussions that you are having with the UK Government about the fiscal framework, you mentioned the budget being inflation proofed. What discussions have you had about that? You mentioned that the budget is worth £1.7 billion less.

Many social security services are demand led. What difference would additional borrowing powers make—in particular, with regard to the social security budget, rather than to others?

John Swinney: On the current financial situation and the issues with which I am wrestling, the Cabinet Secretary for Finance and the Economy, Kate Forbes, and I have written to UK ministers and various Chancellors of the Exchequer. There have been a few in the past few weeks, and we might have more. We have done so to make the case that the effect of inflation has been to erode the value of our budget, and to make an appeal, which I have done with my counterparts from Wales and Northern Ireland, for an uplift in budgets to deal with public sector pay pressures and the pressures of inflation. That is necessary: our budget will not change unless there is a positive change in English public expenditure during our financial year.

Essentially, we have a fixed budget once the tax year starts. I am required by law to set a tax rate, which cannot be changed during the financial year, so tax cannot change. I characterise our powers as cash-management resource borrowing powers. They do not allow us to accumulate a resource borrowing capacity. Therefore, we are, essentially, dependent on any changes to budgets that are made in England.

We have written a series of letters to chancellors and Prime Ministers, but we have received no responses. On Friday, I spoke to the Chief Secretary to the Treasury in the aftermath of

the mini budget. The chief secretary made it clear to me then that he is insisting on application of the current comprehensive spending review, which means that there will be no uplift to budgets.

I notice from overnight news information that the chief secretary has now written to—or is in the process of writing to—Whitehall departments to require reductions in expenditure. That is not an encouraging sign for what lies ahead in relation to expenditure in future years.

Paul McLennan: What difference would additional borrowing make to you in terms of this particular budget? As I said, many services are led by demand. I am aware that devolved Governments outwith the UK have such borrowing powers. What difference would additional borrowing powers make to you in dealing with issues that we have talked about?

John Swinney: As I have said to Parliament already, the pay deals that we are having to put in place because of the effect of inflation should be looked at. Members of staff and public servants are concerned about their financial situation, and they want some protection from inflation. I was extensively involved in the local government pay settlement dialogue, and I am glad that we got to a conclusion on that. We estimate that we will have to find, from the public purse, £700 million more for pay than we had anticipated. I am having to make many changes to ensure that we can afford things. The local government pay deal significantly enhances the position for staff on low incomes: there are significant increases—in excess of 10 per cent—in the pay of low-income members of staff, which I very much welcome.

That still does not amount to an awful lot of money for those individuals and it is nothing like what some affluent people will get through the tax cuts that were announced last Friday, but it is welcome progress, nonetheless. Those decisions put financial strain on our budget, and the concerns have been echoed by my counterparts in Wales and Northern Ireland, who operate within exactly the same constraints.

08:45

Paul McLennan: You mentioned that the impact of inflation on the budget was worth £1.7 billion. The public sector pay increase that you mentioned is £700 million because of the impact of inflation. Are you talking about the £1.7 billion plus the £700 million?

John Swinney: They are two slightly different numbers. The £1.7 billion is, in essence, the erosion of the value of our expenditure. The £700 million is hard money; it is money that has to be found.

Paul McLennan: So, the full amount is £2.4 billion.

John Swinney: I would pause before adding the two numbers together, Mr McLennan, if you will forgive me. The point that I am making is that, whatever we say about the erosion of value, £700 million in hard money, which we did not anticipate at the start of the financial year, has to be found in the budget, which has to balance by the end of the year. That is the challenge with which I am trying to wrestle.

The Convener: Thank you, Deputy First Minister. That clarifies the point for us all.

Natalie Don (Renfrewshire North and West) (SNP): Good morning, Deputy First Minister. You mentioned the joint letter from you and the other devolved Governments to the chancellor. In that letter, you talk about the need for the UK Government to provide more targeted action. Given that the UK Government holds the key fiscal levers, in addition to key powers over energy and around 85 per cent of welfare powers, will you outline what action it needs to take now to help people?

John Swinney: The two points that I will address on energy costs and welfare were made powerfully by the statement from the International Monetary Fund on Tuesday evening. In essence, the International Monetary Fund argued for targeted intervention. One of the weaknesses in what the United Kingdom Government is doing is that the measures are not sufficiently or specifically targeted so, as a consequence, they contribute to the financial volatility that we are experiencing.

People on low incomes are at a significant disadvantage in terms of their ability to cope with significant increases in energy bills, when compared with people who are more financially secure. Therefore, we would have liked the energy cost provisions to have been much more firmly targeted at people who are in fuel poverty. We are now seeing extensive growth in levels of fuel poverty in Scotland as a consequence of the situation.

On the wider questions about household income, a straightforward and effective measure—for which there is precedent—to tackle the issue would be an expansion of universal credit. That is an intensely targeted measure. The Scottish child payment, which is a product of our intervention, is intensely targeted at people who face financial challenges.

Those are areas in which we could use more focused intervention by the UK Government, which would create much better-targeted benefit for people who suffer the most.

Natalie Don: We have talked about reductions in spending but, as you said, the Scottish Government has highlighted its increase to, and extension of, the Scottish child payment as a key measure that it is taking to help families and to tackle child poverty. Is not it the case that, without full powers, the actions that the Scottish Government takes will continue to be undermined by the UK Government's inaction or policies that actively undermine the Scottish Government's efforts to tackle child poverty?

John Swinney: I am increasingly worried about spending constraints, and I am even more worried having heard what the Treasury was briefing last night about them.

The consequence of last Friday's mini-budget has been a loosening of fiscal policy. I disagree with a large number of the measures in it and the approach that has been taken. The way in which it has been done is disastrous. Fiscal policy has been loosened and there has been no explanation of how it will be delivered in a sustainable way. I am not in any way surprised that the markets have responded as they have, because that is the height of fiscal irresponsibility. If the UK Government wants to recover from its fiscal irresponsibility, it will have to fiscally tighten. That will come down on spending. That is a disaster for us, because the block grant pays for the child payment. If the UK Government decides to tighten budgets that affect English departments, that will tighten the budget in Scotland.

The point that Natalie Don has put to me is 100 per cent correct. The fiscally irresponsible decisions that were taken by the UK Government last Friday will have to be rectified if it is to avoid a financial crash. In doing what it has done, it will tighten the budgets in Scotland. What we face, as a consequence of raging inflation—which, again, is the product of fiscal irresponsibility—is going to become a much graver problem in years to come, as a consequence of those decisions.

Emma Roddick (Highlands and Islands) (SNP): Good morning, Deputy First Minister. Last week, we heard from the Child Poverty Action Group in Scotland about a number of asks of the Scottish Government, including some mitigation measures.

Professor Philip Alston, the UN special rapporteur on extreme poverty and human rights, said:

“mitigation comes at a price and is not sustainable”.

Do you agree with that comment, and will you give an indication of how much of the Scottish Government's spending is currently going towards mitigation?

John Swinney: I certainly agree with one part of the statement, which is that mitigation comes at a price. The Scottish Government is meeting the costs of mitigating a number of United Kingdom Government measures.

I am not sure that I quite accept the point that mitigation is not sustainable, because I view it as my duty to make it sustainable—because I want to protect people as much as I can from the hardship that is inflicted on them. However, I accept that there are limits to fiscal sustainability. I find myself quite close to that, at this moment.

I have had to come to the Parliament, and I am here at committee, to explain the rationale for that. If I do not address now the current level of financial pressure, I will be in danger of not being able to balance the budget, this year. I have a record of fiscal responsibility; I believe in fiscal responsibility. That is why we are doing what we are doing.

I am working to ensure that we operate in a sustainable fashion because measures such as the Scottish child payment, which I have just discussed with Natalie Don, are absolutely fundamental to the commitments that we can make to the most vulnerable people in our society to support them through a difficult period. The Scottish child payment is a fantastic intervention. However, it would not be necessary if universal credit was at a credible level; we would not have to face such things in our budget if universal credit was at a more credible level.

When it comes to quantifying the effects of mitigation, it is probably safer to write to the committee with an estimate of that calculation. However, measures that are being applied by the Scottish Government, such as the child payment, total very close to £200 million. Actually, the updated forecast on the Scottish child payment is £219 million for this financial year. That is partly because we have accelerated payment and have brought the increase forward to 14 November. That is one element.

Ms Roddick will be familiar with the fact that the Government mitigates the bedroom tax, which is a critical measure in alleviating one of the more pernicious aspects of the UK welfare regime. A range of other measures are in place. For completeness, I should probably write to the committee with a detailed answer on that point.

Emma Roddick: Thank you for that. It is clear from the fiscal announcement last week that the UK Government is going down—funnily enough—a very conservative path, in cutting tax for high earners and uncapping bankers' bonuses. Peter Kelly from the Poverty Alliance told the committee that governing is about decisions. Does the

Scottish Government have different priorities, and is it making different decisions?

John Swinney: We are, but we are trying to do so in a way that protects the fundamental values that we believe in and the fundamental elements of our programme for government. Emma Roddick will be familiar with the programme for government that was set out at the beginning of September. It develops the thinking that emerged from the Government's manifesto for the 2021 election, which was based on, essentially, ensuring that we secure a fairer and a greener future for individuals in our society. Those priorities and those values were reinforced by the Bute house agreement with the Scottish Green Party, which flows into the programme for government.

We are setting the direction, which is about ensuring that we create a fairer society, that we make the transition to net zero and that, in doing so, we create new and sustainable employment opportunities in Scotland. Those are the underpinning values, and the decisions that I am taking are designed to protect that programme as much as possible. Clearly, however, the decisions that I have had to take put significant financial strain on the Scottish Government.

Emma Roddick: It sounds difficult. We might be getting to the point where it is impossible for a centre-left Government to work within a fiscal framework that has been set by a more right-wing Government elsewhere, while also mitigating a lot of that Government's decisions. Is the situation a demonstration of why we require independence?

John Swinney: That sums it up in a nutshell. I have a long track record in this Parliament and as a minister. I served for nine years as finance minister and now find myself—very surprisingly—back in the finance area of activity. I have never seen financial strain and pressure like that which I am seeing and wrestling with just now. I do not use those words lightly. I managed through the financial crash and the years of austerity under George Osborne and Danny Alexander. I left the finance brief in 2016 thinking that we had perhaps managed to mitigate the worst of austerity, but that was as nothing compared with what we are now wrestling with.

