Official Report
Aithisg Oifigeil

Social Justice, Housing and Local Government Committee

Comataidh a’ Cheartais Shòisealta, Taigheadas agus Riaghaltas Ionadail

Wednesday 16 September 2026

Session 7

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SOCIAL JUSTICE, HOUSING AND LOCAL GOVERNMENT COMMITTEE
3rd Meeting 2026, Session 7

CONVENER

*Craig Hoy (Dumfriesshire) (Con)

DEPUTY CONVENER

*Thomas Kerr (Glasgow) (Reform)

COMMITTEE MEMBERS

*Steven Bonnar (Uddingston and Bellshill) (SNP)
*Gary Bouse (Falkirk West) (SNP)
*Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP)
*Mark Griffin (Central Scot and Lothians West) (Lab)
*Morven-May MacCallum (Highlands and Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ivan McKee (Cabinet Secretary for Public Service Reform)
Shirley-Anne Somerville (Cabinet Secretary for Social Justice and Housing)
Annabel Turpie (Scottish Government)
David Wallace (Social Security Scotland)

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Social Justice, Housing and Local Government Committee

Wednesday 16 September 2026

[The Convener opened the meeting at 09:15]

Scottish Government Priorities

The Convener (Craig Hoy): Good morning, and welcome to the third meeting in 2026 of the Social Justice, Housing and Local Government Committee. No apologies have been received today, but two committee members have let us know that they will be arriving shortly.

I welcome the Cabinet Secretary for Social Justice and Housing, Shirley-Anne Somerville, and congratulate her on her reappointment. She is joined by officials from the Scottish Government: Julie Humphreys, director for tackling child poverty; Steve Lea-Ross, director for building safety and standards; Annabel Turpie, director for housing; and David Wallace, chief executive of Social Security Scotland. I thank them for joining us today and welcome them to the meeting.

We are looking forward to having a close working relationship with the cabinet secretary and hope to be able to explore the full range and gambit of the issues within her portfolio that come under the remit of the committee.

I invite the cabinet secretary to make some opening remarks.

The Cabinet Secretary for Social Justice and Housing (Shirley-Anne Somerville): Thank you, convener. It is a pleasure to be here with the committee.

The First Minister's programme for government sets out the key priorities for the Government and makes clear that our number one priority is eradicating child poverty. It is clear that, across Scotland, families continue to face pressures. That is why our approach is guided by two clear objectives: helping people with the cost of living today, and taking the longer-term action needed to tackle the root causes of poverty and inequality.

We are building on strong foundations, with rates of relative child poverty in Scotland standing at 6 percentage points below the United Kingdom average as a result of the action we have taken. The programme for government sets out how we are going further by delivering on whole family support, driving delivery of more warm and affordable homes, investing in new employment and skills opportunities, and transforming our childcare offer. We will also expand the £2 bus fare cap across Scotland by the end of this parliamentary session and will begin consulting on legislation to establish legal price ceilings on some essential food items.

Social security is, and will remain, integral to our approach. Scotland's system is founded on dignity, fairness and respect, principles enshrined in the Social Security (Scotland) Act 2018 that was passed unanimously by Parliament. Social Security Scotland now provides support to almost two million people and offers help that is not available elsewhere in the UK. That investment is helping to keep 50,000 children out of relative poverty through the Scottish child payment, supporting disabled people with the additional costs they face, and supporting carers and helping pensioners to heat their homes this winter.

The level of investment required to fund our social security system in Scotland, beyond UK Government funding, is forecast to remain stable at around 1.7 per cent of the Scottish Government resource budget through to 2029-30. Across Government, we are investing more than £3.5 billion in measures to tackle the cost of living for households, including free prescriptions, free bus travel for more than 2.4 million people and our package of family payments. We are also progressing the work needed to increase the Scottish Child Payment to £40 for families with a child under one. Alongside our financial investment, we are strengthening prevention, supporting families before they reach crisis and bringing services together to better meet people's needs.

Everyone should have access to a safe, warm and affordable home, and we are committed to increasing housing supply while focusing on the needs of those experiencing housing insecurity and homelessness. During this parliamentary session, we will invest up to £4.9 billion, including a record £4.1 billion of public sector funding, to support the delivery of 36,000 affordable homes and our wider all-tenure housing ambitions. That forms part of our commitment to deliver 110,000 affordable homes by 2032. We are also taking forward the work to establish more homes Scotland. From April next year, that new national delivery vehicle will begin bringing together funding, expertise and tools to accelerate housing delivery across all tenures.

Alongside increasing the housing supply, we are strengthening our focus on homelessness prevention. Our vision is for a Scotland where homelessness is ended for good and our new homelessness prevention legislation, which comes into force late in 2028, will make that everyone's business.

Public services will work together to prevent homelessness through early intervention, with local authorities and other relevant bodies identifying housing risk and acting when there is a risk that a household could lose their home. Our £50 million homelessness prevention fund will support the shift from crisis to prevention, with the first £5 million already providing help to families in the private rented sector to afford their rent and to strengthen tenancy sustainability through registered social landlords in Glasgow. We will support local authorities to deliver a further 1,500 housing first tenancies over this parliamentary session for people with a history of rough sleeping or other complex needs.

The actions that we are taking on whole family support and homelessness are clear examples of public service reform in action, focusing on prevention, efficiency and the designing of services around people's needs.

Although we have already made progress and will go further, the policy choices of the United Kingdom Government, including the freeze to the local housing allowance rates and the retention of the cruel benefit cap, are holding us back. Next month's UK Government budget offers the opportunity to right those wrongs, and I hope that the chancellor will use that opportunity.

Through action on social security, child poverty, housing and homelessness prevention, as well as public service reform, we are improving outcomes across Scotland. I look forward to taking the committee's questions on my portfolio.

The Convener: Thank you, cabinet secretary. This is obviously your first appearance before the committee and our first opportunity to test your priorities. You mentioned the word "outcomes", so what three outcomes should the committee judge your performance and that of your department by over the next 12 months?

Shirley-Anne Somerville: Given the scope of my portfolio, there are different outcomes for different parts. In the housing portfolio, we have ongoing work in our action plans, which we are determined to move forward on. I have been working closely with homelessness organisations on a statement of intent and an outcome-based way to ensure that the Government delivers on that. We will be happy to provide further information to the committee as we move forward. Again, we have our targets on the delivery of 110,000 affordable homes, which the committee will be aware of.

On child poverty, our targets are clear and set in statute. We are undertaking a review of the type of targets that we have, but we are absolutely determined to meet them.

In social security, our intention is obviously to continue to develop our services to be more efficient and effective, and to ensure that we are using public service reform to deliver better services for people at the first opportunity.

On cladding, the committee will be aware of the management information that came out in the past few days to provide update on the issue.

I am guessing that that was more than three outcomes, but, given the breadth of my portfolio, I hope that the convener will forgive me.

The Convener: That is helpful, but, by the end of the decade, the Scottish Government will be spending close to £10 billion a year on social security. That is a political choice, which we have discussed in the past, but it has consequences for taxpayers and for other public services. How will the Government pay for it, given that you have just identified that there is a shortfall in relation to Barnett consequentials, even if it has remained stable?

Shirley-Anne Somerville: There is no shortfall in the budget. The budget is fully costed, and it moves forward based on the decisions that the Government has taken. The investment that we make in social security is affordable and sustainable. I made it clear in my opening remarks that a limited amount has to come from the Scottish Government budget that is not covered by the block grant adjustment or funding from the UK.

You are right, convener, that we have taken policy decisions. Students are currently returning to colleges and universities, and one example of that type of policy decision is the fact that student carers in Scotland can apply for support that they cannot find in the rest of the UK. That is a conscious decision that we have taken and, therefore, it is one of the items that we need to cost. Another example of a decision that the Government has taken is the Scottish child payment, and I mentioned in my opening remarks that the Scottish Government makes that investment because of its impact on families. We recognise that the investment that we make in social security has an impact in supporting people. We continue to ensure that we deliver an effective and efficient service and that its costs are closely monitored.

The Convener: That said, the previous session's finance committee said that the Government had not provided sufficient evidence that spending on social security was sustainable. It requested two things: a review of fiscal sustainability and a review of economic activity. What undertakings can the Government give to this committee and to the Parliament that it will complete those reviews before it continues on the spending trajectory?

Shirley-Anne Somerville: We have looked at the sustainability of social security. To give one example of the work that has been undertaken, we completed a review of reviews, if you like, to ensure that the reviews that are undertaken for individuals who are already in the system are working effectively, and to see whether more could be done to strengthen those reviews. Other pieces of work could be done that I would be happy to provide to the committee in writing, but I hope that that example reassures you that we have been looking at fiscal sustainability.

I mentioned that we are always keen to ensure the efficiency of the system. We are also keen to ensure that we run the system effectively, and the review of reviews was part of the work on fiscal sustainability that was undertaken in the previous parliamentary session.

The Convener: The adult disability payment is a large proportion of the social security budget, and social security is a large proportion of the Scottish Government's budget. Audit Scotland said that the Scottish Government's understanding of how ADP improves wider outcomes is underdeveloped, so given that spending on that benefit is set to rise by almost £1.5 billion during the parliamentary session, is it not time that you got better evidence to support your position on ADP?

Shirley-Anne Somerville: I have made it clear that the changes that will be seen around the levels of expenditure on ADP are mostly the same as those that are being seen across the UK and are therefore related to what is happening across the UK.

I will give one example of the areas that explain why we are seeing an increase in ADP. Professor Linda Bauld undertook work that looked at the reasons behind that, and she found that the main reason was that the pension age is increasing, meaning that more people are remaining on ADP later on in life because they are not of pensionable age and are therefore not receiving the pension age disability payment. That is an example of why we have to be very careful when exploring why there are increases to expenditure.

I point out that the Institute for Public Policy Research Scotland has noted that the evidence refutes the proposition that is often heard in political discourse that the higher the social spending, the worse it inevitably is for growth. It is important that we understand that we can provide support for people, as the Government intends to do, while ensuring that we deliver strong economic growth at the same time.

The Convener: Equally, as well as that cohort of older claimants, there is a growing cohort of younger claimants, particularly those with mental health-related conditions. ADP is based on functional impact, not whether someone is able to work or the costs that they incur because of their disability. It is a benefit that is designed to meet the costs of disability. Can you be clear with the committee what additional costs someone with, for example, anxiety or attention deficit hyperactivity disorder encounters?

Shirley-Anne Somerville: I am not a clinician, nor am I disabled, but I am sure that if you have disabled people's organisations in front of your committee, they will be able to tell you the impact that anxiety or ADHD can have on people's lives, on whether a person can use public transport, on how they can interact with the rest of society and on the difficulties that they face.

