



OFFICIAL REPORT
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Social Justice and Social Security Committee

Thursday 19 January 2023

Session 6



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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

1st Meeting 2023, Session 6

CONVENER

*Natalie Don (Renfrewshire North and West) (SNP)

DEPUTY CONVENER

*Emma Roddick (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

- *Jeremy Balfour (Lothian) (Con)
- *Miles Briggs (Lothian) (Con)
- *Foyso Choudhury (Lothian) (Lab)
- *James Dornan (Glasgow Cathcart) (SNP)
- *Pam Duncan-Glancy (Glasgow) (Lab)
- *Paul McLennan (East Lothian) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Shirley Laing (Scottish Government)
- Shona Robison (Cabinet Secretary for Social Justice, Housing and Local Government)
- Kevin Stevens (Scottish Government)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 19 January 2023

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Natalie Don): Good morning, everyone, and welcome to the first meeting in 2023 of the Social Justice and Social Security Committee. As this is the first time that we have met in 2023, it seems only right to say happy new year to everyone, although the beginning of the year seems like a long time ago now.

Our first item of business is to decide whether to take agenda item 4 in private. Do members agree to do so?

Members *indicated agreement.*

Budget 2023-24

09:00

The Convener: Our next agenda item is an evidence session on the Scottish Government's 2023-24 budget, which was published on 15 December. I welcome to the meeting the Cabinet Secretary for Social Justice, Housing and Local Government, Shona Robison. Joining her are Shirley Laing, director for tackling child poverty and social justice at the Scottish Government, and Kevin Stevens, head of strategic and programme finance at the Scottish Government. All the witnesses are joining us in person.

Before we move to questions, I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Social Justice, Housing and Local Government (Shona Robison): Thank you, convener, for inviting us to the committee meeting today.

We have again faced a very challenging fiscal context in which to set the budget. We are all aware of the impact on our economy of the United Kingdom Government's mini-budget and the effect of rising prices as a result of Russia's invasion of Ukraine. I am therefore pleased that we have continued to prioritise our resources towards taking steps to tackle child poverty alongside our other priorities of protecting public services and investing in the transition to net zero.

Within my portfolio, in 2023-24 we are committing £5.2 billion in social security and welfare payments, which will go directly to more than 1 million people in Scotland. That money will, of course, help low-income families through the cost of living crisis, support older people to heat their homes in winter and enable disabled people to live full and independent lives. That includes investing £442 million in the Scottish child payment, which is the UK's most ambitious child poverty reduction measure and which we increased to £25 per child per week in November 2022, when we extended the payment to all eligible six to 15-year-olds. It is estimated that, in 2023-24, around 387,000 children will be eligible.

That investment underlines our commitment to delivering on our national mission to tackle child poverty, using all the powers and resources available to us to support families as far as possible and to tackle the underlying causes of inequality. It sets out how we will deliver on the priority actions that are set out in "Best Start, Bright Futures—Tackling Child Poverty Delivery Plan 2022-2026", which was published in March 2022, with a key focus on long-term parental employment support, increased social security and measures to reduce household costs.

Across social security, our total investment is over £770 million above the level of funding that was forecast to be received from the UK Government through the block grant adjustments. That money will go directly to the people of Scotland who need it most.

We uprated the Scottish child payment by 25 per cent in November 2022, when we extended it to six to 15-year-olds, and we will uprate all other Scottish benefits in line with inflation—by 10.1 per cent in April 2023—at a cost of around £430 million. That uprating includes benefits for which that is a statutory requirement as well as those for which uprating is discretionary, in recognition of the difficulties that are being faced by many people due to the increased cost of living.

We are investing over £520 million to deliver devolved social security in Scotland in 2023-24, to ensure a simplified and compassionate system that will treat everyone with dignity, fairness and respect, and to provide people with an improved experience.

In February 2023, subject to the Department for Work and Pensions providing the necessary data, we will launch our new winter heating payment, with a stable, guaranteed annual payment of £50, which will help around 415,000 low-income individuals with their heating expenses each winter.

We are also investing £41 million—including in local authority administration—in the Scottish welfare fund, while delivering an independent review, to provide essential help to the most vulnerable people in our communities.

The budget also recognises the important role that carers play in supporting people with disabilities or long-term conditions. We will invest over £420 million through the carers allowance, the carers allowance supplement and the young carer grant. Alongside that, we will begin to roll out Scottish carer's assistance by the end of 2023, with full national introduction in the spring of 2024. That will deliver an improved service that is designed with carers to meet their needs and in line with our principles of dignity, fairness and respect.

Within the budget, we are also making available £752 million for affordable housing as part of the wider planned investment of over £3.5 billion over this parliamentary session to deliver more affordable and social homes. We are making available £85.9 million for discretionary housing payments to support tenants who are struggling with their housing costs and over £12 million to support continued progress of actions in our ending homelessness together action plan, which focuses on homelessness prevention, rapid rehousing and housing first.

We are investing over £70 million in our Ukrainian resettlement programme to ensure that those displaced by the illegal war in Ukraine continue to receive a warm Scots welcome and that they are supported to rebuild their lives in our communities for as long as they need to call Scotland their home.

In conclusion, against the backdrop of a challenging economy and an on-going cost crisis, the budget, and my portfolio within it, continue to seek to prioritise action in our three main areas, including tackling child poverty.

I thank the committee for its pre-budget scrutiny and I look forward to taking your questions.

The Convener: Thank you very much, cabinet secretary.

You mentioned some of the difficulties that the budget is set against this year. Can you outline what impact the cost of living crisis and the inflationary pressures have had on the budget and explain how the budget is different from previous budgets?

Shona Robison: Yes. The cost of living crisis is huge, and we have tried to prioritise support for households—particularly low-income households. Over the past year, we have invested £3 billion in that—£1 billion of that was available only in Scotland. Some of that money had to be reallocated and reprioritised to ensure that we were able to do that.

Looking forward, the levels of pressure on household budgets remain the same, so we are looking to do what we can through the budget to support household incomes. We are doing that against the backdrop of a very difficult financial settlement in respect of the autumn statement and the consequentials.

