



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 17 January 2023

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
2nd Meeting 2023, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Paul McLennan (East Lothian) (SNP)

*Marie McNair (Clydebank and Milngavie) (SNP)

*Annie Wells (Glasgow) (Con)

*attended

COMMITTEE SUBSTITUTES

Sarah Boyack (Lothian) (Lab)

THE FOLLOWING ALSO PARTICIPATED:

Simon Bonsall (Scottish Government)

James Hamilton (Scottish Government)

Màiri McAllan (Minister for Environment and Land Reform)

Tracy McCollin (Scottish Government)

Shona Robison (Cabinet Secretary for Social Justice, Housing and Local Government)

Ian Storrie (Scottish Government)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 17 January 2023

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the second meeting in 2023 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are on silent and that all other notifications are turned off during the meeting.

The first item on our agenda today is to make a decision on whether to take items 4, 5 and 6 in private. Do members agree to take those items in private?

Members *indicated agreement.*

Allotments

09:30

The Convener: Our second item is the consideration of evidence from the Minister for Environment and Land Reform on our post-legislative scrutiny of part 9 of the Community Empowerment (Scotland) Act 2015. Last year, we undertook an inquiry and published a report on part 9 of the 2015 act. The Scottish Government has responded to that report, and this is our chance to explore that response.

We are joined by Màiri McAllan, Minister for Environment and Land Reform, who is accompanied in person today by James Hamilton, the branch head of food and drink trade in the Scottish Government legal directorate, and Tracy McCollin, the head of the good food nation team at the Scottish Government. We are joined online by Simon Bonsall, who is the senior planner from planning, architecture and regeneration division at the Scottish Government. I warmly welcome our witnesses to the meeting and invite the minister to make a short opening statement.

The Minister for Environment and Land Reform (Màiri McAllan): Thank you for inviting my colleagues and me today. Thanks also for your time spent looking at this important matter. I very much welcome the work that the committee has done and the recommendations that you have produced. I take them all on board.

I say that because local growing is very important to the Scottish Government. Part 9 of the 2015 act demonstrates the importance that we place on allotments as part of the wider picture of community growing. I mention the wider picture because I am glad that your investigation looked at the non-statutory growing environment, as well as allotments. I am absolutely committed to and convinced of the multiple benefits of community growing, and you set out a number of those benefits in your report. They include benefits for physical and mental health, social cohesion and biodiversity, as well as reduction of our carbon footprint and tackling loneliness and isolation. Among the benefits, you also included ageing well or healthily, which is really important. I believe in those co-benefits, and I believe that everyone in Scotland should be able to access them. A lot of the work that we are doing here will help us to progress that.

We have recently been living through a period of disruption. In many ways, that has served only to make the co-benefits much more important. We know that people turned to their natural environment as they took solace during some of the darkest days of the pandemic. When we were

able to unlock, people sought cohesion and coming together after lockdown. Of course, the disruption has created a period of difficulty for governance, implementation and delivery, both locally and nationally. When part 9 was considered and passed, none of us could have foreseen the events that would follow.

Finally, I will make two points about delivery. First, the Scottish Government clearly has responsibilities under part 9 of the 2015 act. Those have been fulfilled by the letter of the legislation. The vast majority of the responsibilities lie with local authorities, which are best placed to make decisions based on their local demography, geography and resource. I want the Scottish Government to be a helpful broker of progress on that, but I do not want to impinge on local decision making. The second point about delivery is a practical one. I flag the point that we cannot escape the very difficult financial restrictions that local and national Government face just now, but I hope that, despite that, with the good work of the committee, which I want to take away and take on board, we can make progress in the months and years to come.

The Convener: Having been involved in community growing for many years, both in Scotland and in New York city, I am sure that where there's a will, there's a way and that, if the opportunities are made clearer for people, through Government and local authority leadership, we will find the opportunity for the co-benefits that you have outlined.

Is there adequate data available to say whether the legislation has been a success? If so, what impact has part 9 of the act had over its five years of implementation? You have identified the co-benefits and things such as that, but I would like to hear a bit more from you.

Màiri McAllan: There is no doubt that there is a substantial number of individual examples of the 2015 act having a positive impact, and not just through what the act has allowed local authorities to do and local communities to benefit from. We need to accept that there is a signalling effect by a Government creating primary legislation that makes those obligations, rights and responsibilities clear.

However, some years down the line, we cannot be blind to the fact that there are some ways in which things do not appear to have worked as we had expected. Waiting lists are long and growing; as you have identified, the availability of land remains a problem; and I know that the committee sees that the disparity of experience remains a problem. On the latter point, that could be so, but, equally, I am mindful of the need to recognise the different experiences in local authorities across the country. We all come from different parts of the

country, and we will see different need. We need to remember that local authorities are dealing with different situations.

Your first point was about data gathering. The act does not place duties on the Scottish Government to collect or benchmark data. I am open to the idea that that could be explored. You suggested that the annual allotment reports might be a suitable place from which to do that, and I will consider whether that is doable and what the benefits would be to local authorities and the Scottish Government.

The Convener: Thank you. It is really helpful that you are open to considering some form of data collection and benchmarking.

Moving on to local authorities and provisioning, there is clearly a huge unmet demand for allotments across local authorities. What can the Scottish Government do if councils fail to meet their statutory duties for provision, waiting lists and food-growing strategies? Why are some councils fulfilling those duties and others are not? Is more adequate resourcing required to support local authorities to do so?

Màiri McAllan: I will take the final point first. Local authorities face different situations. Something as basic as the fact that a local authority has a geography that allows more people to have their own gardens will make a difference compared with an urban local authority that deals with fewer instances of that. They certainly deal with different local circumstances and different demand, and they need to make resource decisions about that and about where to place funding as part of the block grant.

To be very cut and dried, I say that if statutory duties are not met by a local authority, it is possible in theory to bring legal proceedings against it, but I say that only as a matter of fact; the Scottish Government would not want to pursue that. We would far rather work with local authorities and the Convention of Scottish Local Authorities, if need be, to work out constructively how to make progress together. We can do that in a number of ways, such as continuing with the tripartite group and considering whether additional guidance would be helpful.

I am conscious that we produced guidance on food-growing strategies but have not done so on allotment reports, and I accept that that might be a reason why there have been difficulties. We talked about considering benchmarking data and easing regulation on permitted development rights. The Scottish Government has all those tools and, ultimately, a legal power to bring proceedings, although we would not want to go there.

The Convener: What you pointed out about additional guidance could be good. We talked in

the report about the need for leadership. I imagine that, when a local authority is busy doing the work that it needs to do and it then needs to take on something new, getting into the new workstream is difficult, and guidance can always help to ease the way.

I will focus on the role of the coming Scottish food commission. The Government response to the committee's report notes

"the links between the local good food nation plans and the food growing strategies"

and that those are for local authorities to determine. Given our very welcome move towards more sustainable and locally grown food, I am keen to hear the Scottish Government's thoughts on the commission's role under part 9 of the Community Empowerment (Scotland) Act 2015 and on creating the links. Good food nation plans are about local authorities procuring to their public kitchens, whereas part 9 of the 2015 act is more about local food community growing and such things. There is a connection, or there needs to be a connection, because I notice that there is confusion. If we do not make the connection, there could be confusion.

Màiri McAllan: That is a good point. I will hand over to my colleague Tracy McCollin to say a bit more about that, given that she heads up the good food nation team. I see local food growing and provision for it, both in a statutory sense and more widely, as being part of local good food nation planning in a very practical sense, in that a food-growing strategy under part 9 could form part of what a local authority produces as its local good food nation plan. The provision in general of good opportunities for local growing is part of our vision for a good food nation.

I think that there is statutory provision under the Good Food Nation (Scotland) Act 2022 for the Scottish Government and local authorities to work together on guidance on the production of the local good food nation plans. I am sure that Tracy McCollin will correct me if I am wrong about that. Tracy, do you want to say a little bit more about the interplay in that?

Tracy McCollin (Scottish Government): Yes. I will pick up the final point first. Guidance was considered during the progress of the bill through the Parliament. It would not necessarily be guidance; there needs to be discussion about what would be most useful—whether guidance is the best way to go or whether there are other ways in which the Scottish Government and local authorities could work together when developing their plans. The national good food nation plan is under development, and we will learn lessons as we progress that. Those lessons will feed into the discussions that we will have with local authorities

when they undergo the process of developing their own plans.