One really sad thing about the discussions that have taken place is that we seem to once again be separating physical disabilities from mental health issues and other challenges as if some conditions were somehow more deserving of attention than others.

09:30

You made an important point in your question, which is that how a person's life is impacted by their disability or long-term condition is what is analysed. Supporting information from external professionals then helps benefit applicants to demonstrate that.

Again, I am not a clinician, so I am not going to go into the reasons for that, but I am sure that the many organisations that represent disabled people and mental health charities would love to have the opportunity to tell the committee exactly how anxiety, ADHD or neurodiversity can impact on a person's life.

It is deeply disappointing that we are getting into a discourse that somehow differentiates between those that have a physical disability and those who have a mental health condition or a neurodivergence.

The Convener: I was not doing that at all, cabinet secretary. I was saying that benefits are meant to reflect additional costs, and the Harris review suggested that there was no Scotland-specific baseline data for additional costs. What work has the Scottish Government done, or what work will it do, to ensure that those who claim this benefit receive a financial amount that is commensurate to the costs of the disability that they have, whether that is neurodivergence or a physical disability?

Shirley-Anne Somerville: That is exactly why the Government has also committed to look at the costs of disability and long-term conditions. We

made that commitment in our manifesto, and that work will be undertaken.

We have to take a person-centred approach, and the ways in which a condition or a disability impacts on an individual is determined by the person's application. David Wallace will correct me if I am wrong, but I think the application for ADP is 92 pages long, and supporting information is also required. A rigorous test has to be gone through, and a person has to be able to demonstrate the impact on their life, but, as you said, we have already made a commitment to doing work on the cost of disability payments.

The Convener: I will bring in Kate Campbell in a second, but I have one more question on ADP before we move on. If the Timms review recommends a change to the eligibility criteria for the personal independence payment, that will have an impact on Barnett consequentials. Will the Scottish Government follow suit and review its criteria for ADP, or will there be a greater gap between what the Government receives for that benefit and what it spends on it?

Shirley-Anne Somerville: I have had a number of discussions with Stephen Timms, and I also recently took part in a discussion with members of the panel that is doing the PIP review.

I welcome some of the initial points that have come from that work related to the fact that we need to support disabled people and the fact that some people find the current PIP process difficult. We have already realised that and made changes here in Scotland.

One of the points I made during my most recent meeting with Stephen Timms, the Minister of State for Social Security and Disability, was about the importance of close working between the UK Government and the Scottish Government. We have had issues in the past with situations where we had very limited knowledge, including about timeframes, in relation to changes in social security benefits. I have sought reassurances from UK Government ministers that, if they seek to do anything to change the ways that the reserved and devolved benefit systems work together, or on the passporting of benefits, there will be close working on that and the Scottish Government will be informed at an earlier point in the process. We will then make decisions for our future budgets as we go through the budget process, as we always do.

I hope the convener will understand why I am not going to get into hypotheticals about what might come out of a review that we have had only an interim report from. However, we are in very close contact to ensure that the implications that changes to a UK reserved benefit might have in Scotland are considered.

The Convener: So, you are alert to the potential risks.

Shirley-Anne Somerville: We are always aware that any changes that the UK Government makes to a budget can have implications for the Scottish Government. That is not only a social security issue; it is an issue in every part of the Scottish Government. Changes that happen in parts of the UK Government affect the corresponding parts of the Scottish Government—in social security as in every other part of Government, whether health, transport or whatever.

Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP): Thank you, cabinet secretary, for your evidence. I will slightly reframe the convener's line of questioning on the cost of disability. I have heard from third sector organisations and individuals about the importance of ADP in supporting people into employment. What work has the Government done to quantify and monitor those outcomes? Especially when we are talking about productivity, how much of an impact ADP has in helping to support employment rights across Scotland is an important part of the conversation.

Shirley-Anne Somerville: The whole Cabinet heard that point clearly when it met DPOs. We discussed the impact that ADP can have and the support that it can provide to allow a person to go to work or stay in work. That was an important part of the meeting.

Clearly, there are other aspects to the matter, such as the access to work scheme, which is a reserved scheme run by the UK Government. We heard clear evidence from DPOs that that system is not working and is actually preventing disabled people from getting into work timeously. We heard examples of that from the DPOs.

You are right to highlight the fact that disabled people point to ADP as something that can support them into employment or volunteering or that can help to ensure that they are not socially isolated. All those aspects are exceptionally important.

Kate Campbell: Would it be helpful for the Government to monitor the level of employment support that comes out of ADP or the impact that it has in helping people into employment? I am thinking about some of the discussions that we have had at this meeting.

Shirley-Anne Somerville: We are keen to continue to work with DPOs. I mentioned to the convener the work that we are doing on the cost of disability. We are also keen to work with DPOs to ensure that there is an understanding of the importance of ADP. That came across in the Edel Harris review. I appreciate that DPOs are

disappointed that the Government has not taken up some of the recommendations in that report, but they had major cost implications that the Government could not address at this time. However, the report raises the importance of ADP and the support that it can provide to an individual and their family.

The Convener: There are still some outstanding recommendations from the ADP review. When does the Government intend to publish a detailed response to them?

Shirley-Anne Somerville: I am happy to provide to the committee, in writing, the Government's direction of travel on the Harris review in its entirety. We will get that to the committee.

The Convener: Steven Bonnar was going to ask a question, but he is now not going to. I have probably stolen his thunder. Mark Griffin wants to explore some other areas.

Mark Griffin (Central Scot and Lothians West) (Lab): In the programme for government, the Government set out the eradication of child poverty as its defining mission. There has been a degree of disappointment that that was not accompanied in the programme by additional measures to eradicate child poverty. What does the cabinet secretary say to those who have said that the Government needs to introduce large-scale additional policies to achieve the 2030 targets?

Shirley-Anne Somerville: There were a number of points not only in the tackling child poverty delivery plan that we published before the election but in the manifesto and then the programme for government. I mentioned some of them in my opening statement, such as the £2 bus fare cap and the work that we are doing on food prices. The other aspects that it is exceptionally important to consider relate to whole family support. I refer to the funding that went to Children First for our national front door into whole family support and the £20 million third sector fund to ensure that we deliver further support.

There is a lot in the programme for government. It is not necessarily in the section on my portfolio, because it is about how we deliver better childcare and the work that we are doing to deliver more childcare, as per our manifesto commitment. It is also around the employability measures that are being undertaken. One example is the raising income through skills and education—RISE—initiative that we have taken forward with colleges. I heard more about that last week on a visit to see what is being done to ensure that people who are going to college receive the support that they require to complete their college course and then maximise their income. Whether it is childcare, transport, employability or education, a number of policies are intertwined with that initiative, as well as the more obvious areas within my portfolio around whole family support and the work that we are doing to implement the £40 Scottish child payment for babies under the age of one.

Mark Griffin: Cabinet secretary, are you able to quantify the package of measures that you describe? For example, how many children will that lift out of poverty? Previously, the Government has modelled that existing measures are taking 100,000 kids out of poverty and that that number will rise to 110,000 by 2030. According to your modelling, how many more children would the package that you have set out lift out of poverty?

Shirley-Anne Somerville: As Mark Griffin will appreciate, the different policies that I have mentioned are at different stages of development. For example, how we expand childcare will make a difference as to how many children and families we can lift out of poverty. As those policies are developed, the usual impact assessments will be undertaken. We obviously have the work that we undertake within my portfolio to bring together the assessments as part of our review process, which usually happens at the end of March. That is when we will bring them together within my portfolio, but each portfolio, when it presents policies, will be delivering its own equality impact assessments as the policies go through and will also assess their impact on poverty.

Mark Griffin: Are you able to set out for the committee a timetable in which we would expect to see that modelling for each particular policy area, so that we can get a global picture of the impact on the reduction of child poverty?

Shirley-Anne Somerville: I can give a commitment about what we will do and what I will deliver to Parliament as part of the review process. Obviously, each policy is at a different point: the price cap policy is at consultation at the moment, and work that is being undertaken on childcare is still being developed. We can make sure that the committee is aware of policies as they develop and of impact assessments as they are made. In order to assist the committee, we will bring that information together, and we will also bring it together for Parliament in the usual manner within my review by the end of March.

Mark Griffin: Let us move on to the review of the targets. When the legislation was introduced, the previous cabinet secretary said:

"income, or a lack of income, is central to poverty, which is a view that our stakeholders strongly share and is why the four targets that are at the heart of the bill focus on a range of aspects that are to do with low income."—[*Official Report, Social Security Committee*, 27 April 2017; c 3.]

Will income still be the primary target by which the Government measures child poverty? Or is the Government moving in a different direction?

Shirley-Anne Somerville: At the moment, we are working with stakeholders to determine the targets that will best encompass the work that makes an impact on poverty. The work that is being undertaken on the targets at the moment has been exceptionally important. The fact that the Parliament passed those targets has driven a focus, and policy initiatives have allowed us to drive forward the work that we do. It is important to recognise that there are also many policies that we can undertake that do not directly impact on the targets and that can lead to a skewed debate.

09:45

Income-related targets will be impacted most obviously by increasing social security expenditure. Such expenditure is exceptionally important in reducing child poverty levels, but we also need to focus on other drivers of child poverty. For example, the expansion of childcare, which I mentioned in a previous answer, does not have a direct impact on people's incomes. As we have developed our work, it has seemed strange to me that our targets do not measure the impacts of a number of policies that affect a household's overall cost of living pressures. Having targets that relate to one driver of poverty but that do not help us to look at the overall picture is a challenging position to be in.

One challenge that income-based targets present relates to, as I said in my introductory remarks, how we deliver policies that not only help people at the moment but drive systemic change. How do we address intergenerational poverty within families? That is best done not through increases in social security spending but by ensuring that people have the right skills and are in well-paid and respected employment. Income-based targets are not easily impacted by those types of areas. That is why we are looking at such issues.

Income is a very important part of our work, but our stakeholders are coming forward with a number of different suggestions on how they wish our approach to develop, and we are in close consultation with them. I do not want to pre-empt that consultation, because it is in its early stages. As we go through that process, we will keep the committee informed on the timescales for the review that will be undertaken.

Mark Griffin: I appreciate that the consultation is in its early stages, but is it fair to say that the Government's view is that we should move away from income-based targets?

Shirley-Anne Somerville: No, I did not say that. I said that I am open to stakeholders assisting us in analysing the best types of targets for tackling poverty. I am sure that many stakeholders will discuss income-based targets with me and that many of them will have other suggestions. I am open to the consultation process. I am not ruling anything out, and I am not saying that some things will not be part of our final discussions. I want to take part in a genuine consultation with people.

Mark Griffin: The process of consulting on and revising the targets is expected to run into 2027, but the targets in the 2017 act relate to 2030, so there would be a relatively short period between new targets potentially going through the process of primary legislation and the 2030 target date. How does the cabinet secretary expect that to work?