Members will be aware of the reductions in capital allocations over a number of years, and the pressures on capital budgets and resource budgets. If we add to those the inflation levels, that means that every pound that we invest is worth less than it was last year and the year before that. That is before we consider the impact of the pandemic, which continues to impact on the recovery of public services.

All those are backdrops that no one would want in trying to move forward to support households and tackle child poverty. The backdrop is extremely difficult, but we have tried to prioritise support for low-income households as best we can.

The Convener: It is, indeed, extremely difficult.

We will now move to questions from other members. Pam Duncan-Glancy is joining us online.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning to the cabinet secretary and her officials.

In the Government's response to the committee's pre-budget report, it recognised that employability support plays an important role in tackling child poverty. We are, of course, conducting an inquiry into that. Will the cabinet secretary set out what she believes the consequences of the reduction in funding for employability support this year will be?

Shona Robison: First, let me be clear that the draft budget sets out our plans to invest £69.7 million to support the scaling up of employability support to parents in 2023-24. That represents a reinstatement of the in-year budget reduction that the Deputy First Minister announced in the emergency budget review.

Although the decision to take £53 million as a saving in 2022-23 was not taken lightly—the Deputy First Minister laid out the incredibly difficult backdrop to having to make that emergency budget review—it was taken in recognition that employability interventions take a bit longer to have an impact and were unlikely to result in immediate increases in income for people. Although the decision has meant that services were unable to begin scaling up support in 2022-23 as we would have liked, the impact of employability was not factored into the modelling of the interim targets, for example, in recognition of the fact that there would be a time lag between someone entering support and their sustaining employment.

It was also noted in the published annex that the impact of employability as set out in the plan was quite optimistic, with outcomes potentially being achieved later and at a slower rate. I guess that a lot of that depends on the labour market and the backdrop of some of the other pressures and challenges in terms of reserved benefits for people moving into work. However, the reinstatement of that resource now means that that employability work can scale up as was anticipated in the plan.

Pam Duncan-Glancy: Will the cabinet secretary set out what percentage of outstanding Scottish child payment applications was processed by Christmas? Is there still a backlog for applications?

Shona Robison: It is fair to say that there has been a huge response to the widening of the Scottish child payment eligibility criteria. Clearly, that is a good thing, but it has meant that the staff at Social Security Scotland have been working extremely hard to ensure that people's payments are processed as quickly as they possibly can be. I pay tribute to the efforts that they have made.

I do not know whether Kevin Stevens has any further figures that he can give on the processing

of Scottish child payment applications or whether we need to come back to the committee on that.

Kevin Stevens (Scottish Government): We should come back to the committee with the specifics.

Shona Robison: If it is okay, we will come back with the latest figures, convener.

The Convener: That would be very helpful, cabinet secretary.

Pam Duncan-Glancy: Thank you, cabinet secretary. That would be appreciated.

I understand that there was a significant response to the widening of the eligibility. We cannot be surprised at that, given that the group of people who were applying for the payment at that point had been entitled to it for a number of years but had not been able to access it. I am not surprised at the scale of interest. I hope that the cabinet secretary and Social Security Scotland were not surprised either that that was factored into the announcement in November and that the roll-out was planned properly.

Will you hit the child poverty targets, cabinet secretary?

Shona Robison: On your first point, yes. There was a scaling up of staff. There was an expectation that the number of applications would increase and, therefore, there was additional gearing up towards that. As I said, we will get those figures to the committee.

On the child poverty targets, I go back to the cumulative impact assessment, which we published in March. As you know, it projected that around 17 per cent of children will live in relative poverty in 2023-24. That is based not least on the impact that will be made by the Scottish child payment, which we have just discussed. We have done absolutely everything that we can, in a very difficult situation, to build into the plan the best chance of hitting those targets.

09:15

I highlight the current economic climate, much of which is outwith our control, including the impact of the cost of living on household budgets. That includes the challenges that people currently face—including those in work, who are not even entitled to the Scottish child payment. That is not the ideal backdrop against which to try to reduce levels of child poverty. Despite that, however, we are doing absolutely everything that we can, and we remain firmly committed to delivering on those targets.

As members will know, we will not know for sure whether the targets have been met until official statistics are available in March 2025. However,

as I said, the plan is the right one, and that remains the case.

As Pam Duncan-Glancy and other members will be aware, however, the plan cannot take account of economic circumstances in the United Kingdom or decisions that are made by the UK Government. One example is the freezing of the local housing allowance rates—yet again, for a third year running—at 2020 levels. That is another real-terms cut, and I fear that it will exacerbate the situation for people in Scotland who are renting. In addition, it will have a negative impact on homelessness.

Something such as that has an impact on child poverty levels, but we cannot control it. That is just one concrete example—there are many others—of where decisions that are made elsewhere have an absolute negative impact on the plans that we have in place.

Pam Duncan-Glancy: Thank you, cabinet secretary. I have no further questions just now, convener.

The Convener: We move to questions from Jeremy Balfour.

Jeremy Balfour (Lothian) (Con): Good morning, cabinet secretary and officials.

As you will know, we have had quite a lot of discussions about the Scottish welfare fund over the years with regard to how it is delivered by local authorities. Post-pandemic, as we come out of Covid, has there been any thinking from the Scottish Government about how we deliver that benefit and whether the way that it is currently delivered, through local authorities, is the best way to ensure that it is targeted at the greatest possible number of people? Is there any review of how we deliver that payment?

Shona Robison: As you know, the welfare fund is being reviewed, and we did not set any restrictions on the review in terms of the recommendations and suggestions for change that might come out of it. That includes how the fund is delivered.

You will be aware that some of the issues that sparked the review concern inconsistency. For example, in some local authorities, the fund was underspent, while in others it was overspent. All those issues are being looked at as part of the review, and we should probably wait until the review is concluded. I am happy to come back to the committee once we see the recommendations.