The fundamental point that Emma Roddick has put to me is that a centre-left Government that believes in progressive values and wishes to secure a fairer and a greener future for our fellow human beings in our community finds that ever more difficult with the agenda that is being pursued. I would actually not accuse the UK Government of being “conservative”, because certain protections of core values are associated with conservatism, but I did not recognise that happening in the financial statement last Friday.

The Convener: We have just a small amount of time left. I will bring Pam Duncan-Glancy back in to ask a quick question, then Miles Briggs.

Pam Duncan-Glancy: In the interest of brevity, I will resist the temptation to discuss the constitutional settlement, which we have just touched on. We have spent considerable time on that.

One thing that I have taken from this morning's evidence session, and which is really important, is that you have said that decisions should be fiscally responsible, but I take the view that cuts to employability for disabled people and others is not fiscally responsible, because it will have an impact on their fiscal status.

09:00

Can you reassure us—I have not been reassured so far—that you will involve organisations such as the Women's Budget Group in in-year decisions as well as in longer-term budgeting processes? Will you make a commitment today that you will do that, so that they can help you and provide expertise, so that you can make fiscally responsible decisions that do not further entrench inequality?

John Swinney: On Pam Duncan-Glancy's first observation, I take a very different view about the constitutional arguments, because I think that they are central to the dilemmas that I face. The analysis that Emma Roddick put to me about the ability of the Scottish Parliament to exercise the full range of powers is absolutely correct—for example, yesterday the Irish Government set out a diametrically different budget—

Pam Duncan-Glancy: [*Inaudible.*]—Deputy First Minister, the question. I would love to debate those issues with you at length, but we do not have enough time to go into them. My questions were about how you made the decisions in the budget that you currently control. I would really appreciate reassurance on the record, because a number of organisations are looking for that.

John Swinney: I will come on to that. Looking at the comparative example from the Republic of Ireland, dramatically different decisions are being taken by an independent country that is in close proximity to us and has made different constitutional choices. There is an important lesson for us in that comparison.

I am very happy to engage with all groups as much as I can on the issues. I listen to people's perspectives, and I think that I have a track record of listening to different views. When I was finance minister, I enjoyed my interaction with the Women's Budget Group; I have huge respect for its work and have valued it enormously. However,

I have to make this point to the committee bluntly: if people are going to complain about the choices that I have made, they have to give me alternatives.

Pam Duncan-Glancy: Those organisations would offer and have offered alternatives, so I would not characterise that as complaining; rather, it is a plea to be involved in the process. Witnesses last week and before have told us that the process was opaque and untransparent, and that they were not able to get involved in it. They want the reassurance that they will have a meaningful conversation with you about the budget.

John Swinney: I was not talking about those organisations; I was talking about members of the Scottish Parliament. Members of the Scottish Parliament have hard choices to make, and it is, frankly, not much use for members to complain about the choices that I have made without giving me alternatives.

I have been completely transparent with Parliament. There was, for example, no obligation on me to come to Parliament on 7 September with a statement about the financial position and setting out the range of changes: I could have just done it all in the background, in an autumn budget revision. There is very little public commentary about autumn budget revisions, so I could have just done that, but I did not. I came to Parliament openly and transparently and shared the problem and my view of the solution. It is then incumbent on members, if they do not like the solutions that I have come up with, to tell me how I should do it differently.

In the process, I will engage with all manner of groups, and I am very happy to listen to them, but, with respect, I have not seen a scintilla of an alternative in terms of what I should be doing.

Pam Duncan-Glancy: That is unfair—especially given the cost of living plan that the Scottish Labour Party has put to the Government on several occasions. I will leave it there.

Miles Briggs: In the two minutes that we have left, we probably cannot have a debate about the Barnett formula or budget negotiations between parties, so I want to ask about Social Security Scotland and the management of budgeting. Around £301 million of its budget is operational expenditure. What discussions is the Government having about projected future spend on running the organisation?

John Swinney: That is not just about Social Security Scotland. It is implicit in the resource spending review that we have to very carefully manage the size of the public sector workforce, which grew dramatically during Covid. We have to ensure that it is sustainable on an on-going basis.

Discussions are on-going with all elements of the public sector about levels of workforce, the commitments that need to be fulfilled and the sustainability of budgets. That will be an on-going priority and as budgets are set, the committee will have the opportunity to scrutinise any decisions that flow from that as part of the management of the workforce and its size.

The Convener: I thank the Deputy First Minister and his officials for making the very early start this morning. We will consider the evidence that we have heard under agenda item 4.

I suspend the meeting for a brief comfort break and for witnesses to change over.

09:05

Meeting suspended.

09:10

On resuming—

Pre-budget Scrutiny

The Convener: Welcome back. The next item of business is the second of our pre-budget scrutiny sessions. Our scrutiny focuses on the resource spending review and its impact on poverty, as well as the forthcoming equalities and fairer Scotland budget statement.

This week, we will hear from two panels. I welcome to the meeting the first of those: Danny Boyle, senior parliamentary and policy officer at BEMIS, and Graham O'Neill, policy manager at the Scottish Refugee Council. Thank you both for joining us remotely today.

I have a few housekeeping points to make before we kick off. If you wait for our broadcasting colleagues to turn your microphone on before you start to speak, that will be helpful. The screen is in front of me so, if you want to come in on a point, please type R in the chat box or wave at me. There are only two of you, so it will be quite easy for me to keep track. We have approximately 50 minutes for this panel. I will invite members to come in in turn. If members direct their question to one of the two witnesses to kick us off, that will be helpful.

Our first theme is about the impact of the rising cost of living. To start us off, I will bring in the deputy convener, Natalie Don.

Natalie Don: I thank the witnesses for their written submissions. I will start with a fairly general question to open up the discussion. How is the rising cost of living impacting your organisations and the individuals you support? I put that question first to Danny Boyle.

Danny Boyle (BEMIS Scotland): Good morning. Can everybody hear me okay?

Members: Yes.

Danny Boyle: Thank you. I apologise for not being able to attend in person because I need to attend other meetings later today. Thank you for the opportunity to come along, and it is always a pleasure to see my colleague Graham O'Neill from the Refugee Council.

In short, the impact of the cost of living and inflation is significant, coming as it does off the back of the social, economic and cultural impacts of the pandemic, which exacerbated the pre-existing inequalities that affected ethnic minority communities in Scotland. There is also a significant impact on organisations in the third sector. We are not any different from the general population when it comes to the impact of the cost of living.

However, the circumstances of ethnic minority communities in Scotland, who are more vulnerable to the cost of living crisis and rising inflation, mean that those impacts are exacerbated and lead to significantly more perilous outcomes for people who live in significant social and economic poverty. This is an existential crisis for many people.

When lockdown first occurred, in March 2020, there was a significant increase in destitution—in people being unable to feed themselves or to look after their families. That will potentially be replicated during the current situation. It is very serious.

The Convener: Thanks. It is important to hear a response from both witnesses on that question, so I turn to Graham O'Neill.

Graham O'Neill (Scottish Refugee Council): I thank the committee for inviting us to share evidence.

My comments will flow on from one of the points that Danny Boyle made. People in the refugee protection systems—in particular, the asylum system—are already in what we would describe as deliberate UK state-sanctioned severe poverty. I have articulated that to the committee previously, and I touch on it in the written evidence that we have provided.

As we said in our most recent evidence, there has been a long-term degradation of the right to asylum by successive UK Governments, particularly by the past few Conservative Governments. That sadly reached a new nadir with, in essence, the extinguishing of the right to seek asylum for the vast majority of refugees through the Nationality and Borders Act 2022, the asylum provisions of which were commenced on 28 June. I am describing systemic socioeconomic deprivation of rights to people who seek asylum in the UK. First, they are not allowed to work. Secondly, they are provided with a pittance—we do not use that word lightly but, objectively, that is what it is—on which to exist and survive.

09:15

Of the 90,000-plus people who are in asylum accommodation throughout the UK, 30,000—and the number is growing—are in what we describe as institutional ex-hotel accommodation, because it is not experienced as hotel accommodation. There are people in hotels in eight local authorities across Scotland, including in Glasgow. People in such accommodation receive £1.24 per day per person. That goes for a child, too. That is way below universal credit standard allowance, which is, in our view, a low social security floor anyway. It must be about 10 or 20 per cent of the universal credit standard allowance.

If people are in the more traditional, conventional forms of accommodation in the asylum system—such as flats in communities—which is often called in the jargon “dispersal accommodation” and is better than institutional accommodation, they get £5.83 per person per day. As we have shared with the committee, the range is dependent on the demographics in the family, but that is between 47 and 60 per cent of the value of the social security minimum, which is the universal credit standard allowance.

I do not say “UK state-sanctioned poverty” pejoratively; I say it factually, because that is what it is. People cannot get out of that poverty because they are denied the right to work and are entrapped. The consequences that poverty has for many groups are the same for people who seek asylum. They are resilient individuals, but they are being tested and some people cannot bear it, so there has been an escalation in loss of life within the asylum system. That is one of the tragic consequences of the policy, and we have documented it in our evidence. We think that the conditions for more of that are, sadly, still very much present across the UK.

The headline rate of inflation is already moving between 10 and 11 per cent, but, as committee members will know and as people who experience poverty know, the rise in the cost of living already has disproportionate impacts on the most vulnerable communities, and the headline rate for particular strands of essential spending, such as food, is, to be frank, higher than 10 to 11 per cent.

The impact is very severe. We are terrified of what we will experience over the winter in the UK asylum system, including in Scotland, because people simply do not have enough support already and the value of that inadequate support has been eroded still further by the cost of living increases. It is a social emergency for the most vulnerable people, including but not only people in the asylum system. On top of that, we are seeing huge turbulence, as the Deputy First Minister articulated and as the committee is well aware, which creates even greater uncertainty.

As I said in our written evidence, the Home Office does not have people’s backs at this time—quite the opposite. Often, it pushes people to some of the most dangerous intersections of poverty that are imaginable in the UK. We urge the committee to play its part—I am sure that it will—in articulating the depth of that poverty to the UK Government, particularly the Home Office, and in encouraging the Scottish Government to take more steps. To be fair to the Scottish Government, the circumstances in relation to its resources are very difficult.