In the 2022 act, the food commission is very tightly linked to the plans. The food commission's role will be in reviewing good food nation plans at national or local level. In the legislation, its role is very tightly linked to that. If there is something in the plans about allotments, community food growing or local food, that will be part of the mix of the commission's review.

The Convener: From what I have heard you say—correct me if I have picked it up wrongly—it seems that, if there is such a thing as a plan hierarchy, the local food strategy that comes out of part 9 of the 2015 act will probably sit underneath the good food nation plan. Is that how it will fit?

Màiri McAllan: Yes. Perhaps James Hamilton wants to come in on that. What I was trying to say at the beginning of the meeting, convener, is largely what you described there. I would not want to say that the strategy sits underneath the plan; rather, it is part of it, as a reflection of the fact that local growing is part of our plans for a good food nation, of which there are other facets.

James Hamilton (Scottish Government): I echo that. I describe them as complementary. Good food nation plans enable local authorities to set out outcomes that they want to achieve, as well as policies that they intend to pursue to achieve those outcomes. There could be overlaps with food-growing strategies, in which local authorities will set out how they intend to increase allotment provision in their areas. Although good food nation plans must include the provision of allotments, local authorities must decide for themselves that that is one of the outcomes that they want to achieve.

09:45

The Scottish Government has to specify functions that, while carrying them out, local authorities must have regard to their good food nation plan. Therefore, the other question that we are considering is whether to specify, as one of those functions, the food-growing strategy that is required to be prepared by a local authority under section 119 in part 9.

I would not describe it as a hierarchy in which good food nation plans take priority. They are very much complementary. Depending on how the Government and local authorities work to implement the good food nation plans, there is a very good chance that the two will be complementary to each other.

The Convener: Thank you for that. We move to another area.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning, minister and panel. During its inquiry, the committee got a chance to get out and meet organisations and individuals who are making a real difference in their local communities and who are passionate about the importance of food growing. We recommended that this be harnessed into a national forum to drive improvement. How soon will the Scottish Government reach a decision on the creation of such a forum?

Màiri McAllan: I echo your initial comments—I, too, have had the opportunity to meet folks who either have started or are involved in long-running community-growing organisations. I have met more groups that have done that under the land reform legislation and with the support of the Scottish land fund than groups that have done so under the statutory allotment work. That is probably something for me to reflect on in this context. They are some of the most enthusiastic and excellent groups that I have had the pleasure of meeting.

I have viewed what the committee said on the national partnership forum and your comments on the tripartite group and its remit. I am keen that that remains a tight group with SG, local authorities and SAGS. I always forget what that stands for, but I think that it is the Scottish association of growing—

Tracy McCollin: It is the Scottish Allotments and Gardens Society.

Màiri McAllan: Yes—exactly.

I am keen that that group remains quite tight. However, I am interested in what the committee recommended about a national partnership forum. We already fund GrowGreen Scotland to the tune of about £20,000 per annum, in part to co-ordinate the community growing forum. My officials and I will go away and consider the extent to which the role that the group is undertaking is akin to what the committee has recommended as regards a national forum. We will see whether that role is already being fulfilled or what changes may be required or are desirable.

Marie McNair: Thank you.

The Convener: In your opening statement, minister, you said that delivery is a challenge at this time, given the public finances. I think that a national forum would be a really important element in bringing people together. Has the Scottish Government taken into account the costs of establishing a national forum? You mentioned that the GrowGreen Scotland initiative is funded with £20,000 a year. Have you looked at the costs of a national forum?

Màiri McAllan: The figure for GrowGreen Scotland is £19,800 per annum. No, we have not yet looked at the costs of a national forum. I need to consider that, and it will require careful consideration about not just the costings but, equally, the value of a forum to the Scottish Government and to local authorities. As of today, a considerable bit of work is under way, backed by annual funding of nearly £20,000, which I think we will agree is not insignificant in the circumstances. I want to go away and compare what is being done now against that which the committee has suggested and consider what the gap is and how we might fill it, if that would be beneficial.

The Convener: Thanks very much. We appreciate your willingness to take on that piece of work.

We will move on to a question from Annie Wells, who joins us online.

Annie Wells (Glasgow) (Con): Good morning, minister. I will stay on the issue of funding. Many community organisations have told us that they still face yearly battles for funding for on-going projects that are proven to make a huge difference to people's lives. Does the minister agree that sustaining existing projects is just as important as funding innovation? What steps is the Scottish Government taking to address that and ensure that funding can be accessed for on-going projects?

Màiri McAllan: I hear two different concerns when I speak to groups across the piece. One is that they cannot get new funding, and the other is that new funding appears to be all that is available. There are concerns on both sides. I know that community and third sector organisations are calling out for reliability of funding and the ability to plan ahead that comes with multiyear funds. Of course, the Scottish Government has to work on an annual basis, and we are doing so in volatile economic circumstances just now.

As with much of this, I am absolutely prepared to consider how we can strive for more stable multiyear funding patterns, because I know how that allows groups to plan. The fairer funding practice should be adopted as far as practically possible. I will certainly aim for that.

Annie Wells: Thank you.

Miles Briggs (Lothian) (Con): Good morning, minister and officials, and thank you for joining us. You have already outlined where you think the committee's work can make a difference but, specifically, does the Scottish Government intend to review the Community Empowerment (Scotland) Act 2015, including part 9, to take on board some of the issues that we have raised?

Màiri McAllan: That is a good question. Obviously, the act is wide-ranging, and you will know that my colleague Tom Arthur, in his ministerial role, is undertaking a review of the act, which was a commitment. A lot of work on part 9 had already started in advance of the commissioning of Tom Arthur's review. We meet regularly; in fact, just last week, we had a cross-ministerial meeting on food that included the Cabinet Secretary for Rural Affairs and Islands and colleagues from local government. It is certainly my intention to meet Tom Arthur specifically to discuss the recommendations of your report and our reply, so that that can, as far as possible, be built into his review.

Miles Briggs: That is helpful.

I have raised with you in the chamber the issue of auditing potentially available land, especially with regard to public sector bodies. The national health service has a significant estate that could be allocated for this use. Some organisations are doing that, but what plans are there in Government to carry out an audit and then ask public sector bodies to allow allotments to be developed? At the minute, there seems to be a bit of a closed-gate situation for many people who have come to me, especially here in the capital, having tried to access land that is owned by public bodies.

Màiri McAllan: I do not currently have any plans for an audit, but that does not mean that I am not sympathetic to the view that public bodies should consider the scope to allow their land to be used in that way. I know that the question of whether the 2015 act should be extended to include other public bodies was considered. I do not think that that is necessary just now. Coming from the land reform portfolio, I see that we already have a suite of right-to-buy mechanisms that apply to public and private land, including a mechanism to buy abandoned or neglected ground to do further sustainable development, and the crofting right to buy. There are also negotiated purchases and sales that happen outside the legislation.

I see an environment with a lot of opportunity for that just now. For that reason, I do not currently think that the 2015 act should be extended beyond local authorities.

Miles Briggs: We heard that there are opportunities but that the finance to achieve them is not there, or it is to come from local authorities that do not have it. That is the financial problem for many people in using some of those bits of legislation, but I take on board what you have said. It might be helpful to investigate which public sector bodies even have the issue on their agenda. Some, such as the NHS, which should have an agenda to promote wellbeing and get

people into such activities, would surely want to release land to do that. That was a helpful answer, and I thank you for your time this morning.

Màiri McAllan: Thank you. I will take that on board.

The Convener: I see around my region pockets of places where the NHS has allowed community growing on its land. I have certainly seen a lovely project in Tarbert that I think is called a sensory garden. Maybe we need a piece of work on the guidelines and on leadership, to signal clearly that we want this to happen more rapidly.

Mark Griffin (Central Scotland) (Lab): Part 9 of the 2015 act placed new duties on local authorities. Will the minister set out what funding went alongside those new duties for councils to increase the provision of allotments and community growing spaces?

Màiri McAllan: Do you mean at the time of the passage of the act?

Mark Griffin: At the time, and in subsequent years.