Local government was made the distributor of the welfare fund very much with a view to its knowing local needs and being able to respond to the needs of local people who require crisis support. That would be more difficult for a national agency to do, for example, with regard to

discretion in the use of the fund. As I said, however, we probably need to wait for the outcome of the review, which will be published this spring. As I said, I am happy to come back to the committee once we have those recommendations.

Jeremy Balfour: Just before Christmas, the committee took evidence from David Wallace of Social Security Scotland. One of the issues that came up was the processing time. The charter contains a 10-day processing time measure, which he said would be “incredibly challenging” to meet. It was clear that he felt that, moving forward, that would not be met consistently. This will feed into my final question in a moment. Are you going to look at that timescale? There is presumably no point in having a timescale that nobody is ever going to hit.

Shona Robison: I will say a couple of things about that. The commitment in the customer charter is to handle the client’s

“application and enquiries as quickly as we can”.

That is Social Security Scotland’s commitment, and it is still the case. Alongside nearly 70 other performance measures, the charter measurement framework considers what proportion of applications for low-income benefits were processed within 10 days.

The background to that measure was that it was chosen at a time when the framework was being developed, back in 2019, and it reflected, and was based on, the 10-day statutory timeline specifically for processing funeral support payment applications at that time. That was before the introduction of many of the current benefits, and the organisation is now very different from what it was back in 2019. That includes the Scottish child payment, which we have just been talking about, with regard to the number of applications that have come in.

Taken together with the other measures, that measure helps to provide the context for performance against our charter. However, I do not think that it was ever a target as such, and it was not intended to reflect standard processing times across all low-income benefits.

It is not that it is not important, but what is most important is that we get it right. Jeremy Balfour and other members of the committee will be aware of the complexities around some of the disability payments, for example. The information that is gathered often comes from various sources, and we need to get it right first time rather than have to revisit decisions. Although the processing measurement—it is a measurement, rather than a target—is important, it has to be seen in the context of all the other benefits that Social Security Scotland is now administering.

I do not know whether Kevin Stevens has anything to add.

Kevin Stevens: I have nothing to add other than to say that the charter does not contain a commitment to processing applications within 10 days and it is not a target for Social Security Scotland. However, the charter measurement framework, which is a list of measures relating to the commitments in the charter and which was co-designed with people with lived experience of social security, includes a measure of what percentage of applications for low-income benefits are processed within 10 working days. That measure dates from 2019, when Social Security Scotland was delivering only seven benefits. It is one of almost 70 measures on which Social Security Scotland collects data and which, taken together, give the context for the agency's performance against the promises in its charter.

Shona Robison: In summary, it is important but it is not the only measurement. Nonetheless, it is something that we should keep an eye on.

Jeremy Balfour: If you follow Social Security Scotland on Twitter, you will see that many people are saying that the targets are being very badly missed, and there are long delays. The number of people who are now having to get a reconsideration is growing, so we are not getting it right first time.

Do you think that we need to set realistic targets so that the public have a genuine understanding of what they can expect from Social Security Scotland? I think that, at present, there is a perception that, in many cases, the agency is failing to make a decision on time and failing to get it right.

Shona Robison: No agency could ever say that it was going to get absolutely every decision right first time within a certain timescale. What we can say about Social Security Scotland is that the customer satisfaction rates are very high indeed, which is in marked contrast to other agencies, particularly the Department for Work and Pensions.

The point about reconsideration is important. We are trying to ensure that, where possible, the agency gets the decision right first time, although that is not to say that there will not have to be some reconsiderations. That is about ensuring that all the information is available, which takes time. That information sometimes comes from external agencies, so it is not all in the gift of Social Security Scotland staff.

When we consider the volume of applications that have been received in quite a short space of time and the increase in the number of benefits and supports for which Social Security Scotland is responsible, we see that there has been a huge

growth in the organisation. We need to look at the situation in context. Yes, some people would have wanted a decision sooner, and some are not happy and there has to be a reconsideration. Nonetheless, for the overwhelming majority of customers of Social Security Scotland, there has been a very good service and, as I said, customer satisfaction rates are very high indeed.

We should not be complacent, and we should always look at these things and engage with the feedback loop from those with lived experience. Again, Social Security Scotland is very good at checking regularly with those who receive support to ensure that any further improvements that can be made are made.

Jeremy Balfour: I have a final question on this area. As you will be aware, the customer charter has to be renewed in January next year, and you will obviously go through a consultation process in that regard. Do you know when the committee will be able to scrutinise any alterations or changes to the charter before it is laid before Parliament? Will you give a guarantee that there will be an opportunity for the committee to take evidence on any such changes before that happens?

Shona Robison: It is, of course, for the committee to do that if it wants to. We can come back to the committee with some timeframes, if that would be helpful, so that you know what is happening for your own planning purposes.

Jeremy Balfour: That would be helpful.

I suspect that I know the answer to this next question, but I will ask it anyway. There was quite a long debate when the Social Security (Scotland) Bill was going through Parliament on whether the charter should have statutory or legal authority. As a Parliament, we decided against that. Will the review look at that aspect to see whether the charter should be given some statutory context?

Shona Robison: No, I do not think that that is the focus. Again, however, we can come back to the committee with more detail on the timeframe and the scope of the review.

Jeremy Balfour: Thank you.

The Convener: We move back to Pam Duncan-Glancy, who joins us online.

Pam Duncan-Glancy: I want to follow on from what my colleague Jeremy Balfour asked about. David Wallace said in committee a few weeks ago that hitting the 10-day figure was going to be a challenge. It feels like having that figure is meaningless if we are not going to meet it. I wonder what further work you can do to help us to get to a position in which it can be met.

Shona Robison: As I have said, and as Kevin Stevens said, it is not a target as such. It is more a

measurement, alongside 69 others, around performance. With the charter being reviewed, the committee has an opportunity to look at whether the measurements are still fit for purpose. As I said, I will get the details on timelines and scope to the committee.

We should consider the growth of Social Security Scotland. When the charter was set out, back in 2019, it was a very different organisation, so part of looking again at the charter will be to reflect the fact that it is now a much larger organisation that is dealing with and processing applications from a far bigger group of people, and processing a larger number of supports and benefits. The context now is very different, and that can perhaps be looked at as part of the review.