As I tried to articulate, the 10 actions that we suggested for Scottish social inclusion of refugees

are all within devolved competence. Many of them also do three things. First, they give presence and visibility to refugees across Scotland, building on some of the good work that has been done in relation to Ukrainians. Secondly, they protect people. The actions include particular recommendations about protecting people such as survivors of exploitation. Thirdly, taking those 10 actions not only will prevent harm to people but could prevent the escalation of unplanned costs.

We have mentioned particular issues that we would like to see as priorities. In our view, many people in the asylum system, such as those in the Afghan bridging hotels, are suffering organised abandonment by the UK state. In those circumstances, we desperately need people in Scotland, the Scottish Government and Scottish communities to come in, not abandon people, and be there with them so that they can contribute in the way that people who are called refugees often want to. They are ordinary people who have been in extraordinary predicaments, and they have survived them.

The honest way to put it is that it is grim out there, and it will get grimmer unless corresponding mitigation measures are put in place and, ideally, the UK state starts to give a toss about the asylum system. At the moment, the UK state is extinguishing it through the Nationality and Borders Act 2022.

Natalie Don: Thanks very much. That does not make for easy listening. Somehow, you managed to answer all three of my questions in your first response. I will give Danny Boyle the opportunity to come in on one of my later questions.

Graham O’Neill mentioned the steps that the Scottish Government is taking to increase support. We have spoken about the pressures that face the Scottish Government, which is working with a fixed budget and limited fiscal powers. It is clear that there is a difficult situation, with any funding to one budget having to be taken from another budget. With that in mind, what would be your priorities for increased support?

Danny Boyle: To be honest, that is an incredibly difficult question to answer in the present circumstances. I will rewind slightly. I hope that members hear us loud and clear.

Graham O’Neill has set out the social reality for human beings living in Scotland who are affected by punitive immigration designations that do not have the appropriate level of support attached to them.

We were asked to come to the committee today to broadly answer three questions. Those were:

• How will the spending allocations for 2023-24 set out in the Spending Review impact on poverty?

- If you think there are measures in the”

resource spending review

“that could increase poverty—what can be done to prevent this.

- What level of analysis do you expect to see in the 2023-24 Equalities and Fairer Scotland Budget statement?”

The reality is that circumstances have now outstretched our evidence and our ambition, and that we face, from past experience, completely unforeseen social impacts on some of our most vulnerable citizens, who are, in theory, supposed to be protected under the racial provisions of international human rights law—the racial provisions on colour, nationality, and ethnic and national origins. It is very clear that that has not been a consideration in any way, shape or form in considering the impacts of the UK mini-budget or the broader budget.

In our written submission, we outlined as well as we possibly could where the resource spending review has made some semblance of strategic and specific interventions for minority ethnic communities in Scotland—in relation to translation services, pay disparity, mental health provision, disease prevention and the development of an equalities strategy—but the reality is that, in the short term, from now until the spring of 2023, those communities and individuals, as well as others, across the UK and Scotland face an existential crisis.

The situation is out of hand. Graham O'Neill and I, as well as colleagues across the third sector, are extremely stretched in trying to respond to that. People are doing the best that they can, but the situation is out of control.

Natalie Don: Absolutely. I have taken up quite a lot of time, so I am happy to hand back to the convener.

The Convener: I thank both witnesses for setting out the reality on the ground as it is at the moment and your concerns for the future.

I will bring in Jeremy Balfour.

Jeremy Balfour: Thank you, both, for coming. I appreciate the situation that you are in, but today we are trying to look forward to next year's budget. We must remember that we are here to scrutinise the Scottish Government's budget, not the UK Government's budget. This is the Scottish Parliament and we are responsible for the decisions that are made here by our Parliament and our Government.

With regard to the budget for next year—we are considering next year's budget, not the current position—what priorities do you want the Scottish Government to have?

Danny Boyle: Thank you for the question, Jeremy. I do not think that we can ignore the fact that the UK and Scottish Governments' budgets are inextricably linked and that decisions made at Westminster have a direct impact on our fiscal independence or how we choose to spend our money in Scotland.

If we were to focus singularly on the Scottish budget and what we have, for a considerable period we have called for a much more strategic intervention with regard to race equality. It has been beneficial for the committee—and, more broadly, other duty bearers in the public sector—to hear what we mean when we talk about race. There is a positive duty in the Equality Act 2010 to take into consideration the impacts of decisions made by public services on our colour, nationality or ethnic or national origin. In Scotland, there are multigenerational communities, newer migrant communities, refugees and asylum seekers, all of whom have varying circumstances. The Parliament has heard relentlessly—across multiple committees—about the structural inequalities that continually affect people from different racial groups.

We outlined that, within the resource spending review, there are specific minor mitigations on things such as translation services and others, but what we have called for—and what would be highly beneficial—would be a measure that would replicate the sort of intervention that was made through the rural communities transformation scheme. We called for a race equality framework and race equality action plans. To bring about such a transformation, a race equality transformational investment scheme is needed to influence multiple policy levers. The fiscal objective of achieving that would have to be considered and reflected on.

There are things that we are not doing but that we could do. However, all of that is bound by the present reality.

Pam Duncan-Glancy: Thank you both for the evidence that you have given so far and for your submissions.

Most of my questions on the cost of living have already been covered, with the exception of one. How have not only your membership but your organisations been affected by the cost of living crisis?

The Convener: Who is that for?

Pam Duncan-Glancy: Sorry, convener—perhaps we could start with Graham O'Neill.

Graham O'Neill: Like Danny Boyle's organisation and many other third sector bodies, we are working at the front line with people who are already having to make survival decisions

rather than having choices. The systems that were in place for them are now trying to come back and re-emerge after the Covid pandemic. Restrictions have eased, including for us, as a front-line organisation that provides services to refugees.

09:30

It has been a challenge for us to ensure that we can still have the same quality and breadth of contact with people. We have put in a national helpline for all people who are in Scotland and are looking to access international protection. That is about signposting—getting in contact, getting details and then signposting, which can and does lead to us taking on, escalating and leading on cases, especially in relation to people who are trying to access the asylum system. An important part of our learning has been in trying to make ourselves more accessible in this post-Covid phase.

As you would hope and expect, we are starting to get out about and to work where people are. We work with people through our Afghan citizens information service. Our integration workers do outreach work with Afghan families in the bridging hotels. We are doing the same—as much as we can, as there are a lot of people—for Ukrainian residents who are in hotels or elsewhere. We are doing as much as we can in, for want of a better way of putting it, the asylum institutional accommodation, such as the highly inappropriate place in Glasgow where many families in the asylum system are being put. It is deeply inappropriate accommodation for the families, pregnant women and new mothers who are in there. We are re-emerging and reconfiguring—that is a bit of a pretentious term—our services to make sure that we have the same quality and breadth of provision.

One of our priorities that I did not get the chance to talk about, which comes through some of the work that we do as we go out and about, is that we would really like the Scottish Government to build refugees into its child poverty action plan and, specifically, to build them into local authorities and health boards' legal duty to annually prepare and review their child poverty actions plans. That flows out of one of the provisions that we mentioned in the 10 actions on poverty that we submitted to the committee.

This might be asked about later on—if so, I will park it—but there is definitely an issue around concessionary travel, which is an absolutely essential measure in our opinion and that of many other campaigners. It would be life-changing for many people in the asylum process. We would like concessionary travel for all low-income groups, because access to transport is a social justice issue, especially in a cost of living social

emergency. It has important wider positive effects linked to not only wellbeing but employment opportunities, the ability to commute, access to childcare and so on.

Going back to the point that I made earlier, concessionary travel would be a transformative measure for people in the asylum process who cannot work and do not get access to mainstream social security benefits such as the Scottish child payment. We have been disappointed with some of our discussions with Transport Scotland in relation to a national pilot of such a scheme to build up evidence for inclusion in the national entitlement card scheme.

I wanted to flag up the issues of child poverty, poverty more broadly and the cost of living social emergency, which have really hit us since we have re-emerged after Covid and started to get out and about. Related to that is transport and, specifically, access to free bus travel. We really want the Scottish Government and Transport Scotland to revisit that over the coming year in the new budget. The Welsh Refugee Council pilot showed that the demand that will come from people in the asylum process will be very strong, which would help to mitigate part of the Scottish Government's rationale in saying that it needs to reduce the concessionary travel provision because demand is not there. I guarantee—the Welsh Refugee Council stuff shows this—that the demand from people in the asylum process will overwhelmingly be there, and it would have wider positive benefits for other people.

There has been a significant effect on partner organisations but, like many other third sector bodies, we are working with refugees out and about across Scotland. Our work is now across Scotland and not only in Glasgow, given that, as I said in our written evidence, we have protection populations across the country, and that will continue.

Pam Duncan-Glancy: Thank you for that, Graham.

Danny, are you also able to respond, in particular on the impact of the cost of living crisis on your organisation?

Danny Boyle: I will address two points: the first is the direct impact on our organisation and the second is a response to Graham on the child poverty action plan and what should, potentially, be our ambition with regard to devolved social security powers to mitigate issues such as no recourse to public funds.

First, with regard to the impact of the cost of living crisis on our organisation, I will take the opportunity to outline the reality, which might be replicated across the third sector, for BEMIS and for our staff and members. We work within the

domain of equalities and human rights, so our core funding comes from the Scottish Government's equalities and human rights budget. Ironically, that budget has been largely stagnant for more than a decade. I think that it has increased by maybe £1 million or £2 million between 2010 and 2022. As we know, that is, in effect, a significant real-terms budget cut for people who are working on the front line to support communities through long-term race equality ambitions, asylum processes, a pandemic and now a cost of living crisis.

As far as my colleagues are concerned, the fact that the workforce in the third sector is largely non-unionised means that there is no immediately obvious union to join in order to collectively bargain for progression and all the positive things that we see coming from teachers and railway workers unions. Those colleagues work on the front line with regard to equalities and human rights, so they work with some of the most vulnerable people who face the greatest challenges in Scottish society.

For people who live—or are employed—in that environment, the cost of living crisis is significant. There is no clear pathway to increasing people's wages or keeping up with the cost of living crisis, because there is no mechanism for collective bargaining. That will have an impact on everybody's motivation and mental health, and all the things that are affected when people are put into financial hardship, and that obviously has an impact on people's work. It is worth the committee's being aware of that and noting it.