Shirley-Anne Somerville: That will be part of the consultation. I am sure that people will challenge us on how we can move forward on our targets as timeously as possible. While we work on the review of the targets, we will not pause or lose momentum on any of the other work that is being undertaken across the Government. I hope that that gives some reassurance to the committee. We are still pushing towards the targets that are set out in statute—the Government is driving on that—but we want to have the best types of targets, to ensure that we maximise the Government's work on eradicating child poverty in the future.

The Convener: In relation to the targets, I probably spoke to quite a lot of the same stakeholders you spoke to over the summer, but they were perhaps a bit politer to you than they were to me. Their concern is that the Government has, after looking towards the horizon, seen that it would have missed its targets and now wants to move the goalposts. What reassurance can you give to them that that is not the case?

Shirley-Anne Somerville: With stakeholders, I have gone through the different policies across the Government—the list is perhaps longer than the time that would be permitted to me to go through them today—that can have an impact on a household's circumstances but that do not have an impact on child poverty targets that are based only on income. That results in a discussion that, inherently, focuses on increases in social security spending and does not allow us to have a wider discussion about childcare, employability and supporting people into employment. People will have different views on that.

I have heard stakeholders' concerns about the review, but I am uncomfortable about our having a target when it does not allow a lot of the work that the Government undertakes to be analysed. Going back to the convener's original question, on

outcomes and ensuring success, the First Minister is keen to ensure that we are focusing on delivery of not just one aspect but a number of aspects. Delivery of some of the measures that impact household cost of living pressures is not currently part of an income-based target and, to me, that does not sit comfortably.

Morven-May MacCallum (Highlands and Islands) (LD): I have some questions about the targets. I know that we have touched on this a little already. The Minister for Children, Young People and The Promise said on 3 September that the Government will meet its targets. Do you believe that the Government will meet those targets by 2030?

Shirley-Anne Somerville: Yes.

Morven-May MacCallum: Fantastic—that is reassuring to hear. There is widespread scepticism about the Government's ability to reach the targets. The Poverty Alliance, the Joseph Rowntree Foundation and 150 organisations in the End Child Poverty coalition say that the Government will not meet its targets. Are they incorrect? If so, why?

Shirley-Anne Somerville: They are doing exactly what we would expect them to do, which is challenging the Government to go further. I am in firm agreement with those organisations on some areas and we continue to disagree on others. One of those is the call to further increase the level of the Scottish child payment. It has been suggested that the Government should increase the payment to up to £55 by the end of the parliamentary session. Those organisations will continue to say that we are not going far enough on that, and I will continue to say that the Government does not intend to do that and that we need to focus on the wider policies, which I have mentioned before. I expect that they have the same conversations with me as they have with committee members about pushing us to go further.

To save repeating myself I will not go through them again, but I have mentioned a number of the policies that are in the child poverty delivery plan and the programme for government, as well as other wider manifesto commitments that will impact child poverty. I think that those policies demonstrate that the eradication of child poverty is the First Minister's and, therefore, the Government's defining mission. Work is ongoing across the Government, but I am sure that stakeholders will continue to challenge me to go further on all aspects of that as we go forward.

Morven-May MacCallum: You have touched on childcare. What is being done to encourage the expansion of childcare in rural areas, where supply is vastly lacking?

Shirley-Anne Somerville: Childcare is an important example of why a policy has to work across Scotland. The ministers who will be leading the work on the expansion of childcare will ensure that the proposals fit the needs and challenges of rural and island Scotland. We are very aware of the challenges with access to childcare in some communities, which is why, as we look at the expansion, it will be exceptionally important, as in all areas of policy, that island communities impact assessments are completed and that there is a recognition of the challenges and the opportunities as the policy develops. There will be an expansion of the workforce and the development of new skills, which will bring opportunities. I am sure that the minister who is taking the work forward will be able to provide more detail to the member. We would also welcome her thoughts on how childcare could best be expanded.

Morven-May MacCallum: I appreciate your willingness to include me in that discussion

I was also interested in what you said about buses, because the £2 fare cap is going to make a huge difference, particularly in the Highlands, where bus fares are so expensive. However, the big issue is the lack of buses for people to catch. There are issues with childcare and then parents cannot get buses to get to work, which creates a vicious circle. I am curious to know what is being done to address the issue of bus facilities in rural areas.

Shirley-Anne Somerville: I know that Stephen Flynn is certainly cognisant of that other side of the coin. When we look at the cost of bus fares, we must ensure that there are buses to provide local communities with the services that they require. I am sure that the Transport Committee is looking at that issue, which is an important part of the work that will be undertaken to look at the impact of the £2 bus fare. I know that the cabinet secretary is cognisant of the need to look at bus services in general.

Morven-May MacCallum: I have one final question. The Institute for Fiscal Studies has put the additional cost of meeting Scotland's child poverty target at £2 billion per year. Do you agree with that figure and will the money be forthcoming?

Shirley-Anne Somerville: The cost of policies will be determined by what those policies are. I will use childcare as an example, given that we have discussed it. There are myriad ways in which childcare could be developed and the costs will differ depending on the policy. That is why it is exceptionally important to look at the impact that a policy will have on child poverty. We will look at how we are developing policies to ensure that they are fiscally responsible as we move forward with our budgets. It is clearly challenging to look at the

cost of policies as we move forward, but that is exactly why those costs will be looked at as different policies are developed.

Kate Campbell: I have a follow-up question. I was interested in what you said about tackling child poverty. For me, the issue is tackling family poverty, because children will be born into poverty while we still have people living in poverty.

I hope that the convener will forgive me for putting on record that he, along with the conveners of the Equalities, Human Rights and Civil Justice Committee and the Education and Gaelic Committee, received a letter from a coalition of 22 children's charities asking us to consider convening a people's panel on child poverty because that is the defining mission of this Parliament. How could the Government work alongside a people's panel? It could be effective to look across the many strands of policy that we must get right if we are really to tackle child poverty.

Shirley-Anne Somerville: It is not for me to opine on how committees could work together and I absolutely will not comment on that in case I incur the wrath of the convener at my first meeting.

You raise an important point about how the Government can work together and there are myriad examples. Some things that can have a direct impact on tackling child poverty do not sit directly within my portfolio and that is exactly why the issue is looked at at Cabinet level and across the Government. We look at the programme to ensure that the directors who are involved from across the Government are working together. The same approach is taken periodically by ministers as we look at the approach that is being taken. I have overall responsibility for that, so other cabinet secretaries are well used to me opining. They ensure that I am informed about any work that is done and that is also discussed at Cabinet level.

Another important aspect is to ensure that we speak directly to organisations and to those with lived experience. We take a number of opportunities at both official and ministerial level to speak to people. I believe that I will meet such panels through the Poverty Alliance as part of ministerial visits during the challenge poverty week, and that other ministers will be undertaking those types of engagement, too. I give that week as an example of what is coming up in the diary very soon, but we do those things throughout the year.

10:00

The Convener: Before we close on social security and move to housing, I have two final questions while we have you and Mr Wallace here, cabinet secretary, although we will have Mr McKee with us after this session. Social Security Scotland's head count has grown significantly in recent years, and every part of the Government will be asked to do its bit to make efficiency savings. What should we expect from Social Security Scotland with regard to administration efficiency and head count over the course of this parliamentary session?

Shirley-Anne Somerville: Social Security Scotland has grown because the devolution of benefits has continued. The programme of the devolution of benefits has been closed, so we are now in a steady state; the final part of that process, in effect, was the movement of officials from Government to Social Security Scotland to allow it to have the capacity and capability to improve the functioning of the services. Head count has increased to ensure that the agency has the skills within it not only to keep the service up and running, but to consider the types of efficiencies that are taken forward.

I will bring David Wallace in to talk about this a bit, too, but several opportunities exist for public service reform: for example, we are looking to work with other organisations on signposting and referrals to make the most of what the agency does to support people in getting what they are entitled to. We are ensuring that the agency's system is being continuously improved so that it is the best system that we can have, and we will continuously challenge ourselves to ensure that the system is working more effectively, not only within itself but in how it relates to other organisations. The work that we continue to do on automation is very important, too.

David Wallace (Social Security Scotland): I re-emphasise one of the points that the cabinet secretary has made, which is that the closure of the Scottish Government's programme in March this year was a significant event in the development of the agency. We have had eight years of building up the organisation, but it has really just been since April this year that we have got our hands around our caseload, all our clients and functions, and the capacity and capability that you would expect of the organisation. The year that we are now in is our baseline year of doing that.

We are absolutely committed to PSR and we could give several examples of that. Some internal efficiencies are not only efficient for us; they also benefit our clients. As recently as a couple of weeks ago, we did a major information technology drop in the organisation. Part of that was about stabilisation, but there are other aspects. For example, if we reduce the amount of manual handling, we can lessen the impact on our staff but also improve service for our clients.

The cabinet secretary has spoken about how we interact with other elements of the public sector. We have some fantastic examples of sharing our data—we have used it to drive efficiencies across the wider public sector, for example with free school meals—and we are committed to exploring those aspects more through PSR. Moreover, we are committed to looking at the stuff that you would expect us to do as good public service bodies, such as sharing space, expertise, procurement or contracts.

From the agency's perspective, I cannot emphasise enough what that pivotal moment of March going into April of this year has meant for our bit of the social security system in Scotland.

The Convener: Do you get the impression that Mr McKee is breathing down your neck?

Shirley-Anne Somerville: Well, Mr McKee is not breathing down anybody's neck, because this is a shared Government priority. I appreciate that it is quite fun to paint it as Mr McKee against everybody else, but if we genuinely want to discuss how public service reform will deliver better public services for those people who we are all here to represent, there is no difference between Mr McKee and me on that point. Surely, that is what we are all about. I appreciate that there was a little smile on your face as you asked my official that, but I am responding to it, because it is pivotal that we understand that PSR is the right thing to do across the Government. We have given some examples of how people will benefit. That is surely what we are all about.

The Convener: Super. I will now bring in Thomas Kerr, as we look to discuss housing and homelessness.

Thomas Kerr (Glasgow) (Reform): Good morning, cabinet secretary. The Scottish Government says that it is committed to ending homelessness in Scotland. However, you can do that only if you accept that there is an existing problem, and the Government seems currently to be putting its head in the sand when it comes to the issue, particularly on local connection.

A couple of weeks ago, I raised a point in a debate on child poverty, and your response was to say that you would find it hard to find anything that I have in common with Ricky Bell, the new Scottish National Party leader of Glasgow City Council. If you listened to Go Radio on Sunday, you would have found plenty that Ricky Bell and I had in common, particularly in pointing out the failures of the Government, and on homelessness.