09:30

Pam Duncan-Glancy: I also want to pick up on something that the Scottish Fiscal Commission said, which is in a similar vein to the issues of administration and budgets. Last week, the SFC talked about the data that it was getting to enable it to make assumptions around its financial forecasts. It said that some of the data was not published and that it was getting that data almost “through the back door”.

Is there a commitment from Government to encourage Social Security Scotland to publish the data that the Scottish Fiscal Commission uses to make its forecasts, so that that data is transparent and everyone can see it?

Shona Robison: I will pass that over to Kevin Stevens in a moment. I do not think that there is any attempt not to provide the data, or to be opaque in any way, with regard to the Scottish Fiscal Commission. It would not be in our, or Social Security Scotland’s, interest to do so, given the importance of the SFC’s forecasts and the adjustments that it makes on that basis. It is in our interest to ensure that the SFC gets that right, and that the forecasts are accurate.

Kevin, do you want to add anything in relation to the speed at which that information is provided?

Kevin Stevens: Agency colleagues, including statisticians and analysts, are in regular contact with the Scottish Fiscal Commission. We speak to the SFC all the time and we work closely together. There are excellent lines of communication, and we are working to give the SFC the information that it needs, because that is important for forecasts.

Pam Duncan-Glancy: Thank you—I appreciate that, and I do not doubt that there are strong lines of communication. It would be helpful, however, if those lines were more in the public domain. If it is

possible to get a commitment to encourage Social Security Scotland to do that, it would be helpful. Are you able to do that, cabinet secretary?

Shona Robison: We try to be as transparent with information and figures as we can be, and we can certainly look at whether there is more that we can do in that space.

Pam Duncan-Glancy: Thank you—that would be helpful.

I have no further questions at this point, convener.

The Convener: To continue with that theme, we move to James Dornan, who joins us online.

James Dornan (Glasgow Cathcart) (SNP): Good morning, cabinet secretary and officials.

Almost all the budget growth in this portfolio is from the £1.2 billion—30 per cent—increase to the forecast spend in social security benefits, which is mainly a result of an increase for personal independence payment and ADP, the increase to Scottish child payment and the increase in benefits in line with inflation.

Can you tell me a bit more about why the Scottish Government made those choices? Why did it decide to increase benefits in line with inflation and increase the Scottish child payment by 150 per cent? Why is it spending more on ADP in comparison with what was spent on PIP?

Shona Robison: That goes back to the points that I made in my opening remarks. We see it as a priority to tackle child poverty and poverty among some of the marginalised and low-income households in our society. Even before the cost of living crisis, the social security system that we had established in Scotland reflected the fact that we wanted to do more to support people and to have a different system that was based on dignity, respect and fairness. The funding and budgetary decisions really follow from that commitment. The introduction of the Scottish child payment and the investments that we are making in the other benefits reflect that.

With regard to the largest part—£208 million—of the difference in respect of the personal independence payment, the SFC forecast an increase in the number of successful new applications, partly as a result of the prevalence of mental health conditions and worsening long-term health conditions, and the cost of living crisis leading to people being more likely to apply. That is why the forecasts are as they are.

The other point to make is that the £776 million above the level of funding from the block grant adjustment is money that we are having, by and large, to find from a fixed budget. That goes back to some of the key issues around the fiscal

framework and the fact that it needs to be reviewed. Some progress has been made on that, but we are still very much in the foothills of those discussions with the UK Government.

Another point concerns borrowing powers. If we look at the actions that most other countries have taken during the cost of living crisis, we see that they are able to use borrowing powers to respond to that crisis, whereas we have had to find additional money within a fixed budget, which has its limitations.

We have made those decisions because we believe that they are the right decisions and the right priorities.

James Dornan: On the last point, about borrowing powers, I note that Dr Hosie of the Scottish Human Rights Commission has agreed that that is “a significant limitation”.

I would like to ask you about the impact of UK welfare policies. Highlighting the two-child limit, Ed Pybus of the Child Poverty Action Group said:

“Larger families are much more likely to be in poverty, because the UK welfare system caps the amount of support that they can get to only two children. Of course that is going to drive larger families into poverty.”

He also said:

“A lot of lone parents are also young parents, and young parents are hit by the under-25 penalty in universal credit”.—[*Official Report, Social Justice and Social Security Committee*, 22 September 2022; c 31.]

What is the Scottish Government’s response to those points from CPAG?

Shona Robison: We agree with the Child Poverty Action Group, and we have written to the UK Government on several occasions, calling for the two-child limit and the benefit cap to be scrapped. The Scottish Government is already mitigating the benefit cap through local authorities. However, we acknowledge that that would be more effective if it was done at source by the UK Government.

As a Government, we also agree that universal credit should be paid at the same amount, no matter the age of the person who is applying. That would help many people and families who are facing hardship as a result of the arbitrary age discrimination that the UK Government has introduced.

That is in sharp contrast to the significant level of support that the Scottish Government is providing to low-income parents. We have a lot of sympathy with what the Child Poverty Action Group is saying.

James Dornan: Yes. As Mr Pybus said, those under 25 may

“get less money, yet their energy bills are exactly the same.”—[*Official Report, Social Justice and Social Security Committee*, 22 September 2022; c 31.]

Has the Scottish Government carried out any analysis of the impact of the UK Government welfare policies on poverty levels in Scotland?

Shona Robison: There has been a lot of independent analysis over the years. One of the most important reports has been the recent “Welfare reform report—Impact on families with children”, which was published in April last year. It estimated that

“Reversing key UK Government welfare reforms that have occurred since 2015 would bring an estimated 70,000 people out of poverty in Scotland, including 30,000 children, in 2023-24.”

That would very much help us to meet our child poverty targets.

James Dornan: Thank you, cabinet secretary.

The Convener: We move to questions from the deputy convener, Emma Roddick.