Maybe the question for the Scottish Government is about how it intends to increase the budget for core funding for equalities and human rights organisations to reflect the cost of living crisis. At present, we and other compatriot organisations have six months of funding, so we have funding from October until March. That goes against the principles of giving people stability and recognition so that they can plan progressively for the future. Those budget decisions impact everybody. They impact people who need our services as well as the people who provide the services. That is the reality of where we are at the moment.

My second point is about the broader ambitions that could be progressed. As Graham acknowledged, we have a child poverty action plan and the provision of social security in a devolved setting. In our written submission, we mentioned our "A New Future for Social Security in Scotland" paper, in which we said that we need to have a much clearer understanding of how many people in Scotland, especially children, are affected by the punitive immigration designation of no recourse to public funds. The issue is how we use our devolved social security, education and health powers to bypass immigration restrictions,

in order to provide support to people who require it. We need to make sure that as many as possible of the people who need it most are encapsulated into our social security system.

The Convener: We move on to our next set of questions, and I hand over to my colleague Emma Roddick.

Emma Roddick: My questions are for Danny Boyle. We heard earlier from the Deputy First Minister about issues with actions here very much depending on when and whether we get money from decisions that are made down south, and how much money that is. The UK fiscal announcement last week will, of course, have massive implications in many ways. What is your take on its human rights implications?

Danny Boyle: It is beyond comprehension. We can only tell the direction; we do not know what the impacts are going to be. The closest thing that we have for comparison is the immediate impact of lockdown in March 2020. At that time, we saw an exponential growth in destitution, isolation and mental health impacts on ethnic minority communities in Scotland, particularly those who suffer from what we would describe—Graham O'Neill talked about this earlier, and it is not a personal opinion; it is a fact of law—as an institutionally racist immigration system.

Article 1 of the International Convention on the Elimination of All Forms of Racial Discrimination outlines clearly that preventing access to the same level of support that the general population and other people have on the basis of colour, nationality or ethnic or national origin is a form of institutional racism, and that is what our immigration designations are, particularly via the implementation of the designation of no recourse to public funds.

As I outlined earlier, reality has now surpassed evidence and expectation, and this is an existential threat to people's lives. I will repeat what we outlined when we wrote to the Secretary of State for Scotland and the First Minister. Some of this is complicated because it cuts across both reserved and devolved powers. We said that those who will be impacted by the mini-budget, the cost of living and inflation are

"Those subjected to No Recourse to Public Funds",

"The disproportionate number of ethnic minority people in precarious employment, zero hours contracts, small business holders and students",

"Asylum seekers and newly arrived refugee families and individuals",

"Elderly ethnic minority people"

and

"Single parents and mothers".

We said that the outcomes would be that

“People will struggle to feed themselves and their families”,

“People and families will struggle to keep warm leading to an increase in significant ill-health”,

“People will suffer significant mental health burden and trauma”,

“People will fall into significant and irretrievable debt affecting them and their children’s life chances and future”,

“The most vulnerable through ill health and frailty may not get through the winter”,

and

“Isolation and loneliness will increase significantly”.

That is the reality of what we are facing. Minor mitigation has been put in place by the UK and Scottish Governments, but it will not be enough. That is the impact of budget statements that do not take into consideration people’s lives and human rights.

Emma Roddick: Thank you for that comprehensive answer. The priorities of the spending review here, particularly the ones around child poverty and the climate crisis, comprise things that the committee has heard have particular effects on minority ethnic communities and single parents. Budgets are about decisions and prioritising. Is the prioritisation of those issues something that you support? Is it a contrast with last week’s announcement?

09:45

Danny Boyle: We will always support the prioritisation of the protection of children, parents and families. However, people who are subject to no recourse to public funds arrangements and punitive immigration designations, who are, in theory, supposed to be protected by the UK and Scottish Government’s incorporation of the International Convention on the Elimination of All Forms of Racial Discrimination, are not appropriately reflected in those policy decisions. We covered that in our written submission, and it would be beneficial to hear Graham O’Neill’s views on that, on behalf of the Scottish Refugee Council

The catch-all policies, such as increasing the child payment to £25, will, of course, include the vast majority of ethnic minority families in Scotland, who are incredibly diverse. However, they will not cover everybody. We are banging our heads against a brick wall when we talk about the issue of no recourse to public funds. Those who are most vulnerable and most susceptible to destitution, who were acutely affected by lockdown and were unable to access self-isolation support grants and all the mitigation measures that were put in place by the Scottish and UK Governments, are not covered by such policies, so they will

continue to be isolated and face significant and existential threats.

Again, in our written submission, we put forward ideas about how we can share information from the Department for Work and Pensions and Social Security Scotland to ensure that everybody who should be able to access something can do so. That is not in place at the moment. There are people in Scotland who do not have access to that support. We know that anecdotally because we speak to them and engage with them, but the mechanisms of the state do not know who they are. The state is supposed to be there to protect people, irrespective of their immigration designation, but that is not happening at present.

Miles Briggs: Good morning. I want to ask two questions, one of which concerns partner organisations in local government. In not just this budget year but previous ones, as a result of decisions by Scottish ministers, councils have seen cuts to their budgets. In what way would a flat-cash allocation to local authorities impact on your organisations and the services that local government helps to deliver?

Graham O’Neill: Before I answer that, I want to add something to what Danny Boyle was saying about no recourse to public funds. Because that is such a broad and restrictive regime, we hoped and expected to see something about it in the budget statement, and we would look to see that in next year’s budget. The policy affects the most vulnerable people—those who are in the worst socioeconomic and legal predicament and who often have literally nothing. It has various impacts, including repercussions for local authorities—I will use that mention to segue over to your question about local government.

I am not an accountant or a technical expert with regard to finance, but, in the cost of living crisis and inflationary environment that we are in, I view “flat-cash allocation” as a jargon word for a cut. I am not suggesting that anyone wants to make that cut—nobody would, and I am sure that the Scottish Government does not—but that is what a flat-cash allocation can result in.

That approach has an impact on the third sector and communities. Charities exist in order to provide a much more accessible route for people to go down and are much less bound by legislation and so on, so that they can be there for the people who need them. However, we can do that only if we have enough resources to do that. That is why it is important that there is partnership or at least effective liaison between local authorities and third sector organisations with regard to the key things that need to happen.

No recourse to public funds is, sadly, a good example of that. A lot of work has been done in

Scotland over the past few years on fair way Scotland, which is a national initiative by housing rights organisations and refugee rights organisations. In essence, it works to apply housing first principles to people who have no recourse to public funds. That is bloody difficult, because the policy of no recourse to public funds wipes away people's entitlement to key social security, housing and homelessness provisions.

However, having partnerships, as we have tried to do in Glasgow, particularly between registered social landlords and third sector bodies—really great organisations such as Safe in Scotland, which is a charity but has strategic relationships with RSLs and others for the provision of accommodation to people who have been refused asylum but are seeking to re-access the asylum procedure—makes incalculable savings in preventing not only mental health deterioration but unplanned costs for local authorities and others.

Across Scotland, local authorities and charities need to come together, because we have a highly unstable macroeconomic environment. Currently, at the UK level, there is very little visibility of vulnerable groups in the room in which decisions are made. There will be—there are—casualties. That has been the main theme of our evidence, as Danny, in particular, has articulated. Unless local authorities and third sector bodies work closely together, there will be a higher risk not only of people suffering significant mental health deterioration, with all the costs that come from that, but of exploitation by organised crime groups, because, if society pushes people to the margins, they are met, potentially, by organised crime groups. That can make community safety much more of a challenge, because organised crime gets involved in multiple criminal activities.

The key point is that, if we do not come together locally, there will be a much greater cost to the individuals who are affected—who will also be higher in number—and to the services that try to meet their needs. That is why it is so important that, in the next budget—the Scottish budget—there is visibility of no recourse to public funds and visibility of people in the asylum process and minority ethnic communities more widely. We did not see that when we looked at the budget documents.

That is why recommendations 1, 2 and 3 of our 10 actions for a Scottish social inclusion of refugees were about trying to get visibility to people in the policy-making process. That, in itself, if done reasonably well, can prevent people from falling into the predicaments that local authorities and third sector bodies then have to come together on.

I hope that that answer is helpful.

Miles Briggs: Thank you for that. I know that we have limited time, so, before I bring in Danny Boyle, my second question is about what engagement you have had with the Government in discussing those priorities. We, in the committee, have heard loud and clear your ask around people who have no recourse to public funds, but what sort of engagement have you had with the Government on that?

Graham O'Neill: We have had some engagement on child poverty and social security. As we said in our suggested 10 actions, there is a need to ramp up awareness of and education on the entitlement to those provisions, because they are important.

An area on which we have not had engagement, which will be touched on in the following session, I am sure—I just want to emphasise it—is housing. Housing needs to be much more prominent in the next budget because, not only in Scotland but across the UK, people in a wide group of vulnerable socioeconomic and legal communities are put into unsuitable accommodation. Often, that accommodation is privately owned by big landlords who are taking public money to provide accommodation that is not good and that no one would sign up to.

We emphasise that there is a strategic issue in the availability of social housing. In many ways, what we have seen—not only in Scotland but across the UK—in relation to the Afghan and Ukrainian populations shows the fragility of the lack of availability of appropriate social housing. If I do not get the chance to say anything more, that needs to be prioritised and given prevalence in future budget measures.

Miles Briggs: If Danny Boyle does not want to come in on that, I am happy to hand back to you, convener.

The Convener: I will hand over to Pam Duncan-Glancy, and if Danny wants to, he can wrap his response to that question into his answers to Pam.

Pam Duncan-Glancy: My questions are about the effects of the flat-cash allocation to local authorities. In addition to the effects that you have already covered, what will the impact be of things such as the employability cuts? I appreciate the point about employability and the intersections with the people you represent, but I am keen to find out whether you think that there will be any implications in that regard. I am also keen to know what you would like the Government to do to engage your organisation. I am not asking about actions that you want the Government to take; I want to know how you would like the Government to work with you in future budgeting processes.

The Convener: We will start with Danny Boyle.

Danny Boyle: As well as covering Miles Briggs's question and Pam Duncan-Glancy's questions as succinctly as possible, I want to provide the committee, people who are watching and the general public more broadly with key information about the infrastructure of what we are talking about.

In 2016, along with the Scottish Government and partners, we launched the "Race equality framework for Scotland 2016 to 2030". Over each parliamentary cycle, that framework and its overarching ambitions are distilled into what are called the race equality action plans, the most recent of which was for 2017 to 2021. We were then interrupted by the pandemic, which, naturally, everyone focused on, and we are now moving back into the parliamentary cycle.