Ricky Bell called for an immediate pause on the issue of local connection. Obviously, I want it to be repealed instead, but let us go with the pause that Ricky has asked for. Would you consider a pause? If not, can you explain to the committee, and to the country, why Ricky Bell and I are wrong and you are right?

Shirley-Anne Somerville: Convener, I will be very careful about what I say on that point. I stand by my remarks that, having known Ricky Bell for some time, I think that there are striking differences between the views of Thomas Kerr and Ricky Bell on how to approach things.

To get into the details without making it a personal us-versus-them attack, it is important that we look at homelessness, the prevention of homelessness and the inevitable challenges that we have in Scotland over our level of homelessness. That is something on which other committee members have, rightly, challenged the Government.

The Government has said that we do not feel that taking away people's rights is the right thing to do. Every homeless person in Scotland has the same rights as everyone else. That is an important factual statement, on which we need to be clear. I do not want to take away the rights of homeless people in Scotland. Although I recognise that there are challenges, and we are working very carefully with the council in Glasgow to see how we can continue to support it, I will not do that by taking away the rights of homeless people.

Thomas Kerr: Will you clarify that there will not be a pause in the legislation when it comes to local connection?

Shirley-Anne Somerville: I do not know how many times we have to go through this. The local connection rule is about local connection from one local authority in Scotland to another. The changes to local connection would not make the impact that the member suggests.

There is an awful lot of misinformation on the topic. If Mr Kerr did not hear the point that has been made by the First Minister on a number of occasions, I make it clear again that the changes to local connection did not change the local connection rules for refugee households. We need to understand the legislation that is in place in Scotland.

Thomas Kerr: I am happy to have a conversation about misinformation, cabinet secretary. I am holding a copy of the homelessness and housing legislation that mentions local connection, and the changes that the Government made in 2022 have had an impact on connections. In addition, there were changes in 2003—which was under Labour, fair enough—that would have had an impact on asylum accommodation for refugees. That is what the housing legislation says. I am not making it up.

That is not misinformation. That is what is here, and I am happy to share a copy with you.

In Glasgow, at the moment, around 6,000 people are currently homeless, of whom 4,000 are refugees who have been granted leave to remain. SNP council leader Ricky Bell, Labour MPs and Reform have said that an issue around local connection is part of the problem.

You have made it very clear that there will no changes in legislation. That is fine. I accept the Government's part on that. However, Glasgow is carrying the burden for the whole of Scotland when it comes to funding. If you will not make any changes to legislation, can you give us a commitment as cabinet secretary that you will lobby to make sure that funding comes from the Scottish Government to plug the gap that Glasgow is currently facing because of our homelessness pressures?

Shirley-Anne Somerville: We need to recognise that the asylum process in the UK is delivering significant challenges for a number of areas across the UK. Clearly, in Scotland, that is most felt in Glasgow, but similar challenges are felt by cities elsewhere in the UK. Part of the challenge is that, in the current asylum process, there is a drive for decisions to be taken and people to be moved out of the accommodation that they are in while they are part of the asylum system, which is controlled by the Home Office and has nothing to do with local authorities in Scotland. That drive is putting further pressure on local authorities, and that is felt by some local authorities more than others. As I said, in Scotland, it is most keenly felt in Glasgow.

That is why we are working closely with Glasgow City Council on the support that it requires. In the past, we have focused on funding for the local authorities with the most pressure on temporary accommodation numbers. At the time, that was a controversial decision for the Government to take, because those aspects are usually decided by formulas across Scotland. However, the Government decided to focus some of our housing and homelessness funding on the authorities that felt the biggest pressures. We have done that in the past.

In the conversations that I am undertaking with Glasgow City Council, and which my officials are undertaking with it on my behalf, we are considering what more can be done in those areas. We are considering what can be supported in terms of the policies that the councils have and the role that RSLs play, so that we all work together. Recognising the pressures that exist, the Government is working with the council to see what more can be done to support it.

Thomas Kerr: The council has been clear that the issue is partly because of the asylum process. You are right that that is a UK Government issue, and you can rest assured that all of us in all parties are, I think, putting pressure on the UK Government to deal with the asylum issue in Glasgow in particular. Local authorities around Scotland are not taking their fair share of asylum seekers when they come to Scotland. In your role as cabinet secretary, have you had any conversations on that with the UK Government?

Shirley-Anne Somerville: Aspects around people who are in the asylum process and where they go as part of the process are for the Home Office. I have asked to meet Home Office ministers to discuss the issues, but I have not had an agreement to have a meeting. However, it is important that we work together, which is why I reached out to Home Office ministers recently on the issue. If there is a further update on a meeting between the Governments on the issue, I will of course provide the committee with that in due course.

Thomas Kerr: I appreciate that.

On another issue, I am well aware that you cannot comment on live planning applications but, yesterday, a planning decision was made in Glasgow regarding a homeless shelter in the city centre, which has been closed. As cabinet secretary with responsibility for housing, what is your reaction to that closure that has been announced in the city centre?

Shirley-Anne Somerville: As you point out, it is not appropriate for ministers to comment on planning applications, as there might be a role for the Scottish ministers later in that process. Clearly, the Government is in regular contact with the council and with organisations that provide front-line services in Glasgow, but it would not be appropriate for me to comment on something that might go through other parts of the planning process in due course.

Thomas Kerr: Okay.

On a more general point, what actions will the Scottish Government take to ensure that the 110,000 affordable homes target is delivered, given recent reports from, for example, the Fraser of Allander Institute that suggest that the target will be difficult to achieve without changes to funding and delivery arrangements? Will the cabinet secretary work with the planning minister to ensure that the planning system facilitates the delivery of those new homes?

10:15

Shirley-Anne Somerville: I have a close working relationship with the planning minister, as

I do with the chief planner and economy officials, and we recognise the importance of planning in the Government's desire for barriers to be removed from the system. Some of that is about planning and some of it is not, but it is important that we continue to work together on those issues.

The targets are exceptionally challenging for us to achieve, but even the Fraser of Allander Institute report said that it is still possible for the Scottish Government to achieve them both. We are working to improve the situation, and not just through planning policy. For example, we are working directly with private investors to encourage further investment in Scotland. Although much of that can be undertaken in the affordable housing supply, it is also about improving investment in housing in general. Investors are being attracted to Scotland to invest in housing here. That will have an impact not just on the housing supply but, given our planning policies, on affordable homes.

The Convener: Before I bring in Mr Bonnar, I have a yes or no question for the cabinet secretary. Is the housing emergency in Scotland getting worse?

Shirley-Anne Somerville: Different parts of Scotland have different challenges in housing. We have mentioned some of our larger cities. There are other aspects that I discussed when I visited the south of Scotland during the summer. Through more homes Scotland—but not only through that agency—we will ensure that we are an activist Government that is looking at the challenges throughout Scotland. We will look at infrastructure, planning, skills and affordable housing supply, and we will do everything we can to assist with the challenges that are being felt, which vary in different parts of the country.

The Convener: In overall terms, yes or no?

Shirley-Anne Somerville: We are seeing further development in the work that we are undertaking on the housing emergency action plan. The vast majority of that work has been completed, and the Government is continuing to work with housing organisations to look at the outcomes that they want, and to deliver a statement of intent. However, the challenges vary from place to place, which is why we have a place-based approach to the issue, as opposed to a national yes or no approach, because local authorities would expect the Government to be working in a more sophisticated fashion than that.

Steven Bonnar (Uddingston and Bellshill) (SNP): Welcome to the committee, cabinet secretary. I thank you for, once again, re-establishing the rules around local connection. It is really important for the people watching this that they understand that there are pressures right across Scotland.

It was mentioned that there are 6,000 homeless people in Glasgow. In my locality of Uddingston and Bellshill, 4,000 people are waiting to be rehoused. Most of them are local people with a connection to the area, looking to raise their families and send them to local schools. That problem has not been created by vulnerable people who come to our country. Thank you for putting that on the record.

Thomas Kerr is trying to show me the list. However, we have to be mindful that the Home Office has changed its rules, and Thomas needs to look at that change and the Scottish Government's rule change to ensure that vulnerable women and children can be housed in areas where they will be safe. It is important that we clarify that.

Cabinet secretary, what specific indicators are you using to judge whether Scotland is moving out of a housing emergency, and what improvement would you expect to see in those indicators during this parliamentary term?

Shirley-Anne Somerville: I am sure that Mr Kerr and I could go back and forward about the local connection legislative changes that have been made. I will politely say that I continue to disagree with his assessment of our local connection rules. That is probably the most polite way that I can put that at this point.

When it comes to the other work that we are doing to address housing pressures, one aspect that is particularly important to continue investing in is our affordable housing supply programme. We are committed to investing £4.9 billion over the next four years, including a record £4.1 billion of public sector funding. That is an important area that we continue to work on. If memory serves me right, more than £900 million is to be invested in the affordable housing supply programme this year.

It is also important that we continue to look at the work that can be done on current stock. The support that we have given to our empty homes fund, and that we have provided to assist social landlords with their voids, has been exceptionally important. The ability to assist councils with acquisitions has also been an important part of our policy and one that I will continue to consider as I look at how best we can provide support in the future. We have done that, in particular, by encouraging local authorities to look at larger homes that will assist families, because the number of families in temporary accommodation and the length of time that they spend there are far too high. Part of the challenge is due to the lack of larger family homes, which is exactly why acquisition funding was exceptionally important.

I have touched on the planning work that we do directly with the chief planner and the Minister for Public Finance to look at particular sites across Scotland, to understand why they are not progressing and to identify what can be done to ensure that they do. Some of those sites are larger ones in our cities, but we absolutely recognise that reasonably small sites in smaller towns or rural Scotland will have as big an impact, if not a bigger one, as large-scale sites in our cities. It is not simply about the numbers.

My final point is on the work that we continue to do to support those who are looking to move into owner occupation, because it is important to have a fluid market. Encouraging or supporting people into owner occupation, should they wish to move into it, is another part of the work that we are doing to respond to current housing pressures.

Steven Bonnar: In relation to that, instead of waiting until 2032, is there any indication or milestone that the committee can use during this parliamentary session to see the extent to which we are on course to achieve our aims?

Shirley-Anne Somerville: The numbers are challenging, but we are making strong progress in our work on the affordable housing supply programme. We continue to update the committee on the numbers, and we are focused on delivering 110,000 affordable homes by 2032.

From 23 March 2022 to 31 March 2026, 35,368 homes have been delivered towards the target. Seventy-seven per cent of those homes are for social rent, and since 2007 we have supported the delivery of more than 146,000 affordable homes, of which 104,000 have been for social rent.

We continuously check that we are maximising the use of our affordable housing supply programme budget and progressing with the spend on that. I can confirm that the budget for 2026-27 is £925 million, so I was £25 million short when I tried to remember earlier.