Emma Roddick (Highlands and Islands) (SNP): I am looking at the Scottish Government’s spending on discretionary housing payments, which is a significant figure. Is the cabinet secretary able to share any data on how many people have been saved from spending money on the bedroom tax here, in Scotland, and how many will be supported by extending those payments to mitigate the benefit cap?

Shona Robison: The £85.9 million investment in discretionary housing payments provides critical support. The budget has increased from 2022-23 because of the funding that was added to mitigate the benefit cap as fully as we can within devolved powers. Anyone who is in receipt of housing benefit or universal credit with a housing element will be able to claim a DHP towards the amount that their benefits have been reduced by the cap.

In 2023-24, we will make £83.7 million available to local authorities to spend on DHPs, and the £69.7 million to fully mitigate the bedroom tax will help more than 91,000 households in Scotland to sustain their tenancies. We will invest £6.2 million from April onwards to mitigate the benefit cap and £7.9 million to mitigate the impact of other UK Government welfare cuts, including the continuing freeze to local housing allowance rates, to which I referred earlier, which has a major impact on renters, given that they have been frozen for the third year in a row.

Those are important investments, but they are out of a fixed budget. If those issues were fixed at source, we would be able to spend that money on something else.

Emma Roddick: The discretionary housing payment is just one example of many ways in

which the Scottish Government is mitigating the impact of decisions that were made elsewhere. Will the cabinet secretary expand on any targeted action that the Scottish Government has asked the UK Government to take to help tackle the cost of living crisis?

Shona Robison: We have written to the UK Government a number of times, asking it to use its levers. The First Minister herself wrote to the Prime Minister towards the end of last year. That letter included requests for things such as further financial support, particularly on energy costs, to be targeted at low-income households; the increasing of social security benefits in line with inflation; a permanent £25 uplift to universal credit, like the one that was made during the pandemic but then removed; the reversal of the two-child limit for UC and tax credits; and the abolition of the benefit cap. Although the UK Government has gone some way on the windfall tax, we thought that it could go further on that. We also asked for additional funding for devolved Governments—not just our own but others—to help to provide support to people.

We have made those representations on a number of occasions.

The Convener: Theme 3 is homelessness. We start off with questions from Miles Briggs.

Miles Briggs (Lothian) (Con): Good morning to you, cabinet secretary, and your officials.

In its submission to the committee, Shelter said:

“Freezing funding for homelessness services and cutting funding for the delivery of new social homes is not in line with the Scottish Government’s international obligations to progressive realisation of rights.”

How do you respond to that?

Shona Robison: Let me first take the issue of the affordable housing supply programme budget. We had a bit of an exchange about that at the Local Government, Housing and Planning Committee on Tuesday, so I hope that Miles Briggs will not mind me going over some of the key points on it again.

Let me be clear that the £3.5 billion for the affordable housing programme remains £3.5 billion. There is no change to that, but the profiling of it was always going to ebb and flow depending on the availability of resources.

The capital resources that are available to us are very much restrained by the UK Government’s decisions. The capital availability remains at the same cash level, but there has been a 3.4 per cent real-terms reduction in our UK Government capital allocation between 2022-23 and 2023-24. Context is important. If you add into that the impact of high inflation, that means that every pound that is available for the affordable housing supply

programme in the coming year is worth less than it was last year and much less than it was the year before. Context is important, but the £3.5 billion remains the same.

On the funding that is available for the coming year, there is a £37 million reduction on the previously published capital spending review figure, which is 4.7 per cent. However, we are taking steps to mitigate that because we know the importance of the programme. We are doing that in three ways. First, additional financial transactions are available to the value of £17.6 million. Secondly, we have a £15 million transfer from the net zero budget to help with net zero heating systems in the affordable housing supply programme. Thirdly, we will have additional money from the charitable bonds receipts. Taking all of that together, the gap will be reduced to a very small figure, if anything at all.

09:45

Actually, the main problem is inflation. I met Shelter and other colleagues at the homelessness prevention and strategy group meeting yesterday, and they all said the same: that the major problem is inflation and therefore the value of that money. The Scottish Federation of Housing Associations said exactly the same and that the ability to deliver projects on budget is really constrained because of inflation and interest rates.

On homelessness, more than £12 million is included in the budget to support the continued progress of actions in our ending homelessness together action plan. On top of the homelessness funding provided through the local government settlement, we are investing £100 million up to 2026-27 to continue to transform the homelessness system. That is in addition to a budget of £30.5 million, which is an increase to local authorities for homelessness prevention activity in 2023-24. That funding will be distributed using a revised formula that better represents the drivers of need in homelessness and which recognises local authority efforts to reduce the use of temporary accommodation.

Miles Briggs will be aware of the work that is going on with the task and finish group, of which Shelter is a co-chair, in order to give me some recommendations around what needs to change. The prioritisation of funding and, in particular, grants available to the third sector needs to pivot towards two clear priorities: first, temporary accommodation and reducing the number of people in temporary accommodation, and, secondly, the prevention of homelessness. I think that you will see a far sharper focus on those priorities with the funding that is going in.

Miles Briggs: I have raised the issue of temporary accommodation consistently with you, and you are right to point out that those recommendations are due shortly. That is likely to be after the budget is passed in Parliament, so will additional funding then be made available specifically for that and any policy changes that I hope will be brought forward?

Shona Robison: In 2023-24, as I just said, we are giving all local authorities an annual share of £30.5 million for homelessness prevention and an annual share of £8 million to support the rapid rehousing transition plans. We will look at how we ensure that the new priorities and recommendations that emerge from that group are reflected in the spend. I will obviously need to see what those recommendations are. Some of them might be around resourcing, but some of them will probably be more around prioritisation and how we use the existing money in the system to focus on issues of temporary accommodation and prevention.

I have also been meeting with housing conveners to look at what more can be done, particularly in those areas with the biggest problems, which I will come to in a second. I have been encouraging proposals to look at bringing empty properties back into use and to be more strategic. I have been encouraging local authorities to bid into the £50 million Ukraine long-term resettlement fund with a view to long-term investment—not just for displaced persons from Ukraine but to bring properties back that will be there for long-term use, which is important.