The race equality action plan has more than 80 action points across six key policy themes. Some of those are the responsibility of the Scottish Government, but the vast majority are the responsibility of other duty bearers, and a significant number are the responsibility of local authorities. We have continually reiterated to other parliamentary committees and in other meetings the fact that the current budgetary allocations at national and local government level are not compatible with the Scottish Government's race equality framework or the action plan. The stark truth is—this will be exacerbated by the present cost of living crisis, and we know that budgets are finite—that, if we continue on the same trajectory, we will observe small, non-impactful, symbolic gains, while austerity and recession, exacerbated by Covid and the cost of living crisis, will weld a generation of ethnic minority youth and community to further systemic inequalities. That is the truth. There is no other way of putting it.

Despite all of us working as well as we can and despite the best intentions of Government and ministers, that is the reality. That is where we are at the moment.

Pam Duncan-Glancy: Thank you. That was bleak but clear. Do you have anything to add on my question about the budgeting process?

Danny Boyle: The budgeting process should follow what is called a human-rights based approach, which involves the PANEL process—in other words, it should be about participation, accountability, non-discrimination, equality and legality. When it comes to budgeting priorities, the panel process should be hard-wired into everything that we do and it should be on-going. It should have a degree of flexibility to enable us to respond to the crises that we are facing at the moment.

The truth is that, as with the pandemic, our systems and the ways in which we conduct our

business are not capable of responding appropriately, in real time, to the circumstances that we face. All of us—Government, local government and the third sector—should take account of that and think about how we can learn from it.

Pam Duncan-Glancy: Graham, do you have anything to add?

10:00

Graham O'Neill: Yes—and I promise to be brief.

"Lived experience" is, I believe, the current term in relation to people who are at the front end of the bad stuff, and my main recommendation, alongside that of the PANEL approach being applied all year round, is that it be put at the heart of all of this. That should be done not just because we think that it is, in principle, the right thing to do—it is, of course, the right thing to do—but because, objectively, it gives you excellent insights into what things are actually like and what can actually be done to overcome them.

In other words, a focus on lived experience is not just a charitable thing; it is a deeply important ingredient of what is a neglected part of effective policy making. We should be asking, "What is the script here? How are people managing these issues? How can we overcome them?" Lived experience needs to be at the heart of the process. In fact, the first three of the 10 actions that we have set in the submission are all about process, inclusion and involvement of refugees in policy making, and all we are doing in that respect is what people in the gender equality movement, the disabilities equalities movement and the race equality movement have been doing for decades now, which is getting visibility and awareness of the experiences of groups into the mainstream and the lifeblood of social, economic and political life. That is what we are trying to do, and we think that it should be set as the target in the budget process, especially given that, as the Deputy First Minister has said, options are being restricted as a result of wider macroeconomic pressures. It is all the more important, therefore, that people come together.

In any case, we need to put lived experience at the heart of this. It is not just the right thing to do in principle; it will deliver a lot of benefits with regard to the accuracy and precision of effective policy. You will be able to hear from people who have lived this experience instead of people like me who are at these types of sessions and are involved in the budget process, and those people will often tell you many more useful things than those in third sector bodies with job titles such as "policy manager" will. They have unique insights—

ones that they would probably rather not have, because it is often bad stuff—and they should be at the front of all of this.

That is what I would say not just about the budget process but more generally.

The Convener: I thank the witnesses for joining us this morning to give evidence and for their written submissions. I should say that the committee undertook human rights training over the summer; the PANEL principles are therefore at the forefront of our minds, and we think that they represent a key way of undertaking our scrutiny work as best we can.

I suspend briefly for a changeover of witnesses. If everyone could be back in approximately five minutes, that would be helpful.

10:03

Meeting suspended.

10:08

On resuming—

The Convener: Welcome back, everyone. I welcome to the meeting our third panel of witnesses this morning. On the panel we have Gordon MacRae, who is the assistant director of Shelter Scotland, and Frank McKillop, who is the head of policy and research at Enable Scotland. Frank joins us remotely.

I have reminded members that we cannot just direct all of our questions to Gordon MacRae because he is in the room with us and that we have to remember that we have Frank McKillop online. As always, I ask members to direct their questions to one of the witnesses to start off, then the other witness can respond if they want to. Frank, I will keep an eye on you, so give me a wave if you want to answer and then give our colleagues in broadcasting a second to turn on your microphone before you speak.

Thank you, both, for your written submissions and for making time to join us today. The deputy convener of the committee, Natalie Don, is going to start us off with some questions on the impact of the rising cost of living.

Natalie Don: Good morning, and thanks for joining us. I will start off with a fairly general question to open up the discussion. How is the rising cost of living impacting on your organisations and the individuals whom you support? I will go to Gordon MacRae first, then to Frank McKillop.

Gordon MacRae (Shelter Scotland): It is safe to say that we have never seen a time like this. The cost of living crisis is accelerating the depth of

homelessness and the experience of bad housing in Scotland. The most recent annual homelessness statistics show how that is impacting on the communities that we are here to serve. It was not lightly that we described the previous homelessness statistics as demonstrating that Scotland's housing and homelessness system is on the brink of failure. There is a bubble of people who are trapped in temporary accommodation. Homelessness in Scotland is largely indoors, not outdoors, but that should not hide it from our gaze and understanding.

The cost of living crisis, as we are calling it now, is not necessarily a new phenomenon for many of the communities that we are talking about. It is getting harder for people with multiple and complex needs to access vital services and it is harder still for people who do not have the support and capacity to access those services at a point of crisis. However, the situation is also beginning to impact on people who simply need a home.

The homelessness problem is relatively simple to solve: we need more houses. That is why, a couple of weeks ago, Shelter Scotland published our proposal for a Scottish housing emergency action plan. There is more that can be done in Scotland. We cannot be immune to the trends that come from elsewhere, but we can make different choices that can improve the lives of people here.

Natalie Don: I turn to Frank McKillop with the same question.

Frank McKillop (Enable Scotland): Thank you for inviting Enable to make a submission. For us, the impact is twofold. There is an impact on our members and the people for whom we work—disabled people in the communities around Scotland—and there is an organisational impact that is primarily felt through our workforce.

First, on the people for whom we work, it is well documented that disabled people are among the people who are most at risk of poverty in any circumstances. Some of the most comprehensive research on that was done by the Joseph Rowntree Foundation. Headline findings from that research include that 31 per cent of people in a family with a disabled person were living in poverty; 44 per cent of disabled young adults were living in poverty; 66 per cent of disabled people living alone were living in poverty; and—which is perhaps most worrying at the moment—38 per cent of households with a disabled person were experiencing fuel poverty. That was back in 2016. We know that Covid exacerbated that further and we know that the impacts of the current energy and cost of living crisis will, once again, fall disproportionately on disabled people. Therefore, we have serious concerns about the impact on disabled people.

Organisationally, the biggest impact that we feel is through our workforce. Enable is one of Scotland's largest social care charities. We employ roughly 2,500 people, and about 2,200 of them are front-line social care workers in communities all over Scotland. As we know, the social care workforce is often not one of the better-paid professions in Scotland, although we have got to a better position. Certainly, everyone in Enable is paid substantially above the current real living wage. The Scottish Government agreed last year to come in with an increased funded pay rate of £10.50 an hour, which was 60p above the then real living wage. Nevertheless, cost of living impacts are hitting our workforce quite hard.

The Living Wage Foundation this month announced the new real living wage of £10.90 an hour, which is a 10.1 per cent uplift. That obviously reflects the current rate of inflation. There is certainly a significant challenge, which the Living Wage Foundation has recognised. Pay across the social care sector has to be higher than it is. We really need the Scottish Government to react to that, because otherwise the challenge will have an impact. As we know, excellent social care is delivered by the workforce. However, our social care system will be at risk if we do not have a workforce who feel secure in their employment, who feel secure in their home lives—they can afford all their bills—and who can bring their whole selves to work to support the people in our communities.

It is vital that front-line pay in social care be addressed. Enable is proud that we are an award-winning and accredited living-wage employer, but we need a swift reaction from the Scottish Government to implement an uplift in funded pay in social care to reflect the new real living wage and, indeed, to go significantly beyond the real living wage. That is not only because of the cost of living pressures but because of the recruitment and retention pressures that remain significant in the social care sector.

Natalie Don: Thank you both very much for your responses. The Scottish Government has set out steps that it is taking to support people through the crisis, but we have been speaking about the extreme pressures that the Government faces because it is working with a fixed budget and with limited fiscal powers, and any increase in one budget has to be funded from another. Given the constraints, are you supportive of the steps that the Scottish Government has taken so far? What would your priorities be, going forward?

10:15

Frank McKillop: I think that the committee has been looking at the resource spending review. As other witnesses have said, a lot of that has been

torn up by recent events, as the economy has moved quite significantly over the past few weeks.

We have welcomed maintenance of funding for health and social care. The increased funding for those areas is not being impacted by the immediate cuts that have been brought about. However, we have concerns. Even at the time of the resource spending review, the Scottish Fiscal Commission noted that inflationary pressures meant that the 10 per cent uplift to health and social care by 2026-27 will be a 1 per cent uplift in real terms. That predated the spiralling inflation that we are now seeing. I am worried about the impact of that.

We also welcome the upholding of health and social care investments. We recognise that a big part of that investment has to go into the NHS's recovery from Covid, but social care also has to have enhanced funding. As I have mentioned, at the basic level that funding has to be for front-line pay, but we also very much welcome the Scottish Government's ambition to implement a national care service. We know that that will require significant funding. The independent review of adult social care in Scotland that was led by Derek Feeley estimated the cost of a national care service. Under his proposed model, it would cost an additional £660 million a year, which was based on front-line pay at £9.50 per hour. If we project front-line pay to be, as we hope it will be, somewhere around £11.50 per hour or higher, the figure would be £860 million a year. It is not unreasonable to say that, by the time we get to 2026, it will be over £1 billion a year. That much additional funding will have to be found for social care.

I listened to the Deputy First Minister this morning and entirely appreciate his frustrations about the limits that he must work within. We certainly welcome the fact that health and social care remains prioritised, but greater investment is required for it.