Màiri McAllan: I am afraid that I cannot speak about what happened at the passage of the act, as I was not in Government at the time, but any additional statutory responsibilities placed on local authorities are borne in mind when the local government settlement is considered. I know that the committee is and will be looking closely at this year's settlement. For the purposes of the act, when legislation creates additional statutory responsibilities, that will be considered and will be part of the settlement, because it is part of the core funding. We expect local authorities to fund it from there.

Mark Griffin: Year on year, has consideration been given to increasing the allocation to local government to allow it to increase the provision of allotments or community growing spaces?

Màiri McAllan: It is part of the block grant so, again, an assessment is made of the responsibilities of local authorities and the extent to which they may have increased in any given year owing to legislation. The block grant is the final figure from which we would expect it to come. I do not need to tell the committee about this year's block grant; I am sure that you are looking closely at it.

Mark Griffin: In Wales, additional funding for allotments has been allocated, and you know why that is: the benefits that you stated are clear to see. Is the Government monitoring the impact that that additional funding is having in Wales, and is it considering following that path?

Màiri McAllan: We always want to learn from neighbours far away and closer about how they

manage such things, and I was interested in the evidence that the committee took from Wales. Since your report was published, Scottish Government officials have met their counterparts in the Welsh Government to discuss its commitments and how they think those are going. We absolutely will seek to learn from what they have done, and I will watch closely to see how achievable the doubling is and how the funding has worked in that regard.

Mark Griffin: Thank you.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): The issue that I was hoping to probe was kind of asked by Miles Briggs, so I will extend it a little. It was about widening the scope of the act beyond local authorities, and you answered that. I want to make the leap from that issue to the wider issues in the proposed land reform bill. One of the proposals is to require those who seek to dispose of land and holdings on a large scale to give prior notice to communities. The inference from that is, perhaps, that communities will get first dibs on potential transfers or sales of land. Is that a way for communities to acquire pieces of land for the purpose that we are talking about?

10:00

Màiri McAllan: That is an interesting question. My experience so far is that a number of groups have either formally used land reform legislation to acquire land for purposes including growing, or they have been able to enter into a negotiated sale because landowners now realise that a suite of legislation requires that and it has that signalling effect. Of course, that is supported by the Scottish land fund.

Prior notice to communities is important because it can be an onerous task to not just constitute an appropriate body under land reform legislation but to buy and take on the land. The longer communities have to prepare for that task, the more able they will be to take it right through to purchasing and managing the land. For me, the real value of prenotification is in giving time for communities to prepare to navigate a sale and to plan how the land will be managed thereafter. That is already helpful in the community growing space.

Willie Coffey: Is there enough resilience in communities, given the time that they might need to consider such a transaction? Do you get a sense that communities will get first call on a land sale, or is that not your intention behind the provisions?

Màiri McAllan: No. First, it is about believing that more people and organisations should have the opportunity to own more land. Secondly, it is about giving communities as much time as

possible to prepare for the purchase, if that is something that they want to pursue.

As I said, it is a substantial task, but it is probably right that it is. We believe that with rights come responsibilities. That goes for large landowners under land reform legislation just as it does for a community organisation that is looking to buy land, but the more time and support that they have, which the Scottish Government provides under land reform legislation, the better.

Willie Coffey: Okay—thank you for that.

The Convener: Does the support come their way when they enter the Scottish land fund process?

Màiri McAllan: It is not necessarily directly linked with the land fund, but community bodies can approach our community right to buy team for guidance on navigating land reform legislation.

The Convener: Thank you. We are nearing the end of our questions. I will bring in Paul McLennan.

Paul McLennan (East Lothian) (SNP): I have a couple of questions about planning issues. First, when does the Scottish Government anticipate that it will consider widening permitted development rights to incorporate allotments and other land for growing?

Màiri McAllan: I do not have a timeline that I can give you just now, except to say that the review is on-going and that we are committed to including allotments as part of that. I wonder whether Simon Bonsall has a timeline that he could add to that. I do not think that we do, but I would like to share it if we are able.

Simon Bonsall (Scottish Government): Good morning, everyone. You are absolutely right, minister: there is no fixed timeline for when allotments will form part of the review. The review is on-going, and the phasing of the review remains itself under review as we progress the work.

Màiri McAllan: Prioritisation was given to local energy production in the light of the cost of living crisis and things like that.

Paul McLennan: Secondly, we have just gone through the national planning framework 4 process, and many local authorities are looking at their local development planning processes. Does the Government agree with the committee that food growing needs to be a category of land use that is included in frameworks such as local place planning? That is really pertinent, given that a lot of LDPs are being progressed.

Màiri McAllan: Again, owing to my not being the planning minister, I will hand over to Simon initially for a view on that. If there is anything that I can add, I will do so.

Simon Bonsall: On local place plans in particular, food growing is included in the guidance that we published in 2022 on how to prepare an LPP. The content of local development plans is informed by national planning framework 4, as it will be, and local food growing and allotments are well covered in the policies in NPF4. We anticipate that they will feed down into LDPs.

In addition, the guidance that we consulted on about the preparation of local development plans included food growing as an issue that may be relevant for planning authorities to consider in the evidence report that is prepared at the early stage of the LDP process.

The Convener: I will come back to the amount of land that is needed for allotments. Has the Scottish Government calculated, or will you consider calculating, how much land is needed to meet demand? As we know, we have big waiting lists, particularly in Edinburgh and Glasgow. Has any work been done on that?

Màiri McAllan: My initial reaction is to say that that is certainly something to be done at local authority level. Local authorities are best placed to respond to their own lists.

Interestingly, I note that, in your report, you say that lists might not be accurate because some people on them might have got allotments, moved or whatever, so there would be a bit of work for local authorities to do to ensure the accuracy of the waiting lists. A mapping exercise on the amount of land that is needed, if it were to be done, should certainly be done at the local level.

The Convener: Perhaps that is something that the committee and the Scottish Government are both doing in our work on signalling and guidelines, with the Scottish Government taking leadership in that direction.

Thank you so much—the opportunity to hear from you today has been very helpful, and we really appreciate your taking on board the committee’s work.

Màiri McAllan: Thank you.

The Convener: It has been a good collaboration, in a sense, in helping to move forward the allotment situation and people’s desire to grow food locally.

I suspend the meeting briefly while our witnesses leave the room.

10:07

Meeting suspended.

10:20

On resuming—

Budget Scrutiny 2023-24

The Convener: The third item on our agenda is scrutiny of the 2023-24 budget. We will focus our scrutiny on the budget for the affordable housing supply programme, which we explored in pre-budget scrutiny, and on the funding allocation for local government. We will hear from Shona Robison, the Cabinet Secretary for Social Justice, Housing and Local Government in the Scottish Government. She is accompanied by Scottish Government officials Kirsty Henderson, affordable housing supply programme manager; Catriona MacKean, head of better homes; and Ian Storrie, head of local government finance. I welcome our witnesses to the meeting and invite the cabinet secretary to make a short opening statement.

The Cabinet Secretary for Social Justice, Housing and Local Government (Shona Robison): Thanks very much, convener, for the opportunity to engage again with the committee.

We are all too aware of the many challenges that people currently face. Since my previous appearance at the committee—I think that it was back in September—we have put in place emergency legislation that has given people, whether they rent in the private sector or the social rented sector, reassurance around their current tenancies through the worst of the winter, even as their other costs have, unfortunately, been rising.

More recently, of course, we have set out the Scottish budget for 2023-24. We are using all the levers at our disposal to maximise investment and to support people and the economy, and are targeting our spending as effectively as possible. The Scottish budget for 2023-24 sets out more than £6.3 billion of capital spending to support employment and the economy through our large-scale infrastructure plans, to move us along the path to net zero carbon emissions and to underpin the provision of quality public services.

Our capital spending ambitions have been impacted by global trends—a position that has been exacerbated by United Kingdom Government decisions. In light of inflationary pressures and the wider market conditions, we have made hard choices to reprioritise our 2023-24 capital budget in order to deliver against Government priorities. In some cases, that has meant that portfolio budgets have reduced when compared with the May 2022 capital spending review publication. Where we have made choices to slow down or reduce available budgets, those are not choices that the Scottish Government has taken lightly.

We have to ensure, however, that we maximise the impact of our capital investment to deliver against our strategic priorities. Despite that, more than £3.5 billion will be available in this parliamentary session for delivery of more affordable homes. In the most challenging budget settlement since devolution, we are providing more than £13.2 billion in the 2023-24 local government finance settlement.