With specific reference to Edinburgh and Glasgow, where the vast bulk of issues around temporary accommodation lie, I have asked them to come forward with proposals and I have said that I will look favourably upon any that specifically demonstrate that they will make an impact on the use of temporary accommodation.

I understand that Edinburgh is working on something, although we have not yet seen the detail of it. Of course, Edinburgh received extra money last year for the affordable housing supply programme. I have made the offer and we shall see what comes back.

Miles Briggs: I am not going to rehearse the arguments made in the Local Government, Housing and Planning Committee about the funding that the Convention of Scottish Local Authorities highlighted concerns about, but there is concern about where homelessness could be lost in translation as a result of services being funded through joint partnerships. The Government is proposing to introduce homelessness prevention legislation and homelessness-specific funding. How will the cabinet secretary ensure that that

funding will go towards delivering on those priorities at the local level?

Shona Robison: We had quite a long discussion at Tuesday's committee meeting about balancing local government's demand for more flexibility—which I am sympathetic to—with making sure that discrete areas of spend, such as homelessness, deliver the progress that we need to be delivered. The question is whether the progress that has been made on the housing first programme and the rapid rehousing transition plan would have happened if that money had not been earmarked for the purpose. Those are not easy things to balance.

If local government representatives were sitting at this table now, they would say that those are joint priorities and we need to trust local government to get on and deliver them. We have joint accountability for the delivery of those joint priorities, so we need assurance about that.

The discussions will continue. I am keen to make sure that local government has that flexibility, albeit against a very challenging backdrop. Again, we have discussed at length the £570 million that has been made available for local government against that challenging backdrop, while bearing in mind the fact that we had only £800 million of consequential from the UK Government budget settlement. We will, no doubt, continue to have these debates, but within that global amount are some really important discrete areas of spend, and homelessness is definitely one on which we need assurance that the good work that has been done jointly with local government continues.

The Convener: We now move on to questions from Foyso Choudhury, who is joining us online.

Foyso Choudhury (Lothian) (Lab): Good morning. I had a question on accommodation and homelessness, but the cabinet secretary has already answered it. Convener, can I go on to theme 4, which is on refugees and asylum seekers?

The Convener: Absolutely.

Foyso Choudhury: Thank you. What support can be offered to non-Ukrainian refugees and asylum seekers—particularly those who have no recourse to public funds because of their immigration status—to ensure equal rights for all refugees and asylum seekers in Scotland?

Shona Robison: That is obviously an important question. As part of the ending destitution together strategy, which we published with COSLA, the Scottish Government is funding the Scottish crisis fund project, which is delivered by the British Red Cross. The project aims to support people across Scotland who are facing crisis, including people

with no recourse to public funds. It provides crisis funds via a cash distribution network and helps with wider advice and support for people who are facing destitution.

Understanding the level of demand for cash assistance is one of the project's key objectives, and the British Red Cross is collecting data on grants that are delivered through the project. That will help to build a picture of the circumstances of people who are facing crisis situations, including people with no recourse to public funds. The data will not identify the number of people in Scotland with no recourse to public funds. That condition is applied widely to people who are subject to immigration control under UK immigration law, including international students and people on employment visas, so it is quite difficult to get those figures.

Since April 2022, the Scottish Government has provided £362,500 to the British Red Cross to support the delivery of the Scottish crisis fund project, and officials are finalising funding for the rest of the financial year.

We recognise that we are talking about a vulnerable group of people. As I am sure Foysol Choudhury will know, there are huge limitations to the support that can be given through public services. We are very constrained by UK Government rules on that. However, we have provided that important crisis fund through the British Red Cross.

Foysol Choudhury: Thank you very much.

Paul McLennan (East Lothian) (SNP): Good morning, cabinet secretary. I want to talk about fair work in the third sector. As you know, I chair the cross-party group on social enterprise. Multiyear funding is one of the issues that comes up, as is inflation, which you mentioned earlier. Can you say a little bit more about what the Government is doing to support third sector organisations?

Shona Robison: We recognise the impact of rising operating costs across society, including on charities and voluntary organisations in the third sector. We continue to invest widely in the third sector and have committed to increasing multiyear funding wherever possible.

Under fairer funding principles, multiyear arrangements for third sector organisations are preferred where appropriate, so we want to move to multiyear grants being the default position, unless it is short-term, one-off funding for particular projects. When that is not the case, I would like to move to multiyear funding being the default, and I am committed to progressing that in my portfolio.

All cost factors are taken into account when considering proposals for third sector organisation

grants, and it is for individual grant makers and funders to determine the value of individual grants. However, there is conditionality that is concerned with uplifting low-paid workers to at least the real living wage, which is an important part of the fair work principles. Any pay increase that an employer wishes to introduce above and beyond that is, of course, a matter for the employer concerned.

It is a challenge for the third sector—we cannot shy away from that—but it is important that we make progress. Multiyear funding will, at the very least, help third sector organisations to plan beyond year to year.

Paul McLennan: I was going to ask about fairer funding, but you have covered that.

Another issue is additional borrowing, which you touched on earlier. As you know, I raised that issue at the Local Government, Housing and Planning Committee's meeting on Tuesday in relation to the fiscal framework discussions that are going on. The areas that are covered by this committee are probably more demand led than those of any other committee, so do you want to say any more on that point?

We talked about three-year funding during the discussions on the fiscal framework, but the point about additional borrowing powers also applies to the areas that are covered by this committee. Who could have forecast, 18 months or a year ago, that inflation would be at 10 or 11 per cent? The Scottish Government has to find funding from elsewhere.

Shona Robison: Indeed—that is all absolutely true. The current fiscal framework arrangements clearly constrain the extent to which we are able to respond to this or any other crisis. I said something about that earlier in relation to our largely fixed budget, our constrained borrowing powers and the reserved powers limit, all of which make things difficult. If we add inflation to that, we see that it is extremely difficult.

10:00

The fiscal framework review must ensure that, within our devolved responsibilities, the Scottish Government and the Scottish Parliament have the necessary fiscal flexibility to manage the risks that we face now, and will face in the future, and to support economic recovery. We have to get a different set of arrangements out of the review.