Steven Bonnar: There are instances of local authorities doing fantastically well on home building delivery, but some are not so good. I shout out to my own local authority, North Lanarkshire Council, for the fantastic work that it is doing in that area.

I will move to more homes Scotland. What problems in the existing housing delivery scheme will more homes Scotland specifically assist us with, and what will it deliver that the current arrangements do not?

Shirley-Anne Somerville: We have been asking stakeholders in a number of ways what they want the agency to do for them. It is important to recognise that it will have an all-tenure focus, so it will not look only at social rented housing.

We are also keen to ensure that it will look at all the different parts of Scotland. People have been concerned that it could be a kind of central belt agency, but it will have a specific workstream on rural and island housing and how we can work together to assist with some of the challenges around that.

We are looking at aggregation and procurement efficiencies around standardisation, modern building techniques and efficiencies through scale, and another factor that the agency could assist with is the skills that we need. We have had some discussions about the agency helping our small and medium-sized enterprise builders, which are facing particular challenges, and they are often the construction firms that undertake work in rural and island areas. What can we do to support our smaller building and construction firms?

We also want to ensure that we have the skills that are required to support local authorities and developers to find their way through the process. What can we do to make the process easier in the first place? Developments will still have to go through planning, and local authorities and developers will still have to do everything that they need to do on that, but what can we do to ensure that we support people through that process? When a barrier is found, either by a local authority or by a developer, what can we do to unblock it?

What skills and convening powers should the agency have to drive investment? I have heard directly from private investors that they see it as a real opportunity to increase investment, and not only in affordable homes, and show again that Scotland is serious about housing investment coming to Scotland.

Steven Bonnar: I have a final question on planning. Where does the Government believe that the current planning system is constraining housing delivery the most? Is it about decision times, infrastructure, capacity in local authorities, land availability or another factor? Do you have any evidence to support your assessment?

Shirley-Anne Somerville: I will let the planning minister come back to the committee in writing on that, but I will mention the way that we have worked to date.

A number of the factors that you mentioned in your question will impact on different developments, and they are the types of barriers that developers are facing. As I mentioned, we are keen to look at why the barriers exist and what can be done. Why do we have so many sites that have planning permission but are not being built on? Why are those still there? If they are financially viable, why are they not being built on? If developers view them as not being financially viable, what can we do to work with developers in

an open-book fashion with the reassurance that, if any public money goes in to support private developments, it is there not to increase private profit but to genuinely deal with financial sustainability? In those areas, we get down to the specifics about why things are not happening and what can be done. Is it to do with the planning system or to do with sites having planning permission but still not getting built on?

There are different stages, and it is one area where we are looking for more homes Scotland to step up. As an activist Government, I, the previous planning minister, the current planning minister and the chief planner have been looking at every stage of the process and challenging ourselves about why things are not happening and what can be done to ensure that we, our public agencies, our local authorities and developers move things along. We all want to see that further development. We just need to make sure, particularly if we are spending public money on it, that we do it in the right manner and in the way that will make the biggest impact.

Steven Bonnar: Thank you.

10:30

Gary Bouse (Falkirk West) (SNP): I will try to keep my question to the cabinet secretary's actual responsibilities.

I understand that it is a challenge to deliver the 110,000 affordable homes. On Monday, I was at a housing developer's project; 25 per cent of that 600-house project will be affordable homes, which, in that particular case, will be to rent. Do you have plans for meetings with the likes of the Association of Local Authority Chief Housing Officers—ALACHO—and the National House Building Council—NHBC—to work on that side of the issue? They are doing good work. Everybody thinks that on a private site all the homes are private. However, often, 25 per cent of them can be affordable homes.

Shirley-Anne Somerville: You raise an important point. I said earlier that more homes Scotland will be an all-tenure agency, and that is one reason why that is exceptionally important. It is also important that we ensure that Scotland is an attractive place to invest in and that we attract different types of housing investment, including mid-market rent, build to rent and building for owner occupation. All of those are important parts of the housing system, they all need to work effectively, and it is the Government's responsibility to be cognisant of the challenges that they face and the opportunities for them. I meet ALACHO regularly about several issues. I have had round-table meetings with private investors and others to talk about investing in Scotland. Those types of discussion happen regularly, with individual investors and with local authorities.

It is for local authorities, too, to consider what they can do to ensure that developments move forward. If a development is having a particular challenge—particularly if it is a large-scale development that is being held back or not going through because of a local authority's policies—the local authority might look at offering flexibility, as the Government is doing, in order to ensure that the development happens.

That does not mean that we are giving carte blanche to development everywhere, in every circumstance. However, given the challenges with housing supply, it is right for us to look at ourselves and to ask others to challenge themselves about what more can be done to get developments over the line. In some such instances, the answer to what they ask will be no. However, we should challenge ourselves in order to make sure that we make the most of the opportunities that we have.

Gary Bouse: You pre-empted my supplementary. I was going to say that I have seen councils in particular work hard to do that when there are hard-to-move sites. It may be that there needs to be a joint effort to get those sites going, because certain ones seem to stall all the time. Then, it ends up that, although there is a local plan, the plan does not quite get there.

Shirley-Anne Somerville: It is a responsibility for us all, at every stage of the system, to ask why a development is not happening and whether, if it is not happening because of a policy, we are comfortable with that. If the answer to that is yes, at a local and a national level, that is the right thing for us to do, because there cannot be development at all costs and anywhere. However, we need to give ourselves those challenges in different parts of the system, to make sure that we are getting the most from the opportunities that we have. I hope that that will allow us to have a much better, more open and honest relationship with developers about the opportunities and that it will provide encouragement for investment to come to Scotland, in the private sector and to support the affordable housing sector.

Gary Bouse: Thank you, cabinet secretary. I look forward to following your journey.

The Convener: Morven-May MacCallum has a supplementary to something that was asked earlier.

Morven-May MacCallum: Is the cabinet secretary able to provide an update on what data the Scottish Government has got back from its testing in relation to the new homelessness prevention guidance, "ask and act"?

Shirley-Anne Somerville: We are still waiting for the results of the evaluation of those projects, which I think—and I will check with my officials—will be complete by the end of this year.

Annabel Turpie (Scottish Government): Yes, in December.

Shirley-Anne Somerville: That will be complete by the end of December, so I appreciate that what I am going to say will be anecdotal, rather than a full evaluation. In meeting local authorities and attending visits, as we all do, particularly over the summer, I have found it interesting to hear about how the ask and act duty can make a difference. On a recent visit in Edinburgh, I heard about a pilot that is being undertaken by the Scottish Ambulance Service and about how staff can feel supported to provide wider support.

I hope the member will forgive me for having only anecdotal evidence at the moment, along with the usual feedback that we get from projects. The full evaluation will come in due course, and we will provide that to the committee.

Morven-May MacCallum: I appreciate that and understand that it is anecdotal.

Earlier on, you mentioned the cost of building houses. I am curious to know whether the funding model takes on board the fact that building costs are far greater in certain areas of the country, such as the Highlands and Islands. For example, heat pump installation costs £16,000 on Skye, compared to £10,000 on the mainland. Has that been factored in?

Shirley-Anne Somerville: There are benchmarks in our affordable housing supply programme. Because that is a regional aspect to that work, the officers who work on that programme work carefully with local authorities, RSLs and developers. The benchmarks are there, but there is then detailed discussion about why costs might differ. In an urban area, it might be because the land is contaminated; in a rural or island community, it will be because of the cost of building there rather than elsewhere or because the scale of the site presents challenges. Although there are national benchmarks, there is then detailed discussion about why it will be more expensive to build on one site than on another. We challenge to ensure value for the public purse in everything that is done, but there is absolutely a recognition of the greater expense of building in some areas.

I can give an example of how more homes Scotland will continue that work. We are keen to look at what that agency can do to assist with the aggregation of sites in rural and island communities or to work with employers that are moving into an area. That is so that we can ensure we are looking at inward investment at the same time as housing, so that we understand what temporary housing may be required as development continues as well as how that housing can be used in the longer term.

The work that we can do on housing in specific sites is important, but it is also important to take a step back and look at how to achieve the most overall. That may be through pulling sites together or through working with employers to meet the challenge of building costs.

Building costs have gone up everywhere. Construction inflation has been substantial, particularly since the full-scale invasion of Ukraine, and that is having an impact everywhere, but I appreciate that that is most keenly felt in rural and island communities.

Kate Campbell: I have a question about rent controls. I know that the next step is for local authorities to look at rent conditions in their areas. What is the timeframe for that and what conversations have you had regarding local government's appetite to take those assessments forward? What support might local government be looking for in that process?

Shirley-Anne Somerville: We are currently consulting on the draft guidance that will help to inform and support the rent control assessments that are due to be submitted to Scottish ministers by May 2027, as was set out in the Housing (Scotland) Act 2025. Before formal consultation took place, there was close work with local authorities on the practical delivery of their responsibilities. The consultation is being undertaken, and, as part of it, we will continue that work with local authorities as we move forward with the measures in the 2025 act.

Kate Campbell: Is there an appetite from local authorities to take that work forward? As a representative for Edinburgh, I know that the issue of rent controls is very important. Huge rent pressures exist in the private rented sector—in Edinburgh, that sector is very large and quite unaffordable for many people. I am very interested in whether local authorities are facing challenges with regard to that assessment and in whether the Scottish Government could help or support them.

Shirley-Anne Somerville: We will work with local authorities on the support that might be required for effective implementation. The issue of whether a local authority then desires rent controls is based on the rent control assessment that will be undertaken, which is an evidence-based process. I appreciate that some people are supportive of rent controls in their areas and others are against them, which is why the assessment is important. It is an evidence-based assessment

that the local authority undertakes before moving to discussions with the Scottish Government. We will continue to engage with local authorities to discuss the support that they feel they need as we go through the implementation of the rent controls.

The Convener: I have some final questions, which Ms Turpie might want to take away.

First, the First-tier Tribunal system already faces quite significant delays to determinations—I think that the housing and property chamber has employed additional staff to try to deal with the backlog. You will be aware that 2025 act, which was passed in the previous parliamentary session, has the potential to put increased pressure on the system as it potentially catches up with that backlog. Our constituents who are landlords face real financial pressures as a result of the delay, and tenants are building up rent arrears due to that prolonged appeals process. What discussions have you had around those delays?

Secondly, although regulation 18 of the First-tier Tribunal for Scotland Housing and Property Chamber (Procedure) Regulations 2017 allows a determination to be made without a hearing in a non-contested case, it appears that, at present, that option is not frequently exercised. Would the Government be willing to look at that regulation and perhaps to issue some guidance to facilitate greater use of it, which could potentially bring down the backlog when there is no dispute between a landlord and a tenant?