Following the flat-cash position set out in the resource spending review, we have listened to councils and are now increasing the resources that are available to local government next year by more than £570 million, which is a real-terms increase of £160.6 million, or 1.3 per cent. The 2023-24 local government finance settlement provides local authorities with £423.7 million of additional revenue funding for vital day-to-day services, which is a real-terms increase of £39.1 million. The settlement also provides an increase in capital funding of £147.1 million, which is a real-terms increase of £121.5 million. The 2023-24 budget has also baselined an additional £260.6 million for the 2022-23 local government pay deal.

In addition to funding from the Scottish Government, local authorities have a range of revenue-raising powers that are not available to other public services, including full flexibility on council tax rate setting and the newly devolved powers over empty property rates relief.

We also continue to work with our partners in local government to build on the Covid recovery strategy and to agree an urgent approach to improve the delivery of sustainable public services that are designed around the needs and interests of the people and communities of Scotland.

Another critical area of work has been the short-life task and finish group on the Cost of Living (Tenant Protection) (Scotland) Act 2022, which successfully concluded its work just before Christmas, when agreement was reached with the social sector on plans for social rents in 2023-24. The Convention of Scottish Local Authorities and the Scottish Federation of Housing Associations have published statements setting out their members' intentions for rent in 2023-24. COSLA has committed to keeping local authority rent increases to an average of no more than £5 per week. Members of the SFHA and the Glasgow and West of Scotland Forum of Housing Associations have reported planned increases averaging 6.1 per cent.

Finally, the use of average figures rather than a fixed cap allows for flexibility to honour the outcomes of the statutory tenant consultations on rent setting that social landlords must undertake each year. That outcome ensures that tenants are protected from unaffordable rent rises while allowing social landlords to continue to invest in

the delivery of more affordable homes, where their business plans allow them to do so.

Those were some updates on key areas. I look forward to exploring those and other issues that the committee may wish to discuss this morning.

The Convener: Thank you very much for that opening statement.

I will begin the questions around the affordable housing supply programme. During your previous session with the committee, on 27 September, you told us:

“the affordable housing supply programme is a key priority for capital spend for the Scottish Government, so I am therefore confident about its position in any capital spending review.”—[*Official Report, Local Government, Housing and Planning Committee, 27 September 2022; c 22.*]

I heard what you said in your opening statement about capital spending being impacted by global issues and UK Government choices, but I am interested to hear why the affordable housing supply programme capital budget will decrease by 19 per cent in real terms next year.

Shona Robison: First, I will say a little bit about the context, because it is important. The UK Government made decisions in the autumn statement. The capital flow from the UK Government to the Scottish Government is obviously the key lever for the quantum, and we saw a 3.4 per cent real-terms reduction in our capital allocation between 2022-23 and 2023-24. In addition, the impact of high inflation places significant additional pressure on what the capital programme can deliver. We also recognise that the flat and falling capital grant allocation that Scotland received, along with that inflation, really reduces the buying power of that investment, meaning that the money that we have cannot go as far as we would like it to go. That is the context.

It is also important to say, though, that we have committed and remain committed to making more than £3.5 billion available for affordable housing over the current parliamentary session. There were always going to be peaks and troughs of investment; I have set that out before.

The 2023-24 budget for the affordable housing supply programme represents a net decrease of 4.7 per cent—£36.87 million—on the previously published capital spending review figure for 2023-24. When you take financial transactions into account, the figure that you are left with is £36.87 million because there has been an increase in financial transactions. As this is a key priority, we will be able to mitigate the circa £37 million reduction to some extent. That is because, first, there will be a £15 million in-year transfer from our energy colleagues to help to fund zero-emission heating systems and, secondly, the charitable

bond donations that have been generated by investment and bonds this year and the potential investment in 2023-24 will also generate charitable donations that will be directed towards that investment in social rented homes. It is difficult to put an absolute figure on that. If you want to explore that further at some point, I will be happy to do so, based on the return that we got for the investment last year. However, it is sizeable. Therefore, taken together, those elements close the gap of the £37 million reduction to quite a large extent.

10:30

The caveat is that, even with all of that having been said and with all the mitigation, the purchasing power of the investment will not be the same as it was two or three years ago. We will see what more we can do, and the sector is working hard on joint procurement, trying to drive down costs with off-site construction and finding innovative ways of making every pound go as far as possible.

In summary, it is an area of huge importance to us. We are mitigating that relatively small reduction, but the global amount of a £3.5 billion commitment remains the same as it was.

The Convener: Thank you for outlining that so clearly. I wish to go a little deeper. You already touched on the fact that you will get £15 million from the energy budget, and you talked about the bonds. I am interested to hear a bit more detail on the impact that the reduction might have on the affordable housing supply programme, wider Scottish Government priorities and the outcomes to which new affordable homes contribute, such as the net zero agenda—I imagine that the money coming from the energy budget helps with that—reducing child poverty and supporting fragile rural and island communities with new affordable homes.

Shona Robison: You are right to point out that investment in affordable housing makes a really important contribution to tackling child poverty, the net zero agenda and reducing fuel poverty. Through our planned mitigations, which I have set out—the three areas of charitable bonds, financial transactions and the energy money transfer—we hope that there will be no negative impact on the delivery of affordable homes in 2023-24, although the more important impact will likely remain that of the global issues affecting construction on the pace of affordable housing delivery, inflation costs, interest rates and all of that. We are working closely with the construction industry and housing partners to mitigate those impacts, where possible. We operate a flexible grant system that can take account of increased costs. That is a negotiation between the contractor and the social

landlord, which is the housing association. We will continue to collaborate with all our partners to achieve our shared goal of delivering more affordable homes for Scotland.

It was always assumed, as I said earlier, that there would be peaks and troughs. Unfortunately, the factors bearing down on all forms of construction, not just affordable house building, mean that, until things change, there will be smaller bangs for bucks. Partners are working very hard, but the situation has meant a slowdown in some of the delivery of projects, and that has been reflected in locations across Scotland.

The Convener: Thank you very much for those answers.

Willie Coffey: Good morning, cabinet secretary. You have partially answered the question that I was about to ask, which was about the counterbalancing effect of losing £37 million but gaining £31 million, we think, through financial transactions. For the benefit of members, can you explain where the extra £31 million in financial transactions is coming from?

Shona Robison: I will perhaps ask colleagues to come in on some of the detail of financial transactions. Financial transactions are available to the Scottish Government. It is for it to decide how to allocate them. Because there are restrictions on how financial transactions can be used, housing has done quite well out of them when they have appeared. They have fluctuated, however, so we do not really know well in advance what financial transactions allocation we will get through the UK Government. The allocation comes quite late, so it is hard to plan a 10-year investment around financial transactions. When we have had notice of financial transactions availability, the affordable housing supply programme has generally done quite well out of that. This year, we have seen an increase of £17.6 million in financial transactions, which has helped with the balance of capital availability.

I do not know whether anybody wants to add anything on FTs.

Willie Coffey: That is great. The most important thing is that we are getting that money and are able to direct it towards those schemes to help people into low-cost home ownership and so on. Do you think that there is a risk, though, given the volatility of the economy at the minute, that we are encouraging people on lower incomes to enter the market who may find it difficult to maintain the cost.

Shona Robison: Are you referring to the open market shared equity scheme?

Willie Coffey: Aye.

Shona Robison: The OMSE scheme works to reduce risk, in that you have to meet certain criteria to be able to access it. It is right that we have that flexibility to support those who are on low to moderate incomes, and who would not be able to afford to buy their home otherwise, to access the housing market.

It is important that strict affordability criteria are in operation for the scheme. That will, we hope, mean that people will not get access to the scheme if they are not able to afford it. They are encouraged to seek independent financial advice before taking out any shared equity agreement, in addition to any requirements that their lender has. That said, it would be remiss of me not to point out that, whether you are in a rented property or are paying a mortgage, interest rates, inflation and the cost of living—everything that is bearing down on household costs—put pressure on every household budget. We need to be very much alive to that. However, it is important that we provide that opportunity to people who otherwise would not have it.

Willie Coffey: Counter to that point, as a committee, we hear about the particular problems that are faced by young single professional people, who find it incredibly difficult to get anywhere near the home ownership market. Is the Government aware of that? Is there sufficient flexibility in all the models to reach out and assist them?