The second strand of my answer is that—needless to say—we had concerns about some of the proposed cuts to employability provision and the impact that that could have on disabled people.

However, if I specifically focus on what we welcome in the Government's steps, it is the recognition of health and social care as a high priority for the coming years.

Natalie Don: Thank you. That was very helpful. I turn now to Gordon MacRae.

Gordon MacRae: We very much agree with the Scottish Government's stated objectives when it comes to housing and homelessness. It is a rights-based system, and it is about ensuring access to more social housing. Cash is being made

available through the discretionary housing payments in the resource spending review. On the recent announcements around the tenant grant fund, we very much welcomed the reversal of the original decision to make that a loan fund and the decision, instead, to turn it into grants.

However, we also recognise that that is not touching the sides of the scale of the problem. It is quite an atomised set of budget pots. We are trying to understand the money that will go into prevention, the money that will go in through local government cuts, and what is actually having an impact. We welcome initiatives including housing first, which require a significant cultural shift within local authority homelessness services, but it is difficult to understand what amounts of money are going where, what their benefit is and what we should do more or less of.

What we come back to is that, when the Scottish Government and COSLA jointly created the “Ending Homelessness Together” plan, an estimate was made of the transition funding that would be required to carry it out, and the available cash fell a long way short of that. Now, we have policy makers who say that there is a negotiation to be had and work to be done with local authorities on what is core funding and what is transitional funding. What we see are the results, and the results are a record number of children in temporary accommodation, with a reducing prospect of permanent housing. We see more and more people being placed in hotel accommodation and in accommodation that is unsuitable according to the standards that are being introduced. We also recognise that local authorities are being asked to do more with less, which is not a sustainable position.

We have to have an honest conversation about priorities. Shelter Scotland thinks that the priority should be to ensure that we drive forward with increasing access to secure and affordable social housing. We think that that can be done by reprofiling some funds to encourage more buying in the open market, and that it should be done at national level, not by just making a bid pot available to local authorities, but by actually setting an objective. Audit Scotland criticised the previous affordable house building programme for not having an objective beyond a numerical target.

The objective should be what the research that we commissioned from the Chartered Institute of Housing and the Scottish Federation of Housing Associations was on: reducing affordable-housing need in Scotland. That objective would be a measurable impact on levels of housing poverty. It is not a stated goal of the Scottish Government—its only stated goal is to build 110,000 homes by 2032. “Housing to 2040” stated a midpoint target of 50,000, but that is no longer a target.

We need to know what the plan is, how it will be delivered and how it will lift people out of temporary accommodation and give our youngsters a real chance for a future.

Natalie Don: Thank you very much, Gordon. Thank you, both.

Pam Duncan-Glancy: Good morning. Thank you for your submissions and your answers so far.

My first question is for Frank McKillop. In a similar vein to my colleague Natalie Don, I wonder whether you can set out some of the realities of what disabled people are having to do in the cost of living crisis, particularly in relation to fuel poverty. How is it affecting what they do on a daily basis?

Frank McKillop: What is most heartbreaking in what we hear from our members who interact in person with community groups that we run around Scotland is that people often have to restrict the amount of care and support hours that they contract. As we know, charges beyond the budget that they have been allocated through social work departments still apply to a lot of social care that people access. We hear of people having to cut back on care and support hours that they must pay for because those hours are in addition to the budgeted allowance. That has a direct impact on how active and engaged they can be in the community, which is the antithesis of what charities such as Enable believe in, as we exist to support disabled people to be fully involved and included in their community.

We certainly have fears as we head into the Scottish winter. We welcome the UK Government’s action to stem the worst of the projected spiralling of fuel costs. That freezing of prices at least helps, but we should never lose sight of the fact that, from 1 October, the cost of fuel for pretty much every household in Britain will go up reasonably substantially. That will impact especially on people who are living in poverty, which disproportionately includes disabled households. They are more likely to have pre-payment meters and they are more likely to be on the more expensive methods of paying for energy, which also charge for the amount of energy that is used at that time. When payment is based on immediate usage, the individual bills that people face over the winter months can be quite horrific, even though there might be a bit of shielding from the worst of the impacts by the capping that the UK Government has introduced. That is certainly a concern.

Our biggest concern is that we might get to the horrific situation of people choosing not to heat their homes or cutting back on the amount of food that they eat and things like that. That is certainly something that we fear, but the immediate impact

of the cost of living crisis that we are already seeing is people unfortunately cutting back on their hours of support and being less active in the community as a result.

Pam Duncan-Glancy: Thank you very much, Frank. As someone who uses social care, I cannot imagine what it must be like for people not to be able to rely on it. That is tragic.

The Scottish Government has said that it is doing everything that it can for disabled people to help them through the cost of living crisis. Do you agree with that? Is there anything more that it could be doing?

Frank McKillop: There is frustration in that we always want more to be done. I hear what the Deputy First Minister says about his frustration at the limitations that he is working under and the challenge to others to come up with alternatives.

We would certainly like to see more action around care charging. We know that there is an ambition that care charging will be abolished, as part of the introduction of the national care service. We would like that to come through in the bill's final form, but we cannot wait four years. Care charging is having a real impact on people now. If it were possible to put in place measures to remove care charging for disabled people, that would certainly have an immediate impact. I wish that there were limitless money to make that happen, but I appreciate the money pressures that exist.

However, if we really believe in the human right of people to be included—I am thinking of the UN Convention on the Rights of Persons with Disabilities and article 19 on the right to be included in one's community—and if that is a priority and important to us as a country, we have to find a way of making it a reality. Certainly, ensuring that people have all the support that they require to be fully engaged and active in their community is an important step. As others have said, politics is about decisions and priorities; our view is that that should be a priority for any Government.

Pam Duncan-Glancy: Thank you for that really clear answer.

Gordon MacRae, I am hoping to hear a bit about the impacts of the cost of living crisis on your members, and also your thoughts on the impact of the rent freeze and what difference you think that it will make to people in Scotland.

Gordon MacRae: The impact on the people we work with falls disproportionately on people with protected characteristics. One of the big choke points in the Scottish housing system is a lack of larger properties. There is a correlation—I would not want to put it in terms stronger than that,

because research on this does not really exist—with the households of people from first and second-generation immigrant backgrounds, people with refugee status and people with physical and mental impairments. The need to provide adapted accommodation is a real struggle, and there is a live legal challenge around the expectations that we have of public bodies to meet housing support needs when they are assessed, as that is not happening consistently.

The overall availability of properties, the availability of cash and the ability of public bodies to secure accommodation in the open market are very limited, and the impact falls disproportionately.

Also, we have never truly done the gendered analysis that is in the "Ending Homelessness Together" action plan; it has been long promised and is now well overdue.

On the second question—whether the Scottish Government is doing all that it can—the answer is no. Otherwise, we would not have published an action plan setting out what else we think it could be doing.

A range of options is available. The rent freeze is good news in that it will stop more people becoming homeless, but it has a relatively marginal impact because of the effect of housing benefit on people at the lowest end. We also know that many—although not all—social landlords have relatively modest plans for the coming year. We want rents to be as low as is practically possible, but we also need to understand the unintended consequences of that. Social landlords seek to borrow the funds to meet their net zero carbon targets as well as build new social homes based on their revenue books, and the compound impact of an unfunded revenue reduction could risk choking off the supply of new social housing.

For us, the answer to the question about the impact of the rent freeze is that we just do not know. Is additional resource attached to the rent freeze to mitigate that impact? We do not know. We understand that it is to last for an initial six months, but there is interest in having the powers to extend it for two subsequent six-month periods. Is a financial forecast available that looks at housing benefit and revenue?

As a housing and homelessness charity, it seems almost churlish to be asking questions about something that is reducing people's housing costs, but in housing we know that, if you pull the thread in one bit, it starts to unfurl somewhere else. We very much welcome anything that keeps people in the home that they have. However, there are many unanswered questions, and there was not much engagement before the rent freeze was announced. It is now the best part of three weeks

in, and we are getting a lot of phone calls from very worried tenants. Are they supposed to pay a rent increase that has come through since 6 September? What are their rights? We cannot answer that just now. It is a bit of a guddle, but the intention is one that we share. We just need to know the detail.

10:30

Pam Duncan-Glancy: I agree. I, too, would like to know more about the detail. I hope that that will become a bit clearer next week.

I have no other questions at this point.

The Convener: Do you have questions on spending powers, which is the next theme?

Pam Duncan-Glancy: Sure. I will move on to the spending priorities.

Employability has already been mentioned—I think that Frank McKillop raised that issue. Frank, are you aware of any impact that the employability cuts will have on the employability services that you deliver?

Frank McKillop: We do not have immediate fears about some of the contracts that we have in place, but we have potential concerns about the renewal of those contracts in the future. Needless to say, we are actively engaged with the Scottish Government on the nature of the cuts and where they will fall. We have had the early assurance that employability services for disabled people will be less impacted than some of the other programmes that were planned. Obviously, we would certainly want that to happen.

We are concerned that Scotland seems to be lagging a little in addressing the disability employment gap. The disability employment gap in Scotland sits at roughly 32.8 per cent, which is higher than the UK-wide average of 28.4 per cent. We also note that the disability pay gap in Scotland, which is 18.5 per cent, is the highest in the four UK nations. We certainly think that that is a priority area for action, and we have concerns that the £53 million cut to employability is misdirected and that it is perhaps an error. We have no doubt that that will impact us as an organisation in future years, and we certainly feel that it is the wrong priority.

I noted the Deputy First Minister's comments at the time of the statement about that being related to a more buoyant jobs market. The barrier to employment for disabled people is not the number of vacancies in the economy; the barriers are far more complex. Specialist employability support is extremely important in supporting a lot of disabled people into the jobs market. We thought that there was a misconnection between the two issues, which we would like to see rectified.

Pam Duncan-Glancy: Thank you. That is really helpful and clear.

I have a similar question about spending priorities for Gordon MacRae. In your submission, you highlighted that there has been a 17 per cent rise in children's homelessness. That is tragic. You also noted that the flat cash settlement is setting councils up to fail. Do you have concerns about any of the priorities in the recent DFM cuts or the flat cash settlements in relation to the "Tackling Child Poverty Delivery Plan 2022-26", particularly in housing?

Gordon MacRae: Yes. The concern is mainly around the local government settlement. In our action plan, we called for an audit of the money that is spent on housing and homelessness services, because that is quite atomised. Some local authorities are in partnership with health bodies, and it is not always obvious how services are delivered. Tracking how the money goes up and down over the years can therefore be very challenging, especially for a third sector body such as ours.