Shirley-Anne Somerville: As you said, convener, I think that we should take that point away, and I will get my officials to look at it. You will be well aware that the tribunals are independent of Government, so it is not for Government to opine or make judgments on the working of the tribunal service. However, let me take away the detailed policy point that you have raised, and if it is not for Government to get back on it, we could certainly forward your suggestions to the tribunal service.

The Convener: We have had a wide-ranging discussion for your first appearance before us in this parliamentary session, cabinet secretary, so I thank you and your officials. We now temporarily suspend the meeting to allow for a change of witnesses.

10:43

Meeting suspended.

10:50

On resuming—

The Convener: Item 2 is an evidence session with the Cabinet Secretary for Public Service Reform, Ivan McKee. Welcome. He is joined by the Scottish Government officials Ruth Meyer, head of public service reform strategy and governance unit; and Ellen Leaver, acting director of local government and communities.

Congratulations on your appointment, cabinet secretary. There are high hopes for you throughout Government, given the state of public finances. On this, your first appearance at the committee, I invite you to make some opening remarks.

The Cabinet Secretary for Public Service Reform (Ivan McKee): Good morning, and thank you for the invitation. I am really looking forward to the discussion. A key theme of our work on public service reform is engagement and partnership, and I welcome the value that committee members can add through such discussions as we take forward the programme.

The First Minister has made it clear that public service reform is a defining piece of work for the Government in this session of Parliament. The programme for government that was published at the start of the month made clear the scope and scale of our ambition to reform our public services. That is about delivering excellent public services that are fiscally sustainable. We believe that, through the work that we are taking forward, that can be delivered.

All of the work that we are doing is built on the public service reform strategy that we published in the middle of last year. It is a broad front of work across 18 workstreams, many of which are interconnected, so it is important that we take forward all that work in concert. There has been quite a bit of focus on workstream 4, on review and restructuring of the landscape, but it is important to stress that that is only one part, albeit a very important part, of the overall work.

The public service reform work is built on the Christie principles, which we recognise are enduring principles that form an effective basis on which to build the work that we are taking forward. The focus is on prevention and how we address the barriers that prevent a shift to investment in prevention, and on how we integrate and join up services so that service users see more effective and integrated services. It is also on how we deliver empowerment, which means empowerment of the workforce—that is hugely important, because people in the workforce usually have the best ideas on what we can do to improve things—empowerment of service users, through a focus on citizen-centred services; and, importantly with regard to this committee, empowerment of local communities, which we might come on to talk about more. Of course, there is also the fourth Christie principle, which is on efficiency. Like Christie, we are clear that all of

those things can be delivered, so the choice is not about doing less to save money; it is very much about doing things better and saving money as a consequence.

We recognise that we have made progress, but there is much more to do, and we need to do it faster and more comprehensively. It is important that we understand the barriers that have prevented us from moving forward on Christie with the scope and scale that we would have liked. The strategy works hard to understand those barriers. That is about changing culture, people moving out of silos and thinking across the whole system, and aligning budget processes so that they support rather than hinder the work on prevention and integration that we seek to deliver.

We talk about rewiring, which is often taken to mean rewiring the structures of the delivery mechanisms of Government. That is part of it, but it is important to recognise that we are also talking about rewiring how money flows through the system and how data moves around it so that it is used most effectively and so that we remove barriers and silos. Frankly, it is also about rewiring the culture, so that people approach the work in a much more collaborative way. We put great store in addressing leadership behaviours so that leaders are empowered to behave in exactly that way, and in accountability mechanisms that support rather than hinder that.

As we move into an acceleration of the delivery phase, engagement and partnership are hugely important. We expect that there will be bumps in the road because, as with any transformation process, people will go through the various stages, of denial, disorientation, resistance, constructive input et cetera. I hope that that will settle down sooner rather than later into an environment in which everyone is pulling in the same direction and we are delivering what we need to as part of the overall programme.

I look forward to the discussion and to your questions.

The Convener: In June 2025, you said that, to close the £5 billion budget black hole, the devolved civil service would need to shrink by 4 to 5 per cent a year between now and the end of the decade. How is that going?

Ivan McKee: It has reduced by just over 11 per cent over the past four years, from March 2022 to March 2026. The core Scottish Government civil service has fallen from 10,500 to below 9,500, including contractors. That reduction continues through our recruitment controls and other measures that we are taking forward.

It is important to recognise that the figure of just over 27,000, which is the overall devolved civil service head count, includes some operational roles. For example, it includes the Scottish Prison Service, including front-line prison officers. It also includes many staff working in the court service, much of whose work is also front line. When you parse the core Scottish Government civil service, it has reduced by just over 11 per cent over the past four years.

The Convener: [*Inaudible*.]—towards the devolved civil service, and you are correct that that has grown by 1 per cent over that period. The full-time equivalent figures are no better. You have been in business, so you know that the low-hanging fruit is the easiest to cut. In the first year of a five-year reduction in civil service head count, should not you have made more progress? Instead, there has been an increase of 1 per cent.

Ivan McKee: It is important to understand what I have just said. The 27,000-odd number, which is for the devolved civil service, includes a lot of front-line operations. We have been very clear that front-line delivery is protected as part of that work. That includes prison officers, who are clearly front line. It includes those working directly to support the court service and other parts of the justice system that are also clearly front line.

The core Scottish Government civil service has reduced by more than 11 per cent over that period, so it is close to that 4 per cent reduction. There have been increasing reductions year on year, and we are on target to deliver another 4 per cent reduction this year.

There is an issue about the wider public bodies that are not included in the figure for the devolved civil service. I am aware that you spoke with Social Security Scotland about that earlier this morning, but we are very clear that there is a need for all public bodies to drive efficiency measures, be that through automation, shared services or removal of duplication.

Clearly, the work on restructuring will create considerable opportunities. We have already begun that work through health service restructuring, and, altogether, the programme for government identifies 24 restructuring programmes across the landscape.

We need to roll out the recruitment controls that have been effective in the core Scottish Government civil service across the wider public sector, and we are working on that now.

The Convener: You will be aware that Government agencies—certainly, heads of agencies did so in the Finance and Public Administration Committee's private session—have expressed concern that the policy of compulsory redundancies is not in their toolkit, where that might be appropriate. What is your view on lifting

the assumption against no compulsory redundancies throughout the public sector in Scotland?

Ivan McKee: The policy on no compulsory redundancies is the same as it always has been: a process needs to be gone through in advance of any compulsory redundancy process, and a whole series of steps must be taken. All that needs to be exhausted before compulsory redundancies are considered. That is the right way to approach that, and that is how we have approached the issue across several public bodies.

I am talking about public bodies in the round, and it is clear that many of them—there are too many, as we all know—have delivered significant double-digit, even up to 20 per cent, reductions in their head count over the past years through a variety of mechanisms.

As I said, the policy is what it is, and it has not changed. There has always been a process to go through before we get to compulsory redundancies.

The Convener: Last week, you said that making savings in the reform process is not an exact science, but hitting your budget is an exact science, and you have to be quite specific as to how you go about doing that. Should we be concerned that, last week, before the new committee that will be scrutinising your work, you could not say, for example, how head count in health boards would be affected by the proposed significant reduction or what savings would be realised through that process? In business, you would start with those figures and work back. Why are you doing it in reverse, as it were?

11:00

Ivan McKee: In business, as in the work that we are taking forward, there are many known unknowns and many unknown unknowns. Over the past five years or so, we have been through Brexit, Covid and the tail end of austerity, so a lot of things happened that we could not predict. Anybody who sat here and said that they could tell you exactly what will happen in every public body in each of the next five years would be kidding themselves.

The important point is to understand, in broad terms, where we are trying to get to. We have laid that out clearly. We have published data on an annual basis on corporate costs across the public sector. That £5 billion-plus figure is the area in which we are driving the 20 per cent reductions. We have been clear that that equates to an average year-on-year reduction of 4 per cent. We have now published much more granular data on head count within each of those public bodies, which was not previously available. That has been helpful in shining a light on where the opportunities are.

We have been clear about the toolkit that exists, such as the automation work within Government—the relevant unit has delivered more than 140 automation projects across the public sector, including some very effective ones in Social Security Scotland—or non-workforce reductions, such as those in procurement or estates. On estates, we have saved £52 million already. On procurement, we have saved more than £300 million over the past number of years.

There is a series of programmes. However, to say that we know exactly what contracts we will be able to work on in procurement and exactly how much that will deliver in years 4 and 5 across every agency would not be realistic. We have set the targets at a top level. We work hard to understand where the opportunities are and where the support is in place to enable us to deliver on what we need to do.

The Convener: The concern at this stage is that you have numbers and budgets for this year and it all sounds a bit woolly. This year's budget depends on £563 million of planned efficiency savings. The Scottish Fiscal Commission said last month that the Government had not yet reported progress on that. Will you tell the committee how much of that £563 million has been banked to date? I am asking not about how much is projected to be banked or achieved but how much has actually been banked. How many of those savings have you achieved?

Ivan McKee: What period is that for?

The Convener: That is for this financial year.

Ivan McKee: The current financial year?

The Convener: Yes.

Ivan McKee: It is a moving picture in this financial year. We get new data every month and every week from different parts of the public sector.

The Convener: We are more than halfway through the financial year.

Ivan McKee: We are tracking the head count reductions and the cost of the civil service monthly. I will get back to you on the specifics of that. However, across the piece, it is important to acknowledge that we have set the budget. You have talked to the Deputy First Minister about this already. We understand what the numbers are by portfolio and public body. They balance, as they do every year, so we will be on target to balance the budget this year, as we do every year.

As we move into next year's budget process, the same will apply. We will take account of the efficiencies that we have asked public bodies and

others to drive and will take on board the restructuring that will start to be rolled out over next year. That will be baked into the budget numbers and the budget will balance again.

I recognise the point. A lot of things are moving on the spend side and on the revenue side, such as consequentials that are not predicted, how the UK Government changes its spending patterns and how tax ends up. We are confident, as we always are, that we will balance the budget. We have done that for 19 years in a row.

The Convener: The trade unions' response to the programme for government was hardly celebration. Unison was quite bellicose in its response to the proposals for local government and the health boards. You have had issues with getting civil servants back into the office, because your policy of civil servants being in for two days is not being policed, as the unions agreed to the policy but will not agree to it being monitored. To what extent are the public sector trade unions in Scotland a potential roadblock to you achieving your reform programme?

Ivan McKee: We are working closely with all of our partners, including the trade unions. I meet them regularly. They have a job to do, and there will be things that they do not necessarily agree with in what we are doing. However, we are committed to engaging with them as early as we can in the process and informing them of what is happening.

I have written to public body leaders to make it clear that they should engage with public sector trade unions in their public bodies on the transformation work that is happening. However, the direction of travel is clear. We have been clear about the percentage reductions that we are seeking to achieve. As we move forward on that journey, we will work closely with trade union colleagues on it.