Shona Robison: We are aware of that. There have been changes to some of the levels available, which have been reviewed and increased in recognition of that. There is a geographical variation as well. There are obvious hotspots that, despite all the pressures on the market, continue to be very buoyant and difficult for people to access, but that is not uniform across the whole of Scotland. There are options that we have seen expanded, such as mid-market rent, which is still much more affordable than the private rented sector and can sometimes be a good option for people in that position.

There is, undoubtedly, a challenge for people in some areas of Scotland to get into the housing market; indeed, the rental market can be a challenge as well. We are working with local authorities, particularly in those areas, to look at what innovative solutions they can bring forward. Last year, for example, we gave some additional money to the affordable housing supply programme in Edinburgh after being asked for that. We have asked them to come forward with innovative solutions, on which we would look favourably, to see how we could work with them to help deliver those. I understand that they are working on some proposals.

Willie Coffey: That is great—thank you for that.

Miles Briggs: Good morning, cabinet secretary, and good morning to your officials.

Shona Robison: Good morning.

Miles Briggs: Last week, Parliament agreed national planning framework 4. Do you believe that the funding in the budget will be enough for the ambition for affordable housing in NPF4?

Shona Robison: I certainly welcome the approval of NPF4, and it is now about moving swiftly to adoption so that we can see a positive outcome from that for communities. NPF4 is one part of the development plan, but an important part. In addition to that, local place plans can now be brought forward by communities, setting out their aspirations for their places. That might help to give communities a bit more of a voice.

NPF4 is more directive in shaping places, with things such as the infrastructure-first approach and 20-minute neighbourhoods, for example, and the affordable housing contribution of at least 25 per cent can be increased or, indeed, decreased on the basis of local evidence. In most places, however, 25 per cent is seen as the floor and I cannot think of many places that would want to reduce that. They would have to have strong arguments to reduce that contribution.

NPF4 also contains proposed minimum all-tenure housing land requirements for each planning authority to meet the statutory requirement. I hope that that will mean that we can perhaps see more rapid development, particularly of affordable housing projects, in those areas. Also, the ambitions in “Housing to 2040” and the NPF are closely aligned, and there has had to be cross-consideration of both of those.

I think that the funding will be enough, but I guess, as with anything in this world, it will be only as good as how it is used in practice. We need to keep an eye on that to see what happens.

Miles Briggs: Thank you for that. It is something that the committee is keen to monitor and will return to quite early on.

You have already touched on the rent freeze policy. The committee has heard concerns that local housing associations across the country are rewriting their business plans. What impact assessment has taken place of the below-inflation increase in the social rented sector and how that has destabilised them? The committee welcomes the fact that the sector has now been removed from the policy, but the committee had suggested that it should not have been there in the first place and that it needed to be taken out.

Shona Robison: The agreement is a joint agreement. It has been negotiated very much with the sector and not done to the sector, and that is important. The certainty will do two things. First, it

will enable the sector to plan and get on with the new-build developments and improvement programmes for existing homes, as well as the important support services that it provides for tenants.

The second thing, though, is that, when I speak to housing associations—I am sure that it is the same for members of the committee—they always put affordability at the heart of their rent setting. The average rent increases that are proposed and which have been agreed are well below forecast inflation rates, which means that rents will be reduced in real terms.

It is important to say that the voice of tenants is critical in deciding this, and housing associations are using the rent consultations, as they always do, to get the right balance between setting rents that are reasonable and proportionate, and allowing for on-going investment in services and homes.

A big percentage of housing association and council tenants receive housing benefit. We recognise that and the sector recognises it, but it also recognises that there are people in low-income jobs who would struggle with inflation or above-inflation rent rises. The sector has had to take all that into account.

10:45

One of the pledges that the sector has made—we want to work with it on this—is to look at how we can provide additional support for tenants who are struggling with their rent. I am particularly thinking about those low-income households that do not receive housing benefit.

The agreement gives the sector what it was looking for, and it means that the sector now has that certainty going forward.

Miles Briggs: I want to move on to local government budget allocations and the financial challenges that local authorities are reporting. You touched on what the Government argues is a £570 million cash increase for local government. This is a game that we seem to play in every single budget, but COSLA is adamant that, when we take into account all the policy commitments that the Scottish Government has put on to local authorities, that increase is £71 million. Do you accept that?

Shona Robison: I hear what you say about the annual “he says, she says”, so it is important to spend a moment going through some of the detail. COSLA initially claimed that the settlement had increased by only £70 million. It is now using a figure of £38 million following confirmation that £32 million for teachers’ pay in 2021-22 had been subsumed within the teacher numbers funding. I

guess that, in comparing with the previous year, it comes down to what you are comparing amounts with. The best like-for-like comparison is with available funding at this stage in the budgetary cycle. COSLA’s £38 million figure discounts funding for specific policy outcomes and does not reflect the £260.6 million for the 2022-23 pay that is now baselined. It is important that that is recognised.

Just because COSLA and local authorities already know about that baseline funding does not mean that it can or should be ignored. Again, it comes back to what you are including. It is additional funding to what they received in the previous budget and it supports the delivery of local services. You could argue that the vast bulk of local authorities’ spend, as with any public service, is pay, so I think that it is entirely fair to include that money. I guess that it comes down to what you do and do not include.

We maintain that it is factually correct to say that the local government settlement has increased by more than £570 million in cash terms. There is the additional spending power that is offered through the budget. We are preserving funding that was provided for the national insurance increase, despite its reversal by the UK Government, and offering full flexibility over council tax, including financial gains from the poundage freeze. In addition, the local visitor levy bill that will go to Parliament this year will give discretionary powers. There is an appetite to look at what else can be done around fiscal flexibility and other revenue-raising powers as we go on, albeit that that will not impact on the coming year’s budget. I am sure that, at some point, we might touch on things such as the fiscal framework and the new deal.

In short order, that is why there is a differing version of the budget: it depends what you include and what you do not. Not including pay is a bit of a stretch, so that is why we have included it, and that is the figure that we get to. Is that a good enough summary?

Ian Storrie (Scottish Government): If I may, I will add that Parliament dictates that budget comparisons in the budget document must be from budget to budget. That is a matter of parliamentary demand in order to assist scrutiny. If we were to add things such as the autumn budget revision, those comparisons would be impossible for Parliament and, indeed, us to deal with. The £570 million is a matter of objective fact and is set out in the budget. As Ms Robison said, the £70 million presentation is a slightly more subjective assessment. That does not mean that it is not right, but it is subjective, and it excludes funding that is allocated for local services. COSLA is perfectly within its rights to see that as not being within its full flexibility, but the funding absolutely

and categorically goes to local government services and is consistent with parliamentary presentation for the previous 20 years.

Miles Briggs: Thank you. I think that versions will continue to differ throughout this process, from COSLA and others.

Finally, I want to ask whether there is a plan to review the funding formula for local authorities. The cabinet secretary touched on pressures in Edinburgh; they are acute, if not in crisis, for affordable housing and homelessness, and Edinburgh is one of the lowest funded local authorities, if not the lowest funded one. Does the cabinet secretary have anything to add on that, during this budget process?

Shona Robison: Ian Storrrie will keep me right, but the funding formula is a matter for COSLA. Over the years, adjustments have been made to the funding formula, but it is a thorny issue among local authorities. There is probably quite a lot of hesitance in COSLA and local government more widely about opening up that Pandora's box, because there will be winners and losers from any adjustment to the formula. It is not something that we can do to local government; it has to be initiated by COSLA. If COSLA and local government were to pitch up and say that they wanted to look at that again, we certainly would not stand in the way of reviewing the formula, but it would have to be led by them. I think that that is the position.

Ian Storrrie: That is absolutely the position. Every decision on distribution is taken with the jointly chaired settlement and distribution group, which meets monthly and, indeed, will meet again tomorrow. Every decision on distribution is taken on the basis of needs-based assessment, and when you collide those back into the big distribution formula, some of the nuances start to appear. As Ms Robison said, distribution is in effect a zero-sum game. If you revisit the formula, you will create winners and losers. On that basis, it is important that any proposed changes come from COSLA in the first instance.

Miles Briggs: There will be a bit of a stalemate if COSLA is not willing to bring that forward.