We can see that a flat cash settlement is, in effect, a cut at a time in which demand is growing. To its credit, the Scottish Government has repeatedly brought in and injected pots of cash at various steps. We recognise that, in recent history, that has not been a one-moment-only event. However, that does not allow for the type of planning and the quality services that we think could have a long-term impact.

We have called for some different choices. On the capital side, even if the Government does not increase the capital programme, it can choose to make sure that all the money that is already allocated goes into social housing, rather than into mid-market rent and low-cost home ownership. We think that that would be a proportionate response to the nature of the crisis right now.

On the revenue side, because the pressures do not fall equally across all 32 local authorities, we think that there is a role for an emergency fund of the sort that the Scottish Government has introduced in the past in order to really target that money at areas where homelessness is most acute and where the pressure to access accommodation is most acute, which is largely in the east. The challenges in the west tend to be more around access to properties and work with local authority and registered social landlords, whereas in the east, it is literally just about the number of homes that are available.

On the service delivery side, we recently saw people being asked to go to Newcastle to access seven days' emergency accommodation. That was deemed a reasonable offer, despite the fact that it was the day before one family's child was due to

go back to school in Edinburgh, and that another person had a job in Edinburgh; it was therefore not reasonable. We know why local authorities need to make an offer and do what they can. They cannot do more without access to more resource and more capability. We think there are different choices, without necessarily unpicking all the spending priorities of the Scottish Government.

Pam Duncan-Glancy: Thank you. I have no further questions on that area.

The Convener: We turn to questions from Jeremy Balfour.

Jeremy Balfour: Good morning, gentlemen. I will go back to Pam Duncan-Glancy's previous questions about the legislation that will be introduced next week. I appreciate that we do not yet know the details of the legislation—we will see it, I think, an hour before the committee sits. Obviously, there might be more issues in Edinburgh and Lothian, but I have a number of constituents who have buy-to-let properties, so their mortgages are being paid by the rent payments that they receive. With mortgage payments possibly now going up because of inflation and interest rates, are you concerned that those people will have to withdraw their properties from the market? One of the other unforeseen circumstances could be that there is less housing available for rent, because people cannot meet their mortgage payments.

Gordon MacRae: It should not be a given that, in an extreme example of lender possession of the property, a sitting tenant is evicted. There are ways of looking at the grounds for repossession that would protect a tenant who has paid their rent throughout that time and met their contractual obligations. I do not have the figures to hand, but a relatively high number of open-market purchases are made by buy-to-let landlords, so it is clearly attractive to have a sitting tenant. In the emergency legislation, we would like to see a suspension of the grounds for lender possession during that period, in order to protect tenants. It is emergency legislation, and these are extraordinary times.

On the broader point of the trend of private landlords leaving the market, it certainly is happening. It is difficult to identify whether there is a difference between the number of landlords and the number of properties leaving the sector—the two are not necessarily the same. That is why I come back to our proposal about the Scottish Government's role in buying properties. Again, if landlords and property owners are in financial crisis, it is reasonable to seek to support them. One of the ways that the Government could do that is to seek to purchase the property—at the market rate or a suitable rate—and keep the tenant in the property. Otherwise, more people will

be made homeless and more people will come into the state system at a time when we do not have the properties to meet their needs. A pragmatic and proportionate response is to think creatively around giving landlords in financial peril an exit route, if that is the right thing for them, but one in which the tenant retains their tenancy.

Jeremy Balfour: Thank you. I will be interested in seeing what comes next week.

Last week, many of our witnesses said that there was no openness and transparency in the setting of last year's budget. Engagement was lacking, and we did not get the information that we required. Do you agree that additional information will be helpful when engaging in the budget process as we look forward to next year?

Frank McKillop: It would certainly be helpful to Enable if we had earlier sight of the considerations that go into the budget process. Our submissions in that process are generally about our priority areas: good funding for health and social care; funding for the front-line workforce; support for employability; and support for people remaining active and engaged in their communities, and for the opportunities that exist for people with learning disabilities and other disabled people to participate. We would feel more able to make submissions that were the most constructive possible if we had the best possible information on which to base them.

I reflect on the Deputy First Minister's challenge. We would be better equipped to offer some alternatives and suggestions if we were party to more of the information. There is always the risk that, if the Government's engagement with the third sector is limited in scope on a fairly wide and broad agenda, we will default to our main priority issues. We could engage more constructively if more information was available to us about the parameters within which the Government is working. That would probably enable us to offer some more innovative solutions. Needless to say, we all want to get the best that we possibly can not only for the people we represent as an organisation but for Scotland more widely. We certainly want to engage in finding solutions; we do not want always just to be lobbying blind without having the full information about the parameters within which we are working. That would certainly be helpful for Enable.

Gordon MacRae: I can make no complaint about the level of Shelter's access to, and engagement with, the Scottish Government. The Government is probably bored to tears hearing from us. The issue is more about how third sector bodies engage beyond their silos—beyond their sector issues.

I have no qualms about how housing and homelessness policy makers reach out to us to understand what a policy would look like on the ground when time allows and there is a process. The bigger challenge—this follows on from what Frank McKillop and earlier witnesses have said—is to have a genuinely human rights-based approach to budgeting and to consider the panel approach, for example so that we can see what the role of the health budget is. The bill for people with multiple and complex needs in the homelessness system who require access to mental health services gets picked up in the housing sector. If we are going to take an open and transparent approach to budgeting, that is the kind of conversation that we need to have. I am sure that there are parallels in other policy areas.

The Scottish ministers have good intentions but we do not yet have the delivery in terms of putting in place that inclusive budgeting approach.

Emma Roddick: Good morning. I have a few questions about two big policy matters and how they affect homelessness, so I would appreciate it if we could do a bit of a quick-fire exchange.

The Parliament expects to deliberate next week on the emergency legislation for the rent freeze. I am sure that you are painfully familiar with the arguments that the freeze could increase homelessness because of landlords taking their properties out of the rental market. Is that a legitimate concern?

Gordon MacRae: It is up to the Parliament to put protections in place to ensure that that is not the consequence. As I mentioned in response to Jeremy Balfour, there are areas to consider in relation to the grounds for possession. We should also acknowledge that Scotland now has a suite of tools, such as the licensing scheme for short-term lets and the empty homes levy. A number of policy levers could be pulled to get maximum benefit from every property. Taking that joined-up approach would make the difference.

Emma Roddick: From a fundamental standpoint, should ensuring that people can afford to keep a roof over their heads be a greater priority than allowing landlords to increase their rents?

Gordon MacRae: We would certainly say that the role of Government is to ensure that citizens have access to their human right to a home. If, for any reason, that is in conflict with the interests of business groups and there is a choice to be made, it will come as no surprise that we would say that the Government should back the choice that protects people.

10:45

Emma Roddick: Thank you. Do you think that the rent freeze will have a positive impact on tenants? Could it help prevent homelessness?

Gordon MacRae: I think that it will have a positive impact on tenants as a whole but a relatively marginal impact on people who are at the lower end of the market.

Emma Roddick: Do you think that it could prevent people from becoming homeless who would otherwise have become homeless because they cannot afford a rent increase?

Gordon MacRae: Yes—and, obviously, with the events of the past few days, that issue has become more acute. When the policy was first proposed, people were expecting an increase of a couple of percentage points, potentially going up to 6 per cent next year, but that has been blown out of the water now. We do not know the detail of the rent freeze, how it will be enforced or what policy lever mechanisms will be used in the private rented sector, but the proposal is very welcome in the context of the cost of living. I reinforce the fact that the choice between universal and targeted responses is always difficult. We recognise the desire to take a universal approach, but let us not lose sight of the additional need to have quite targeted support for people at the lower end.

Emma Roddick: Finally, from your perspective, did the eviction ban during the pandemic have a positive impact on tackling homelessness?

Gordon MacRae: Unquestionably—we did not see the spike in homelessness that would have otherwise occurred. Through its PRS resilience group and social housing resilience group, the Scottish Government brought stakeholders together and made the ban work. We understand that there will be a very similar approach to bringing in the evictions moratorium, and that is to be welcomed. However, there needs to be planning to make sure that, once the moratorium is lifted, the courts system is robust enough and that advice organisations and legal representation are available to people, otherwise we will end up with another bottleneck. We were already beginning to see the system catching up with itself on some of the delayed evictions from the pandemic.

The Convener: I remember vividly the days of all those meetings to get the sectors together so that we could implement that ban.

Miles Briggs: Thank you for joining us. Earlier, we heard the Deputy First Minister extolling the virtues of Ireland's policy agendas. The impacts of the rent control policy in Ireland include a 30 per cent increase in homelessness, with a 38 per cent increase in Dublin alone. Do you think the

Government has not looked at the unintended consequences of the rent freeze policy?

Gordon MacRae: My understanding is that the Irish example is more around rent controls than the rent freezes that are proposed in the emergency legislation. Historically, Shelter Scotland has taken the view that first-generation rent controls can have the unintended consequence of setting a floor rather than a ceiling for rent. However, I am not aware of anyone truly proposing that kind of first-generation rent control in the upcoming housing legislation. Very much as I said in my response to Emma Roddick, we want to see the detail. We do not take an ideological view on what is good or bad policy; we want to see what legislation says. As I said, the rent freeze is welcome in so far as we know how it will be delivered. With regard to the Ireland example, I would need to know more about the direct cause and effect between the rent controls and the lack of general supply, because there was also a massive crash in supply in Ireland due to the financial crisis that is still working its way through. Disaggregating that from the rent control policy would require an academic. I am sure that Professor Ken Gibb, who appeared in front of the committee a couple of weeks ago, could tell you more.

Miles Briggs: That is helpful. We are also waiting to see the bill and probably will not see it until an hour before the committee has to look at it.

Specifically with regard to rural homelessness, which we maybe do not talk enough about, supply and demand in those cases is often hugely limited. Do you know of any work that has been done about potential consequences for rural homelessness?

Gordon MacRae: To my knowledge, there has not been a specific piece of work, but there is certainly a focus from the cabinet secretary on using 10 per cent of the supply programme to increase accessibility and availability in rural Scotland. Through the housing options hubs, which local government convenes, there is a lot of best practice sharing among the more rural local authorities. It is incredibly challenging to make temporary accommodation provisions in small towns when you are trying to keep people connected to their school, their employment and so on.