The framework is due to be reviewed after the completion of an independent report that was jointly commissioned by the UK and Scottish Governments, and agreement has been reached with our Treasury counterparts on the detailed arrangements for the review. When I said that we

were in the foothills of the discussions, that is what I was alluding to. The final version of the report has been submitted to both Governments for consideration, but I understand that the timing and arrangements for publishing it are still under discussion.

I cannot emphasise enough how important it is that we get that right. I am sure that the committee will keep a watching brief on the progress that is being made.

Paul McLennan: Thank you for that answer, cabinet secretary. As fellow committee members know, I have raised that issue on a number of occasions with a number of ministers and cabinet secretaries, so—yes—we will be keeping an eye on it.

The Convener: We will go back to Pam Duncan-Glancy, who joins us online.

Pam Duncan-Glancy: I will extend the conversation that we have just had about fair work, which colleagues have already mentioned. It is, of course, welcome that the fair work criteria are being extended to cover all staff who are engaged in grant-funded activity. However, the voluntary sector is really struggling; I know—or believe—that the cabinet secretary understands that. How will the Scottish Government support its departments and local government to resource voluntary organisations through grants so that they can pay at least the real living wage?

Shona Robison: Pam Duncan-Glancy makes a fair point. These are tough times for all sectors—whether it is local government, the third sector or public agencies—in terms of the quantum of finance that is available in the budget. Multiyear funding is important because it makes things easier by giving the certainty of funding availability. If we move to a position in which multiyear funding becomes the presumption and default, that will help with the planning of budgets.

We will work with third sector organisations to support them as much as we can. We need to look at how we can reform the way that we do things. That applies not just to Scottish Government agencies and public services but to local government. The Accounts Commission suggested that as a way forward, and that might have to apply to the third sector, too. We all have to look at, for example, the buildings, services and support structures that we use, to see whether they can be shared. We need to look at things differently. The pandemic has shown that different ways of working—which, before the pandemic, we might not have thought possible—have been achieved in a very short timeframe. In some ways, that flexible working can reduce infrastructure costs for organisations.

We need to continue to have those discussions, but I am not going to sit here and pretend that it is easy for any sector, including the third sector, which—as I said—we will try to support as much as we can.

Pam Duncan-Glancy: I thank the cabinet secretary for that answer, but I find it difficult not to come to the conclusion that, in effect, that means that, although the Scottish Government says that it supports—as we do—fair work, third sector organisations will have to make cuts, which feels disappointing. I understand the context that we are in but, as the cabinet secretary rightly pointed out, during the pandemic, those organisations did not just create flexibility but stepped up to the front line when others could not. I therefore urge the cabinet secretary to commit to resourcing the demands that she and her Government make of third sector organisations, so that they can meet those demands.

I have one point on long-term funding. Can the cabinet secretary set out the timescale that she is working to for delivering multiyear funding? Will she determine multiyear funding as a three-year minimum commitment?

Shona Robison: On your earlier point, the third sector has often made the argument that being able to pay staff the real living wage and hold on to staff is probably more cost effective than having high staff turnover. That is not to underestimate the challenge, but having the certainty of multiyear funding, with staff knowing that they will have a contract next year, prevents people from leaving to look for other jobs because funding is uncertain. That is probably why multiyear funding has been the third sector's key ask above all else, and its importance cannot be overestimated.

When we work with a stakeholder on a long-term basis, I expect them to receive a multiyear grant. As I said earlier, we want that to be the default. However, it is not always appropriate, such as when a project is coming to an end or is given a short-term funding arrangement, such as a one-year, one-off payment. Officials are processing grant proposals now, and we will monitor progress across the fairer funding principles, including multiyear funding, to make sure that we can roll that out as quickly as we can. It will become the default and presumption rather than the exception.

Pam Duncan-Glancy: Thank you for that answer. Do you know when it will become the default rather than the exception?

Shona Robison: As I said, officials are processing grant proposals now. Unless they are for short-term funding or for projects that are coming to an end, we expect that multiyear funding will be put in place from now on for as

many organisations as possible. There might be some for which that cannot be done, but I assume that that will be the default from now on. I am happy to keep the committee apprised of progress with this funding round when those decisions are made, if that would be helpful.

Pam Duncan-Glancy: I have one more question, and I will be brief. Yesterday, I met representatives from the Partick Thistle Charitable Trust's accepting activity group, who said that the financial support that they get has underestimated their energy costs by hundreds of thousands of pounds. From evidence that has been given to the committee, we know that a number of third sector organisations are in just as much financial difficulty as the people they are supporting, as a result of the cost of living, and they do not believe that the funding support has taken account of that insecurity.

Does the cabinet secretary intend to introduce any cost of living measures that would help organisations to meet those costs? What can I tell the Partick Thistle Charitable Trust and others about whether there is an intention to increase the offer to those organisations to account for the rise in their operational costs?

Shona Robison: If Pam Duncan-Glancy wants to write to me with the details of the organisation that she is referring to, I would be happy to come back with a more detailed response.

We have tried to support third sector organisations with some of their cost of living pressures, but I have to be honest and say that, whether it is for organisations or households, I do not think that the Government can mitigate every increase in costs, including energy costs. We just do not have the resources to be able to do that in every circumstance. We have tried to help where we can, but we cannot mitigate every increase in costs for every organisation.

However, if Pam Duncan-Glancy wants to write to me with the details of that case, I will be happy to look into it in more detail.

The Convener: That is positive news on multiyear funding. The issue has been raised with us frequently in the committee, so it would be helpful if you would keep us updated on that.

Jeremy Balfour: Cabinet secretary, you will appreciate that I have asked you and the finance secretary on a number of occasions about specific discussions that you have had with the Scottish Council for Voluntary Organisations on three-year funding. I know from previous answers that you and your officials regularly meet the SCVO. Has three-year funding been discussed specifically with the SCVO? What on-going discussions with the organisation are planned on that issue?