Ian Storrrie: We are quite keen to keep that discussion live. It is a constant discussion as to whether the current formula is the most accurate way in which to distribute funding. I would like to think that that would be a permanent feature of the formula.

Mark Griffin: Good morning. All 32 directors of finance wrote to Scottish ministers and set out what they felt were more than £1 billion of additional budget pressures on local government for 2023-24. Cabinet secretary, have you and your officials had the chance to meet the directors of

finance to discuss the assessment of the make-up of that £1 billion and to compare it with the budget allocation for next year to see whether the allocation meets the pressures that they set out?

Shona Robison: There is regular dialogue with various people in local government. The cabinet secretary for finance—the Deputy First Minister—regularly meets various local government representatives, as do I. The meetings tend to be with the presidential team of COSLA or, in my case, I have spent a lot of time meeting housing conveners, for example, directly. We are well aware of the points that you have raised, and there has been extensive correspondence on those matters.

I do not think that anyone in the room would say that finances are not challenging and difficult. That is for all parts of the public sector, and local government is no exception. I will add some context to the £1 billion ask. The consequential for 2023, for local authority and education spending in England—bear in mind that that is where Barnett consequential flow from—are circa £242 million, net of national insurance contributions reversal. To be blunt, if we tried to meet that £1 billion ask, we would have to go well beyond the Barnett allocation for local government from the UK Government. In addition, the global additional resources coming from the UK Government are about £800 million.

Ian Storrrie: I believe that it is slightly more than that.

Shona Robison: It is slightly more than £800 million. Again, to be blunt, that would require us to allocate not just every penny coming from the UK Government for all services; we would have had to find money in addition to that. It was an ask that was just impossible ever to meet. What could we do? We looked at the art of the possible. That is where the £570 million, which is a real-terms increase of £160.6 million, or 1.3 per cent, was found. That meant making some difficult decisions, not least on pay, and then baselining the pay. That money all has to come from somewhere. I hear what local government, in its various articulations, has said, but we have genuinely tried to do what we can within a very tight fiscal environment.

Mark Griffin: I appreciate what the cabinet secretary says about the political and financial cost of meeting that ask. My question was more about the assessment of the quantum of the ask and whether that was reasonable.

Shona Robison: I guess that you could say that any public service will want to ask for the maximum, but I think that directors of finance realise that difficult decisions will have to be made across the public sector. What the Accounts Commission has said is interesting. First, it

recognised the £570 million figure, which was helpful. It also said that there would need to be reform, building on the Covid recovery strategy and doing things differently, and it pointed to perhaps needing to review the use of reserves. I hasten to add that I totally accept that some of those reserves have already been committed, but it is always good to keep those things under review. The health service would also say that, in an ideal world, it would want X but, if X is not available, it is then about the art of the possible within the constraints on funding across the board.

Mark Griffin: As well as setting out the £1 billion budget pressures, the directors of finance set out what they felt the impact of not meeting those pressures would be, which is services reducing or stopping, or staff numbers going down. We have seen examples of that with local authorities starting to produce their savings packages, some of which have been pretty severe. What assessment has been made of the 32 savings packages that are emerging, and what the impact will be on other public services such as health or social care as a result of reducing the services that were previously provided by local authorities?

11:00

Shona Robison: We cannot shy away from the fact that difficult decisions will have to be made across the public sector, not just in local government. The Accounts Commission pointed out that, based on the profiling of the budget set out by the UK Government, years 3 and 4 look particularly challenging. Even though things are tough, this year and next year will be the best time to look at reforms, at how services could be delivered differently and at whether there are some services that could be shared while maintaining a policy of no compulsory redundancies, to which most, if not all, councils have committed.

That will mean having to look at how things are done differently but, if you look at the quantum of the budget that we have and at how we have allocated it, bearing in mind inflationary pressures, you will see that we have tried to do what we can to give local government a fair settlement in the circumstances.

It must be recognised, however, that this is probably the most challenging budget settlement since devolution, because it is not just about the quantum of money; it is about inflationary and pay pressures. Those heap problem upon problem on an already stretched budget. We have tried to set out our rationale, and we have used our tax-raising powers to raise additional moneys to put towards the NHS in particular. We will continue to discuss with other parties what other options

people feel could be brought to the table, but there are no easy answers here.

Mark Griffin: Finally, the budget shows that 12 per cent of local government's budget is from in-year transfers from other budgets. That is £1.5 billion, which is significant. Will you set out in a bit more detail what the make-up is of that £1.5 billion? What proportion of that spend is directed spend and what proportion can local government spend freely, on whatever it sees fit?

Shona Robison: First, councils have autonomy over 93 per cent of their funding, which is about £12.3 billion of funding for 2023-24. For the other Scottish Government portfolios, I can give you some examples. There is quite a list, so I can write to the committee with the full list, if that would be helpful. It includes, for example, a new £22 million for additional adult social workers; a new £32 million through the whole family wellbeing fund to support families to stay together and reduce the number of children in care; a new £2.4 million for local heat and energy efficiency strategies; an additional £100 million for health and social care to support the increase in the real living wage; an increase of £16 million for free school meals; and £521.9 million to support the expansion of funded early learning and childcare.

As I said, there is quite a list, and I have just been told that it is in table 5.16 of the budget document, but we can write to the committee as well, if that would be helpful. There is also additional capital of £80 million for some of the infrastructure costs for free school meals.

That said, I know that you will be aware of the discussions that we are having with local government about increasing flexibility. That is the right discussion to have. We need to find a way forward to achieve confidence in some of the priorities being delivered, if that is not being done through ring fencing.

As you will know, in the chamber Scottish Government ministers are often asked about the delivery of local government policies. We would need assurance about those joint priorities if we were to move away from ring fencing on some of those matters. From my portfolio interests, including local government, I am very much in favour of trying to do that, but we need to do it in a properly organised way.

Paul McLennan: Good morning, cabinet secretary. You have talked about the impact of inflation and so on. That relates to the affordability of capital projects, particularly for councils, which have been impacted by inflation and increases in interest rates and the costs of materials and labour. How can the Scottish Government help councils to ensure that there is continued

investment in council stock, including schools and housing?

Shona Robison: Clearly, inflation impacts on every part of public sector investment, including local government. For example, in housing, it is important that there is some flexibility in the contracts in order to be able to keep projects coming through and enable them to be delivered. Capital investment through local government and other public bodies provides an important stimulus to the local economy, so we recognise its importance.

We need to think about innovation. In housing, there are two areas with a lot of potential. One is joint procurement—perhaps trying to pool spending power in negotiations for materials, for example—and doing things on a more joint basis across the housing sector. The other is looking at more off-site construction, which provides efficiencies because it allows for all-year-round build. The interruptions of winter are not as profound with off-site construction. That area probably needs to expand, and I would hope that the cost per unit would also come down if there were those economies of scale from large-scale purchase through the affordable housing project.

Those are two areas. There are others that can be looked at, but those areas offer the opportunity to drive forward efficiencies and ensure that we get as much return for investment as possible.

Paul McLennan: Thank you. I have a question on the fiscal framework, but I know that we are moving on to that later, so maybe I will come in on that then.

Marie McNair: Good morning, cabinet secretary and officials. The Deputy First Minister's budget statement confirmed that councils will have full flexibility to set the council tax rate that is appropriate to their local area. Was any consideration given to negotiating a council tax freeze again this year? What level of increase does the Scottish Government expect in council tax rates next year?

Shona Robison: First, I do not think that a council tax freeze would have been right in the current financial context. The policy of freezing council tax rates was appropriate for the time but, in the current financial climate, it would be very difficult to justify. As you know, council tax is, by nature, a local tax and, quite rightly, is set and administered by individual local authorities. The setting of that is a local democratic choice, and councils need to be accountable to their constituents for the level at which it is set. I would hope that, in the midst of a cost of living crisis, some cognisance would be taken of affordability for the local population.

It is also worth noting that, despite increases, council tax is generally lower in Scotland than it is elsewhere. The average band D charge in Scotland is £619 less than in England and £430 less than in Wales so, by comparison, people here still have lower local taxation than people elsewhere in these islands. Ultimately, it is for local authorities to justify to their local population where they end up landing on council tax.