Perth and Kinross Council, which is not an entirely rural local authority but which certainly has large rural areas, has some really advanced approaches to providing temporary accommodation by bringing in the private rented sector and doing a lot of tenancy support work at an early stage. That council gets slightly bored of being referenced as the high water mark, but other rural local authorities certainly can learn lessons

from it. Ultimately, it is about partnership and the availability of homes, as well as the quality of services and sustaining investment in those services.

Miles Briggs: Finally, I want to ask about an issue that I have raised consistently. We are seeing a really depressing and worrying picture with regard to the number of children in temporary accommodation. I would say that, here in the capital, the situation is at crisis point. Where is the Scottish Government going wrong with the policy direction on that?

Gordon MacRae: I do not want to get too existential about this, but I think that there is a bigger Scottish politics issue in that we tend to focus on the thing that is happening right in front of us. There has been an incredible amount of focus on housing options and the ending homelessness together plan, as well as on people with multiple and complex needs, who have been overlooked for far too long. At the same time, we have seen a growth in the number of children in temporary accommodation because we have not been building enough homes of the right size.

By their nature, families require larger properties. We had a supply programme that was focused not solely but predominantly on smaller units. We have now found that we do not have the larger units, and that is the main issue. That is why, unapologetically, we keep coming back to the point about supply—in housing, all roads lead back to the supply of social housing. By buying and building more larger properties, we will be able to deal with that. For that very reason, the temporary accommodation task and finish group that the Scottish Government has convened as part of the homelessness prevention and strategy group and that is co-chaired by Shelter Scotland's director, Alison Watson, has already made interim recommendations calling for a national acquisition plan.

The Convener: Jeremy Balfour has a follow-up question.

Jeremy Balfour: It is a quick question for Gordon MacRae. On Monday, I met with a fairly large homelessness charity in Edinburgh and heard about the impact of the people coming from Ukraine on the demand that already exists. Obviously, we all welcome the Ukrainians coming to Edinburgh and other parts of Scotland, but how do we deal with the other people who are still on the list? Practically, do you see the way forward as being to keep people in the central belt, or should there be a different policy? The committee has discussed previously whether it is better to distribute people throughout Scotland. Obviously, the issue will go on for a number of months, if not years. What is the longer-term approach?

Gordon MacRae: It is incredibly important to say that we must not allow a situation in which there is even a perception that our ability to welcome people fleeing conflict is being played off against the needs of homeless people in Scotland. I was struck by the Scottish Refugee Council's submission to the committee, which references our call for new supply for that very reason. We note the announcement last week of a £50 million fund that local authorities can bid to in order to try to bring existing void social properties back into use. That is welcome, and there is capacity to do that.

That shows that, where there is a will to make better use of existing properties, we can do it. We need an integrated approach in which we recognise that the more people we can get out of temporary accommodation and into permanent accommodation, the more we create capacity in the temporary accommodation sector to meet the needs of Ukrainian refugees and other communities who are fleeing conflict.

That kind of chain, which involves taking an integrated approach to addressing the needs of people in the homelessness temporary accommodation system in order to free up capacity for people coming from Ukraine whose hosting situation falls through or who are currently being accommodated in unsatisfactory accommodation such as the floating refugee centres, is key.

We also hear from local authority partners that there is a risk in terms of opportunity cost. There are only so many members of staff, heads of housing and senior managers to deliver these services. They are spending a lot of time on the Ukraine issue, and we worry that there is not the capacity to also do the homelessness work.

I very much share the concerns, but I think that we can and should be able to do both.

Jeremy Balfour: I will push on that a wee bit. I think that what you suggest is all very sensible but it is only the best medium-term solution. My question is—given that I do not think that using a boat is a solution for anything except for an extremely short period of time—do you think that there is a short-term answer to the problem?

Gordon MacRae: I am sorry that I did not answer the dispersal element of your question.

The longer-term answer is that the housing needs of communities such as the Ukrainian refugees must be dealt with in a way that disperses them across the country and ensures that we make the best use of the accommodation that we have, but the arrangements must be suitable for those households.

We say that we need houses, but sustaining a house is about connection to the community and access to jobs, family and support networks. There is no point in pushing someone into a property up in Elgin if their support network is in Edinburgh. We have to be sensible, but we also need to be pragmatic. That is not the paradox that I think that some people in Government have sought to make it.

The Convener: Frank McKillop, from your perspective and that of the people whom Enable supports, do you have anything that you want to mention in relation to homelessness?

Frank McKillop: It has not been a huge issue among our membership, to be honest. A lot of our members live with family members who might be homeowners, some of our members own their own homes and many of our members who rent their homes are in the social rented sector. Therefore, I will bow to Gordon MacRae's knowledge and expertise on homelessness and housing.

The Convener: Gordon MacRae, I would like to discuss the proposals that Shelter has around changing the approach to affordable housing. I am specifically interested in the idea of considering it from a national perspective. As the COSLA spokesperson on this issue, you will be aware of how tense the situation is when 32 local authorities are looking at where the grant money is going and how much each one's share is going to be.

What do you think the benefit of having that national approach could be? With regard to the empty homes partnership, how could we increase the speed with which we work collectively to buy back those properties and force a movement away from having properties sitting empty?

Could you also say something about the types of properties that councils and registered social landlords are building, with regard to them being convertible? I am talking about, for example, a two or three-bedroom property being able to become a four-bedroom property if it is built with capacity in the loft or whatever.

Gordon MacRae: I have many thoughts on those issues. The immediate priority is to have a long-term affordable housing programme that is sustained and that builds good-quality houses that meet people's adaptive needs over their lifetime. We all share the desire to have that, but we cannot get away from the fact that we have a bubble in temporary accommodation right now, and we think that there would be a benefit in having a nationally led programme that would be delivered in partnership with local authorities and RSLs. Taking the money out of the local authority funding system and targeting it where it can have the greatest impact on reducing affordable

housing need would allow us to put in place an interim programme that can turn the dial with regard to the number of children and families in temporary accommodation. That is what we are seeking to do.

We are not necessarily suggesting that the Scottish Government should become a landlord; we are suggesting that it direct a purchasing programme that considers what former right-to-buy properties are coming back on to the market within the current constraints of individual local authorities. Many local authorities, including the City of Edinburgh Council, are already buying properties but the question is whether they are able to do it at the scale and speed necessary to meet the levels of demand. We do not think that they are.

11:00

From our conversations with local authorities, we think that they would welcome such an approach—certainly, the local authorities that are under the greatest pressure would. It is probably a question of having the capacity and skills within the Scottish Government to be able to direct that. However, if the principle is agreed, let us target additional resource where it will reduce affordable housing need. That requires direction. It cannot just be a bid-in system based on who has a land site that is ready to go or who has shovel-ready projects. That is not necessarily passive, but it is reactive and we need to be proactive in identifying where we can put our resource for the greatest benefit.

Miles Briggs: Going back to the rent control policy and unintended consequences, the Scottish Government has set itself a target of providing 110,000 affordable homes. We are now hearing from housing associations that they are not able to deliver that. Given what you said about the need for more supply, what impact do you think that the policy will have? Have you spoken to housing associations about it? They are really concerned about the very negative consequences that it will have on their ability to progress projects, which they might have to scrap.

Gordon MacRae: Are you referring to the rent freeze?

Miles Briggs: Yes.

Gordon MacRae: As I said, we share the concern that, if the rent freeze is unfunded, it will have a negative impact. However, there are choices that the Scottish Government can make. Just now, there is a roughly 50:50 split between grant funding and the landlord borrowing money. If we want to sustain rent freezes, that balance could shift more towards grant.

I am not a housing finance expert or a housing economist, so there are people who are better versed in that than I am. We share the aspiration to ensure that tenants do not have to pay any more money in rent during an extreme cost of living crisis, but the consequences of that have to be understood and financed. That is why we say that we need to buy and build. Local authorities and RSLs are pretty good at purchasing property when it suits their portfolio. We are saying that we can accelerate that approach, target it and take it beyond the limitations that those individual local authorities and RSLs have in order to ensure that the national aspiration of reducing affordable housing needs can be achieved through national leadership.

The Convener: In RSLs and councils, there is delegated authority for heads of housing to buy back ex-local authority properties as soon as they see that they are on the market. The question is how we make that quicker and bring pace to it.

Gordon MacRae: Or go beyond just buying back former RSL stock.

The Convener: Yes, especially when it comes to bigger properties. That has been done in the past when looking for a four-bedroom property.

Paul McLennan: Gordon MacRae, I will touch on what you said about changing the approach to affordable housing and building more social housing. What level of discussions have you had with COSLA on its view on that? It is a key partner, along with individual local authorities. There might be capacity issues with how it develops that scheme.

The programme for government announced an increase to discretionary housing payments and an extension of the eligibility for the tenant grant fund. What impact will that have on tenants? Could any other measures be taken to address the cost of living for tenants?

Gordon MacRae: We have not had detailed conversations with COSLA and local government about our action plan, but, as I mentioned, there is already an interim recommendation from the temporary accommodation task and finish group that proposes a national acquisition plan to mitigate the lack of temporary accommodation. That group is co-chaired by the Association of Local Authority Chief Housing Officers—ALACHO—and includes a representative from COSLA. Therefore, as the collective view of that task and finish group, that recommendation is implicitly endorsed by chief housing officers, although I cannot speak for them.

We welcome the additional funds for discretionary housing payments and the change in eligibility for the tenant grant fund. Our reflection on the tenant grant fund is that, so far, it has not

gone far enough into the private rented sector. The reliance on local authorities as the promoters of it has bumped up against the challenge that private tenants do not have a relationship with their local authority. There was a good example during the pandemic whereby local authorities made use of the landlord registration scheme to write to all tenants, making them aware of their rights during the eviction moratorium. We suggest that that is something to consider, to ensure that private tenants know that they can access the tenant grant fund, because they are an incredibly hard group of people to reach as an audience segment, to use marketing terms.

Paul McLennan: Miles Briggs and I sit on the Local Government, Housing and Planning Committee as well, so we could take that point back to it.

The Convener: I thank Gordon MacRae and Frank McKillop for coming along. If there is anything that they feel they need to follow up in writing with us, they should feel free to do so.

11:06

Meeting continued in private until 11:35.

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