The empowerment of employees is a critical thing that is very close to my heart, because of how effective it can be when employees and organisations are empowered to come forward with opportunities to improve service delivery and make it more efficient. That is a big part of the work.

As I said, we are not going to agree on everything, but we work with trade unions to keep them informed. At the end of the day, as I mentioned in my opening remarks, various parts of the system will go through various phases of being unhappy about things, but the overall programme will move forward. I do not think that trade unions will be the biggest barrier that we will face. The bigger barriers are around culture, leadership and management in the public sector; we need to move towards greater collaborative behaviour, and base our thinking on system rather than on silos, and on joining things up and moving towards prevention. There are some excellent pockets of that, but more work needs to be done. It is also about the way that money flows through the system and the budget process. Those are the bigger challenges that we face, frankly.

The Convener: Do you have any sense of how much smaller, in head count, the overall size of the public sector in Scotland will be by the end of the process?

Ivan McKee: We have laid out numbers on that: 0.5 per cent a year over five years.

The Convener: Is that achievable?

Ivan McKee: Yes.

The Convener: Okay.

The next question is from Kate Campbell.

Kate Campbell: I have so many questions, but I will try to focus. On that point, do you envisage that we will have a better-resourced front line by the end of the process?

Ivan McKee: That is the intention. Obviously, there are cohorts of employees out there—be they in the health service, education or other parts of public service—whose job is very much about interacting directly with members of the public. That person-to-person contact is important. Social care is another obvious example where there would be scope, within what we are doing, to shift and reshape the workforce so that more staff are working in those particular roles.

Kate Campbell: You said in your opening statement that you feel that there are barriers that need to be overcome, and that part of that is aligning budget processes so that they support, not hinder, prevention and early intervention. Will you give an example of where things are currently being hindered by budget processes?

Ivan McKee: I have been a public finance minister through three budget processes now, and the way that we set the budget is through a one-to-one process with each portfolio, followed by a discussion about which portfolio is the highest priority or most deserving. The portfolios get their allocations; we look at what the Government is committed to; we line all of that up; and then we work around all of that to get to a point where the numbers balance.

That is all fine up to a point, but the result is that people are in their silos with their budgets, and that money cascades down to the various public bodies that sit in those portfolios. Everybody has an accountable officer; they all jealously protect their individual budgets and make sure that their numbers add up, and they get audited on the basis

of that. That means that, if we want to move to a prevention-focused system, it is difficult, because I need to spend money in one portfolio for another portfolio to save money, and the system does not reward that. If anything, it does the opposite.

If we look, for example, at digital spend across the piece, there will be duplication, people hiring the same staff to do the same job, people buying different systems and people buying the same systems but paying a different amount of money for them. It is like that all over the place. Unless we have clarity on that, and some control over the budget flow, it is difficult to address that.

It is the same with procurement and grants that we provide to third sector organisations. There is a whole list of areas in which, unless we get people into a place where the budget process is designed to support those moves, we ain't going to unlock the savings that we need to.

Kate Campbell: This sounds completely unconnected, but it will circle back—just trust me on this. Through the process, there will be a restructure of national health service boards and local government. Integration joint boards sit between NHS boards and local government. What will happen with them?

Ivan McKee: If you look at what we have identified and articulated so far—we are moving at pace—we have been quite clear about what we want to do in some parts of the public sector. One example of that is health boards and another is environment agencies. In other areas, we have been clear that we need to do more work to understand the opportunities, but that there are still things to be looked at, whether in cultural bodies or land and asset management. There is a whole list of them.

In all of that, there will be partnership, but local government is a special case, because it has its own democratic mandate, and it is important that we work very closely with those partners to shape what the future looks like. That is in the three-month period at the moment.

The First Minister has been clear that social care is an absolutely critical part of that, and, frankly, everyone agrees that that system is not working. To answer your question, I am not in a position today to say what the future of IJBs looks like, but the Government is moving forward to articulate its perspective on what the shape of local government could look like. We are working very closely—having had many meetings now—with the Convention of Scottish Local Authorities and other local government partners, to hear what they say and move that agenda forward. There will be more clarity as that discussion evolves over the remaining 70 days, or however many are left.

Kate Campbell: My experience is as a councillor. I was never on an IJB, but one thing that I found very frustrating in my nine years was that decisions were made in the IJB in which the clear priority was meeting statutory critical services, which meant deprioritising and defunding preventative services. That created a kind of doom loop of more statutory critical services, which felt very challenging to break out from. I welcome the review, but—and this is important, although I do not know what the answer is, and I am not saying that it is ring fencing—what is the Government thinking about how to protect preventative spend? It is, as you said, about people having responsibility for that preventative spend, because, without that, there will be continued statutory and critical pressure.

Ivan McKee: You are absolutely correct. Last year, we published a document that listed all the preventative interventions that the Government had made over the past 25 years. There were quite a lot, so to say that we have done nothing is not true. However, we recognise that there is absolutely more to be done.

Understanding happens not by just talking but by understanding, at a deep level, what the structural barriers are and how to address them. When it comes to understanding data, what happens and what drivers there are, we have the Government's prevention unit. To be honest, it is great—quite geeky. It gets about the numbers, the logic, the structures and the way things join up. It has produced some great analysis on that and has gone through the process of tagging the budget lines at a detailed level, so that we understand which budget lines are preventative, but not only that—clearly, there are different stages of prevention, depending on how deep they are and how long it takes for the impact to come back. A lot of that technical work has happened.

However, alongside that, we need to be in a place, as I said, in which we address the cultural aspects and the accountability piece. That is in workstream 2 of the strategy, in which we work with Audit Scotland to make sure that, when we audit people on what they are delivering for their money—precisely as you said—the process is flexible enough to enable a shift to prevention, or at least to stop it from not happening.

Kate Campbell: Just one more thing: it is also about accountability.

Ivan McKee: Yes.

Kate Campbell: If you are responsible for a budget and you see the benefit of that preventative work, you are far more likely to put money into it than if someone else does. I hope that that is fundamental in thinking about restructuring.

Ivan McKee: Absolutely. Again, people look at reducing the number of public bodies as being a good thing from the point of view of the removal of duplication, which is absolutely true, but there is a lot more to it than that. Even if we were not saving money on duplication, it would be worth doing because, frankly, the fewer dots you have, the easier it is to join the dots. If responsibility for more of the system is in one place, it is easier for people to move the money and priorities from reactivity to prevention, whereas, if there is a wall, it is much harder.

To be honest, I have been really encouraged in that members of the Cabinet are looking closely at how they do that, and trying to articulate how they think money should be spent in other portfolios to help their own. That system thinking is starting to become more embedded.

The Convener: Mark Griffin has some questions on social care.

11:15

Mark Griffin: The Government has said that reform of social care is one of its top priorities. Are you able to set out what the delivery of social care and accountability for that will look like? Does the Government have a detailed view on that at this point?

Ivan McKee: As I said before, it is important that we work and engage with partners. If we come out on day 1 in that space and say, "Here's what we think," everyone will say, "Why are you not talking to us? Why are you not listening to us?" It is important that we work through that process, listen to the voices of others and take that forward in partnership as effectively as we can.

Having said that, we have a clear time limit—90 days—and we are marching through that. We are in week 3, or whatever it is now. Through that process, the Government will provide more granularity on what we think the shape of social care reform could look like. We will not wait until the end; we will do that as we walk through the process. I gave the same response to Kate Campbell's question on IJBs—the Government's thinking on that is evolving as we engage with partners on what the detail will look like. However, the principles are clear. The system is not working at the moment. Delayed discharge is not coming down in the way that it needs to come down. There are issues with different pots of money and different budgets not being joined up. The First Minister has also been clear that the health service needs to take the lead on that. That is the shape of it, but the details will be articulated as we move forward.

Mark Griffin: Can you go into the Government's thinking on why it has been so forthright and clear about the reform and reorganisation of health boards, for example, but is taking a different approach to other aspects of the public sector? Why the variance in approach?

Ivan McKee: There is a combination of reasons. As I said, environment is an example where we have got some clarity on what we think can be done—work has been done previously and a bit of thinking is being done. In other areas, we know that there are things that need to be looked at but, for a variety of reasons, we are not yet in a place where detailed proposals have been worked up. In effect, we have fired the starting gun on that and made it clear to leaders, partners and others in those areas that now is the time to come to the table with proposals. We are starting to see that, which has been very encouraging. It is great that people are starting to come forward and say, "I hear what you're saying, but if you tweaked it slightly, we can get a better result," or, "Here are some things you need to consider in how we take this forward." That is good, because it has started the process.

As I said, the issue of local government is particularly specific, because we need to be cognisant of local government's democratic mandate. The process that we have structured in local government to take that forward is very important.

Mark Griffin: As you said, the First Minister said that he expected the reform of social care to have a health-led approach. Will that be the case across the provision of the wide range of social care services? The example that I gave to the Cabinet Secretary for Finance last week was child protection services. There will be other areas where it may not necessarily be appropriate for development to be health led. What is the Government's thinking on whether it is appropriate for the reform of social care to be health led in its entirety, whether there will be a breakdown of the services in social care, or whether there is a more appropriate lead elsewhere?

Ivan McKee: The point is absolutely valid. If we drew a big map of the whole public sector and laid it out, it would cover the table. We would need to draw a line somewhere. You are right. There are lines between social care and health that need to be addressed. There are lines between social care, social work and child protection, which takes us into the education space. However, we are hugely cognisant of the fact that there are bits in that delivery landscape that would not necessarily sit well in the health space—everybody recognises that. I will not go into detail now, because I do not want to pre-empt where we end up on that, but your point is absolutely valid. We need to be clear about what sits where, and the engagement with partners at the moment is part of that. If you have

thoughts on that, I would love it if you sent them to us.

Mark Griffin: I will do.

I move on to local government reform in the programme for government, which may have been a surprise to some. We would be discussing reform for the first time in 30 years, so what do you envisage local government looking like at the end of this session of Parliament?

Ivan McKee: Again, there is a process that we are going through, but there are some clear principles.

Those of you with time on your hands can look back at previous reorganisations of local government—not just in the 1990s and 1970s; there were three or four before that, going right back to the middle of the 19th century—and see that it is a thing that happens periodically, to reflect the way in which society moves on and the services that we seek to deliver.

There are two things that we recognise need to be addressed at a conceptual level, leaving aside the detail of the structures that we will seek to work with partners to put in place. That has been clearly articulated in the line that the First Minister has used—although others have said that they used it before him. I do not know who said it first, but the line is that local authorities are

"too small to be strategic and … too big to be local",—[*Official Report*, 1 September 2026; c 32.]

which effectively encompasses the situation, and everybody recognises that.