Shona Robison: Officials meet the SCVO and other umbrella organisations for the third sector regularly. I cannot remember exactly when I met the chief executive of the SCVO, but I recall having a discussion last year. Multiyear funding is always, understandably, a key ask in those discussions, and we will continue to work with the SCVO and others on moving to the new system of multiyear funding.

Our relationship with the SCVO and other bodies is good. The SCVO has been an extremely important partner on Covid recovery, so other ministers have met it and have heard its input on that. We will continue to do that. It is an important relationship.

Jeremy Balfour: As you mentioned, voluntary organisations are funded not only through your budget but through budgets across different Government portfolios. What efforts are made across Government to adopt the fair funding practice that SCVO has outlined? Who co-ordinates that to ensure that organisations do not miss out on funding from one department because they already get money from another department? Is that co-ordinated by the finance team or within your department?

Shona Robison: We expect officials across the Scottish Government to work closely on that, to know what grant applications are in and to know which ones are likely to be approved or not approved. Sometimes that is important if a particular fund is under real pressure and we can look at whether other funds in Government can be brought to the table to support that. That happens fairly regularly.

It should not matter where the fund is located in Government. The same approach should be taken in the move to multiyear funding and towards the key priorities, which the Deputy First Minister has set out, of tackling child poverty, sustaining public services and moving to net zero. You would expect those priorities to be reflected through all the funds for the third sector across various parts of Government.

Will it be right in every circumstance? I am sure that there will be glitches on occasion. However, what I have set out is how we expect the system to operate, and we expect close communication to take place.

Jeremy Balfour: My final question is about the money that is given to local authorities to pass on to third sector organisations in their areas. I appreciate that, ultimately, it is up to local authorities to do that, but do you recognise that their budget has gone down in real terms? From what we see across Scotland, a number of charities will struggle to get any funding from local

authorities this year, and they might have to close because of that cut to the budget.

10:15

Shona Robison: I could probably spend a good half hour talking about local government finance, and we had a long discussion at the Local Government, Housing and Planning Committee on Tuesday about that. Suffice it to say that, in the context of total Barnett consequentials being only £800 million, the £570 million that has been allocated to local government is tough and challenging for local authorities, but, in that context, perhaps that is not an unreasonable settlement.

The Accounts Commission verified that figure of £570 million. It also pointed to reserves and said that local authorities should keep under constant review priorities for the use of those reserves. Some decisions around the priorities of individual local authorities might have been taken some time ago, and, in the midst of a cost of living crisis, those should always be kept under review.

The other thing that the Accounts Commission pointed to was reform. I mentioned the need for us all to look across the public sector, particularly in relation to years 3 and 4 of this budgetary cycle and at the projected finance that is coming down the line from the UK Government. This is the time to make moves towards reform, because years 3 and 4 will be very challenging.

We are trying to give local authorities maximum flexibility to make decisions on where they spend their money by removing as much ring fencing as possible. It will then be down to each local authority to decide where it spends money and to support revenue-raising opportunities; of course, local authorities have complete freedom around council tax levels. I go back to the exchange that I had with Miles Briggs about the discrete areas of funding that we would want local authorities to continue to spend on in relation to those joint priorities.

Those are not easy things to balance, but we hope and expect that local authorities see the value for money in the third sector investment that they make. The many projects that are delivered are very good value for money, and I think that local government recognises that as much as we do.

We will continue to have those discussions with local government and the third sector, but the context and background to the issue has to be acknowledged.

The Convener: Emma Roddick will finish our questions for today.

Emma Roddick: We, as a committee, have taken an interest in how the Government uses human rights budgeting. Can the cabinet secretary give an example of where spending allocations have been changed following an equality and human rights impact assessment, and can she advise how we, as a committee, and the wider public can see how human rights considerations have affected budget decisions?

Shona Robison: That is an important question. A number of processes are on-going across portfolios as they continue to assess the value and impact of policies. The vast majority of the programmes, policies and services that the budget funds are not necessarily freshly generated and announced at the point at which the annual budget is introduced; budgets are more likely to be reviewed and refined in the light of a number of factors, including the human rights dimension. A number of large policy areas have substantive evaluation programmes in place to assess the outcome of the spending programmes, and those deliver results at different points in the policy cycle.

We expect equality and human rights impact assessments to be a key part of that process but not the only factor in informing final decisions. Other considerations might include making budget adjustments due to changes in available resources to support the policy delivery, reprofiling the phasing of delivery and, as we did in the emergency budget review, focusing on other key priorities, which means perhaps not funding other things.

The equality and human rights impact assessment is key. Of itself, that is probably not a reason to change a budget decision, but it would be part of the assessment of the priority of that funding decision.

Emma Roddick: That is really helpful. The equality and fairer Scotland budget statement explicitly lists the right to an adequate standard of living in almost every portfolio—not just the cabinet secretary's portfolio. Is that a reflection of the Scottish Government's priorities, as well as the overall efforts to realise human rights?

Shona Robison: Yes, it is. I hope that our actions, whether it is through the £3 billion that has been allocated to help low-income households in the current financial year, £1 billion of which is available only in Scotland, or, going forward, through the budget decisions that we have made—not least the allocation of £780 million above the block grant adjustment for social security—are seen as active political choices and decisions about how we support household budgets and people on low incomes. That comes at a cost, if you like, with regard to the availability of funding for other things, but, in the current

financial climate, it is absolutely the right decision and one that we would defend vigorously.

The Convener: I thank you and your officials, cabinet secretary, for joining us. We will take a five-minute comfort break.

10:21

Meeting suspended.

10:26

On resuming—

Decision on Taking Business in Private

The Convener: Welcome back, everyone. We move to agenda item 3. I refer members to paper 3, which relates to the committee's child poverty and parental employment inquiry. To assist the committee with consideration of its next steps, we are invited to consider and agree to discuss further approaches, evidence received, correspondence and draft reports in private at future meetings. Are we agreed?

Members *Indicated agreement.*

The Convener: We will now move into private session. Members who are joining us remotely should use the Teams link in their calendars to join the meeting.

10:26

Meeting continued in private until 10:37.

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