Marie McNair: Staying on the issue of flexibility, councils in my constituency—East Dunbartonshire Council and West Dunbartonshire Council—indicated that they are considering a range of budget cuts. Like many members, I am concerned about the proposals, and I want councils to get the best support from the budget settlement and maximum flexibility. I know that we have touched on this, but can you assure the committee that the Scottish Government will consider requests from councils for maximum flexibility in how they apply budget allocations from the Government, and that discussions will continue with COSLA on the scale and scope of the settlement?

Shona Robison: On the last point, I need to be totally honest: there is no more money on the horizon, because there is no more money on our horizon. There is no magic pot of money hidden away—that is absolutely not the case—and, for the first time in a long time, there is very limited, if any, carry-forward for the Scottish Government. These are really challenging times.

The answer to the point about flexibility is yes. To go back to the exchange with Mark Griffin, there is a balance to be struck. It is right that the presumption is to maximise flexibility, particularly in these challenging times, but you will often have heard, as I have, Scottish ministers being asked about and held to account for the delivery or otherwise of local government on key shared priorities. That is the important bit that we need to get right. It is about the accountability, trust and confidence that ministers would have in education, housing or whatever. If ring fencing was removed, what commitments would be made that those would remain a priority?

In that regard, I can think of discrete areas in my portfolio, such as homelessness investment. Important investment has been made in the housing first approach and in ending homelessness and, as the minister responsible for that, I would want assurance that that remained a priority and that the appropriate funding would be allocated to deliver on the commitments that have been made.

Those are all part of the discussions that we continue to have. The core of the new fiscal framework and the new deal will be about trying to get that balance right. We do not want to micromanage local authorities, but we want to

have confidence and assurance that, when we agree priorities to make people's lives better, we see some delivery of the improvements through whichever partner we are working with.

Marie McNair: I share your concerns on that.

I have just one further comment. The Scottish Government has acknowledged that many pressures on council budgets are beyond its control. We have mentioned inflation, fuel costs and Covid-19 recovery. One council in my area has highlighted the pain of the public-private partnerships that have now saddled it with debt for more than 60 years. Do you have any indication of a Scotland-wide cost for those schemes? How much do they cost the Scottish Government in grant support to councils? If you do not have figures today, can you write to the committee with them, as that would be helpful?

Shona Robison: Yes. I certainly recognise the point. Local authorities are tied into a long-term financial commitment in that respect, and some of the deals that were done, particularly in the early days, were very poor value for money for the public purse. The longevity of some of those deals is quite eye-watering. I am happy to write to the committee with that figure. I do not have it to hand. I recall it being used in the chamber recently, but I cannot recall what it was, so I will write with the latest available figure.

Marie McNair: Thank you. I appreciate your comments.

11:15

The Convener: Yes, that information would be welcome.

I want to pick up on council reserves. In 2021-22, almost three quarters of councils—23 of them—reported an increase in usable reserves. However, for many years, local authorities have been forced to supplement general grant revenue funding with reserves to prevent cuts to highly valued community facilities and services. That is not what reserves should be used for, of course, but local authority funding levels have resulted in that necessity. The committee would be interested to hear whether the cabinet secretary believes that local authorities should be drawing on those reserves and, if so, in what circumstances.

Shona Robison: Ultimately, those are decisions for councils to make. I totally accept that, once reserves are spent, they are spent: they can be spent only once. I also accept that some reserves are earmarked for things, and they may have been earmarked for quite some time. However, we would expect local authorities or any other public organisations that have reserves to hand to keep their current priorities under review.

Reserves might be earmarked for something that was a priority five years ago. Those things should always be kept under review to consider what is the most important use of reserves in the current financial climate or in competing priorities.

That is my main point. Money is money, and judgments have to be made about the appropriate use of reserves. Reserves can play an important role in a cost of living crisis, and I know that some local authorities are already using them to support people through the most difficult of times.

Earlier, we talked about reform. Sometimes the impediment to reform is trying to keep the existing show on the road while trying to do things differently and reforming services. Reserves can be very useful in that context, as well, because there can be a twin-track approach to reforming services, making improvements, and getting better value for money.

Ultimately, those are decisions for councils to make. I am sure that discussions are being had about them.

The Convener: I imagine that they are.

We will move to the new deal for local government and the local governance review, and ask a few questions in that area.

The committee would be interested in receiving an update on the progress towards agreeing a new deal with local government. In November, the Minister for Social Security and Local Government informed the committee that a deal would be agreed

"in advance of the next financial year."

That is quite soon. Will that still be the case? If so, why were there so few details of the new deal in the budget document?

Shona Robison: It is fair to say that, in the past six months, there has been a big focus on things such as the cost of living crisis, the pay deals and the budget. We now want to turbocharge the focus on the new deal.

A number of discussions are taking place. A number took place towards the end of the year, and there are a number at the ministerial level this month to try to move things forward.

COSLA and the Society of Local Authority Chief Executives and Senior Managers have been clear that they want to get it right and that they would rather not rush. They want to take the time to get it right and, on balance, that is probably the right judgment. If a deal is going to stand the test of time, even if it takes a few more months to get it right, that is probably the right call, to be honest.

The Convener: Thank you for that.

Willie Coffey: I was first elected as a local councillor in 1992. Every year, just as night follows day, there is a bun-fight argument about ring fencing and so on. We have touched on that today. Is there new life to be breathed into that debate—perhaps in respect of the new deal—that could attempt to resolve the dispute that takes place every year?

When the public look at the budget and read the debates, they cannot cut through all the figures. It is incredibly difficult and complex for the public to decide who is right and who is wrong. You have heard some examples of that. Do you think that effort might be put into the new deal negotiations to try to resolve that particular issue, or will we just enjoy it annually for ever more?

Shona Robison: It would be good to get away from that, would it not? Previously, we had the concordat, which had a very different way of delivering services. Ring fencing was almost entirely done away with at that point. However, it is fair to say that perhaps there has not been delivery in some quarters of some of the priorities. Let me be as gentle as that.

As we have touched on on a couple of occasions in this session, the question is: what could be done that strikes the right balance between maximising flexibility and having accountability for what is spent? There might be some issues around the transparency of what is spent on what. How that is achieved is part of the discussion that needs to be had.

Let us go back to homelessness. No one in this room and probably no one in local government or elsewhere would say that investment in homelessness services is not a priority. However, that is a discrete amount of funding. I would need some assurance, if there is not a discrete pot of funding for that purpose but the funding goes into a bigger pot and homelessness is an agreed priority for all of us, about how that translates to what is delivered by a local authority on homelessness services. That is a really important, discrete area of work that supports some of our most vulnerable people.

That is one example. We need to track that out and discuss what that might look like in order to give all of us the assurance that we need. If questions are asked in the chamber about homelessness, I need to have assurance and confidence that what I say about the delivery of homelessness services is the reality on the ground.

Those are the types of discussions that we need to have. We need to get it right, and the approach needs to be able to last for the long term, so that we can get away from what you have described as being interminable annual discussions.

That is not to say that local priorities are not important—they are important. Each local authority, quite rightly, has priorities that differ, and that is not to cut across that at all. However, some priorities will be agreed. The Covid recovery plan maybe points the way to some degree, in that it was all shoulders to the wheel against clear objectives and joint priorities. There might be some lessons in that for how we apply that learning to other areas.

Willie Coffey: It was nice to hear you reminisce about the historic concordat of 2007.

The narrative around ring fencing tends to be kind of negative. The impression is that we are forcing councils to do things that they do not want to do. However, we understand that those are shared priorities. Might we try to get into that kind of discussion, so that it is not seen that local authorities are being directed from the top to do things that they might not want to do? In fact, they share those priorities with the Government, do they not?

Shona Robison: You are right. There are very few—indeed, I cannot think of any—that are not shared priorities. There are some sensible changes that need to be made—not just for local government, incidentally, but for the third sector. We sometimes require quite onerous reporting for relatively small amounts of money, and that is not in anybody's interest. We need a sensible set of arrangements that strikes the right balance and allows the movement of money where that needs to happen. There may be times when there is underspend for a variety of good reasons. We need to be aware of that. I hope that we can make progress.

Willie Coffey: You cited a couple of examples of how there is more flexibility within local government to raise its own revenue. Is that a journey that you see continuing? Is it hoped that we will give more flexibility to local authorities? Our understanding is that other jurisdictions across Europe perhaps have more ability to raise revenues locally than councils in Scotland do. Is that direction of travel one that you support and hope to develop in the future?

Shona Robison: Definitely, but that will take time. Sometimes things sound very simple and straightforward, but nothing ever is, and it always takes a bit longer to put things in place and get them right. However, on the principle, I absolutely agree.

We would welcome dialogue with local government on ideas that it might have beyond what is already on the table and what has been agreed on different ways of raising revenue. The ideas of the city authorities might well be different from those of the rural authorities. There has to be

a recognition of the fact that the 32 local authorities are all quite different in nature and have quite different priorities and populations, but I do not see why we should not support the principle.

Willie Coffey: My last question is about certainty and multiyear funding announcements and arrangements. Is that becoming an embedded approach that the Scottish Government will hope to continue to take so that councils can plan ahead for two or three years rather than having annual preparation and planning, which is sometimes subject to volatile changes in the economy? Would you prefer to stick with multiyear settlements providing that level of certainty?

Shona Robison: Yes—and the fiscal framework is key. It intended to establish a new fiscal relationship, with not just multiyear budgets but established, agreed ways of working, including in how local government engages in the budget process—that might offset some of the issues that we talked about earlier—greater flexibility, and improved accountability. We absolutely should have them where we can, not just for local government. Earlier, we mentioned the third sector. Giving certainty to the third sector with multiyear funding would be a major step forward. Discussions about how that could work are going on.

Willie Coffey: Okay. Thank you very much for that.

Paul McLennan: I have touched on this issue before. At the Social Justice and Social Security Committee, I asked the Deputy First Minister about the fiscal framework discussions that are going on between the Scottish Government and the UK Government and whether more flexibility would assist the committee and a demand-led service. I suppose that local government and housing are demand led. I do not know whether there are any thoughts on the on-going discussions between the UK Government and the Scottish Government about flexibility that might help your portfolio. Have you any comments to make on that?

Shona Robison: Do you mean in respect of the financial framework and borrowing powers?

Paul McLennan: Yes—additional borrowing powers and anything else that you think would be useful. We discussed that in the Social Justice and Social Security Committee.

Shona Robison: We know that the social security budget is a great example of how the agreement does not work. The limitation on borrowing powers is a major impediment, and that has been exposed hugely through Covid and the cost of living crisis. As a matter of urgency, those are issues that need to be opened up. If we can

get that opened up, and if we can get a different budget settlement for the Scottish Government for those flexibilities and borrowing powers, that would have a knock-on benefit to parts of the public sector. Therefore, that is very important.

Paul McLennan: Additional borrowing powers would assist what is going on in the housing sector, for example, considering the inflation increase, which we talked about.

Shona Robison: Of course. Absolutely.

The Convener: What do we need to do to get that opened up?

Shona Robison: Discussions have been mooted, but they are not in any way at a detailed level, as far as I am aware. Is that correct, Ian?

Ian Storr (Scottish Government): I am afraid that I do not know.

Shona Robison: There has been agreement to talk, but there has not been much detail about any progress being made specifically. I would be happy to drop the committee a note on what the latest position is.

Maybe I am being entirely optimistic here, but I would like to think that the UK Government perhaps recognises the fact that the arrangements that have been around for over 20 years are now wearing a bit thin and are not fit for purpose. That might be a good starting point. I will write to you, or I will ask the DFM to write.

11:30

The Convener: That would be very helpful.

Miles Briggs: Further to the answers that you have given to Willie Coffey and Paul McLennan, COSLA has outlined its concerns about where the national care service currently sits. With all the budget pressures that you have outlined, there is an opportunity to pause to look at the national care service, to allocate the resources attached to it now to local government so that the funding goes to the front line now when it is not being otherwise used, and to look again at what is happening with the policy.

Shona Robison: I mentioned earlier that there is £100 million in the budget for health and social care to support the increase in the real living wage, as well as more funding in the deal for social care in the round. At the moment, it is still local government that is delivering social care. That is important.

As we move forward, we absolutely are committed to the principle of delivering a national care service. We would like to work with COSLA and local government to do that, but we hear and understand their reservations, and we need to

work through those. Part of doing that will involve trying to work with those local authorities that are keen to make progress to demonstrate how things can be done in a different way.

I do not think that anybody could say that the current arrangements are ideal. I was a big advocate of integration, and I had high hopes and expectations of it. As a former home-care organiser, I probably know far more than I ever wanted to about the interaction between health and social care and some of the blockages in the system. Integration was an attempt to overcome some of those barriers, and everybody had a lot of hope for that, but it has not delivered in the way in which all of us had hoped that it would. Doing nothing and making no change is not an option.

The national care service, if it is delivered correctly—it will take time to get that right—can deliver a better deal for people who receive care. When you hear what they have to say, it is clear that there are very strong views in favour of reform and change.

The Convener: Annie Wells, who is joining us online, has a question.

Annie Wells: Good morning, cabinet secretary. You touched on service reform in an answer to a question from Mark Griffin. In the recent Accounts Commission local government financial bulletin, the chair of the commission, William Moyes, stated:

“If councils are to find a safe path through the difficult times ahead, they need to focus more on service reform”.

Based on strong engagement with communities, what more can the Scottish Government do to assist councils with that process?

Shona Robison: It is not just local government that needs to look at service reform; rather, we need to look across the public sector to see how we can do things differently. That is not about having a diminution or reduction in the quality of service; it is a recognition that, if we look towards years 3 and 4 of this budget cycle, we see that continuing with business as usual is really not an option, given the reductions in resources that will be coming to the Scottish Government. Over the next couple of years, we need to look at how reform could happen.

The Accounts Commission has likewise said that local government needs to be part of the story, and it is a huge part of the public sector landscape. We have just touched on local government’s role in health, but there is interaction between local government and other public services and interaction between local authorities regionally.

We need to have quite a rapid dialogue. It is a dialogue; it is not for us to tell local government

how it should reform. It needs to be primarily a dialogue in local government about the appetite for reform and change. I certainly think that there is an appetite in the Scottish Government to support that type of thinking. If we can be of assistance to local government and, indeed, other parts of the public sector, we are keen to do that.

The Convener: We have a little time in hand, so I am going to loop back to the affordable housing conversation. I want to pick up on rural housing. The reduction in the budget for the affordable housing supply programme will likely add to increasing pressure on landlords and local authorities to provide sufficient housing in their communities. Therefore, I am keen that we support community-led developments to complement our national efforts to tackle the rural housing crisis.

Through the work that I have been doing in my region, it has become clear that community housing enabling organisations play a vital role. I am aware of around 600 projects in my region across 150 communities that are in a pipeline process. The work that the enablers are doing is very much to do with the reform piece that you have talked about. It is work that needs facilitation and time. It is about bringing communities to a place where they really understand whether they have the capacity and confidence to take the leap to take housing forward. That is quite an onerous thing to do. I would be interested to hear how the budget supports rural housing enablers to support communities in taking action on the housing crisis that they are experiencing.

Shona Robison: I recognise your interest in the issue. We have certainly had a number of discussions about the importance of the delivery and development of affordable housing, not just in urban Scotland but in remote, rural and island Scotland.

You will be aware of the developing remote, rural and islands housing action plan, which I see as a really important milestone in getting an understanding of the blockages, some of which you have just articulated, and—more important—how we can overcome them. We expect to have the full plan in the spring. The important consideration in that is the role of the community housing trust movement. We have given a commitment to look at how it can be supported in the work that it does.

One of the areas that have been identified is the early-stage development phase. That is not an easy one to resolve. The plan needs to look at how that can be addressed. The community housing trusts have a really important role there, not least in very small developments, in resolving community differences, keeping people on board, and working through some quite tricky issues.

Quite often, they are well placed to be able to help and lead that work.

I very much recognise the point that you have made, convener, and I hope that the contents of the plan will help to move those issues forward.

The Convener: Thank you very much for that. I look forward to seeing the plan in the spring. That also connects to the Government's commitment to maintaining our rural populations.

Shona Robison: Yes. Definitely.

The Convener: Thank you very much for coming to the meeting, giving us your evidence, and responding to our questions. It has been very helpful to the committee to hear a bit more detail on the thinking behind the budget allocation.

As we agreed at the start of the meeting, we will take the remainder of our agenda items in private. We have no more public business today, so I now close the public part of the meeting.

11:40

Meeting continued in private until 12:19.

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