Increasingly, there are economies of scale that can be delivered at a regional or national level that it does not make sense not to take, for the fiscal reasons that we have talked about, and which, frankly, will have very little bearing on how services are delivered locally. There is also a huge level of recognition that there is a real issue with community empowerment—with individual citizens feeling part of the community and with citizens and communities feeling that they can influence decisions that are made close to where they live. The challenge that we have is to do both of those things: to provide economies of scale at a regional level and strategic oversight on matters such as economic development, transport and skills development—there is a lot that fits together in that regard, without those boundaries in place—while, at the same time, providing a mechanism that enables community empowerment at a much more local level, so that people feel that they have real influence over the decisions that affect them, close to them and their communities.

Mark Griffin: We are talking about local government reorganisation for the first time in 30 years, but the system of local taxation pre-dates that reorganisation, so is it credible to talk about local government reorganisation in that case?

Ivan McKee: Clearly, the council tax system is getting looked at. It is important to recognise that people often talk about those things together, but they are two separate things. The discussions that we have been having with COSLA for some time start from the premise that changes to local taxation will be revenue neutral, so the idea that we will reform council tax and that that, of itself, will generate a whole bunch more money for councils is not the way in which the discussion has been framed with COSLA. The discussion is about how you would update revaluations and how you would look at proportionality, banding and so on, on the basis of revenue neutrality. That is an important piece of work, and we have been clear that there must be consensus on that, because, otherwise, to be honest, it becomes a political football, and people take advantage of that, which is not helpful. However, that is just the reality of the political environment we live in. We have taken steps in relation to the higher-value properties, as a first step in that direction. That piece of work is important, but it is separate to what we are doing on the structure of local government.

Mark Griffin: I completely accept and agree that those matters are entirely separate, but when the narrative is, in essence, that Glasgow is eyeing up East Dunbartonshire or East Renfrewshire, because they see juicy council tax receipts, they start to intertwine, which is why I raised that. Does the public discourse on how the reorganisation is motivated by council tax mean that it then enters the conversation?

Ivan McKee: That is a fair point, and it is important for people to focus on what is important and the value of operating at a strategic level. To use the example of Glasgow, already, the city region deal and the economic partnerships are increasingly effective at delivery, and they have some real opportunities, so it is important to understand that.

I have made my comments on the work that is happening on council tax per se, but how that money would flow through the system is a valid part of the conversation about local government structures. You might keep the same council tax, but deciding how that money is moved around the system is also important, if we are looking at what happens at the regional level and the community level and how all that fits together, so there are discussions to be had on that.

The Convener: Before I bring in Thomas Kerr, I note that, in the last session of Parliament, the Government could not get a national care service over the line. In effect, it fell apart twice. In the course of this session, you are proposing the

wholesale reform of quangos; the reorganisation of local government; the reorganisation of health boards and a significant reduction in their number; and the potential transfer of the lead function for social care from councils, which opposed the idea last time round, to health boards. Yet, you are telling us that you do not have the dots on the maps and the maps have not been drawn. Are you not woefully biting off more than you can chew?

Ivan McKee: We have a high-level ambition for our country, which we will deliver on.

The Convener: You could not deliver a national care service last time round, which was a flagship SNP policy.

Ivan McKee: The programme for government sets out the ambition and we have been clear about the scale and scope of it, as well as the timelines that we are working to. As I say, we are now whatever number of days it is into a 90-day engagement process with local government, at the end of which we will have proposals to take forward. We have been clear about what we need to address and how quickly we are going to do that. Other aspects will take shape as the detailed work is done. The momentum is important and you will see more of that as we move forward.

On the extent of change, it comes back to culture. When people are in an environment where change is unusual and it has been kicked around and talked about for a long time, things take a long time. When you set short deadlines and the culture moves towards having change as a normal part of business as usual for leaders, then the wheel will start to move faster and change will happen more speedily and more effectively than it may have happened in the past.

Thomas Kerr: Good morning, cabinet secretary. After 30 years, I welcome the ambition. I am glad that you are feeling optimistic. Down south, some local authorities have been restructured, but the process has come up against a brick wall as some local authorities have challenged it and they have had to be dropped from the restructuring programme. How confident are you that we will not be in the same situation in five years' time as the restructuring programmes move forward? It will be mid-council term when we start to see the bones of what those things will look like.

Ivan McKee: We are conscious that there will be challenges, which I laid out at the start. In any transformation process, people will have a different perspective on things. It is important that we work with partners to bring the changes on board. The processes are important. At the end of the day, as we all recognise, there are challenges, including public service delivery and people's experience of it, immigration,, the fiscal challenge and people's engagement at community level. All those challenges need to be dealt with. It is important that the Government is leading on that and making it happen.

Thomas Kerr: The community aspect is important. The Government has said that public service reform will put more power in the hands of regions and communities. Could you name three significant functions that are currently controlled by the Scottish Government or its national agencies that you believe could be transferred to regional or local councils or local authorities, together with budgets that would give them the further powers that we would like them to have?

Ivan McKee: That conversation is taking place, and I do not want to pre-empt it. I made the point in conversation with COSLA recently that my message to those who are working in local government is that, where services are provided by public bodies, those public bodies will also be going through a reassessment of the delivery landscape. If we think that something can be delivered more effectively regionally, we are up for that conversation.

As I have already said, economic development is an important area. It is really important that we do not lose the golden goose of Scotland's attractiveness for foreign direct investment. Scotland has been leading the UK on that for many years and, as part of our overall work, enterprise agencies are up for conversations about making their work more effective. Transport is already structured regionally, but we will consider how it fits the picture. We also talk about the economy and skills regularly. There are quite a few areas where there are good conversations to be had. I am sure that other areas will come up.

11:30

Thomas Kerr: With my Glasgow City Council hat still on, I am sure that I speak for the council when I say that we look forward to some of those powers coming down to council level. The city faces huge challenges with regard to the overall budget, and I think that it would really help us if some of those powers came down to local authorities.

My final question relates to an issue that was alluded to last week when we took evidence from the Cabinet Secretary for Finance and Local Government. The phrase that you mentioned that the First Minister used,

"too small to be strategic … too big to be local",—[*Official Report*, 1 September 2026; c 32.]

is a good one that sums up many of our councils. Are there any particular local authorities that you think fit into those categories? It would be helpful

to hear what your thought process is in that regard.

Ivan McKee: The issue is that practically all local authorities—there are some exceptions—fit into both categories.

The Convener: I will bring in Morven-May MacCallum.

Morven-May MacCallum: I want to take a closer look at social security. The Government's spending review includes plans to save at least £6 million per year by reducing errors in benefits spending. What errors are occurring that are costing £6 million per year?

Ivan McKee: I am sorry, but I am not close to the detail on that. That would be a question for Ms Somerville. We can get back to you on the specifics of that. Every part of Government and the public sector has its own operational issues that it is addressing, but I do not have the detail on that to hand.

Morven-May MacCallum: My second question also relates to errors in benefits spending. People who receive support from Social Security Scotland will be concerned about repayment requirements potentially being placed on them in the light of any changes. Are you able to confirm that there will be no requirements to repay any historical overpayments that have occurred as a result of errors on the part of Social Security Scotland?

Ivan McKee: Again, that is a question that you need to put to Ms Somerville. It is not an area that I am able to talk to effectively.

Morven-May MacCallum: The latest ADP statistics show that, of the more than 16,000 appeals that have been lodged, only 6,200 have been heard. How is that being addressed and rectified?

Ivan McKee: Again, that is an operational issue for Social Security Scotland. Ms Somerville will be across the detail of that, but it is not an issue that I am able to talk to.

Steven Bonnar: Welcome to the committee.

Ivan McKee: Thank you.

Steven Bonnar: I want to focus my questions on community empowerment. When I was a councillor, back in 2015, I was really enthused and excited by the Community Empowerment (Scotland) Bill when it was announced by the Government. That excitement was quickly diminished when many local authorities said that they did not have the capacity or the scope to deliver much of the bill that was enacted, so it is great to see that the Government is looking to utilise the Community Empowerment (Scotland) Act 2015 to empower our communities.

If community planning partnerships are the primary mechanism for place-based public service reform, what is the minimum level of capacity and performance that you expect from CPPs? What will happen when a CPP does not deliver that?

Ivan McKee: When it comes to community empowerment and asset transfer, there will always be discussion about whether any specific example of that will work. I have been involved in a few local cases in where a wee nudge has been required to get them over the line. I think that the legislation is good, but that does not mean that assets will always be moved over to communities. Often, that will not be the right solution. However, as a piece of legislation, the 2015 act has, for the most part, been very effective and helpful in what it has delivered.

As far as future structures are concerned, community planning partnerships have an important role to play, because they bring partners round the table. It is important that we work through where we might end up with regard to local government structures. As part of that process, we can look at what the most effective mechanism is for enabling things to be joined up more effectively through CPPs. On aspects such as economic development, some of the CPP partners are more effectively engaged at a regional level, whereas, with other aspects, we might want to take a more local, community-level approach than is possible the way things are currently configured. That would change the shape of the process with regard to who we would want to have around the table and what would be discussed. I am thinking, for example, of how we deliver front-line interventions such as whole family support, which are important for people.

As part of the reform process, there is scope for us to look at what CPPs could and should look like and how best they should be shaped for the future.

Steven Bonnar: That leads on to my next question. Are CPPs continuing as co-ordination forums, or do you see them having sufficient influence over budgets and service design? That would, of course, help to drive the genuine reform that we need to see in our communities.

Ivan McKee: That is a good point. It goes back to some of the stuff that we talked about before, about different pockets of money and different silos not being joined up effectively and, unfortunately, in many cases, being jealously guarded, which is not in anyone's interest.

Integration is one of the core Christie principles and it is right at the forefront of our thinking. I would not want to pre-empt any of that. However, the direction of travel around more local empowerment and more integration across different bodies—of which there will be fewer if we

do the public body landscape review part of this in parallel—is a really important part of this. We are also very much in the business of hearing from those who have a perspective on what good would look like in a future set-up.

Steven Bonnar: To have community empowerment, we need to have community engagement. The results of the Scottish household survey are disappointing. For example, only 19 per cent of respondents said that they feel that they are able to influence local decisions. What does that tell you about whether the existing participation structures are working? I do not think that they are. What do you intend to do about that?

Ivan McKee: You are absolutely right—you have hit the nail on the head. As I said at the start, the community empowerment piece of this is absolutely central. If anyone has any doubt about that, they need only look at those statistics or even just talk to people in their community. I talk to the people I represent and to community groups and individuals, and, every week, I see that they feel that they are not able to make the change that they need to make locally.

That is absolutely at the core of our thinking. It is important that we have in place the mechanisms to enable more local engagement to happen. That applies to community planning partners around the CPP table as well as to third sector organisations and community groups, which are also a really important part of the jigsaw.

Steven Bonnar: I do not want to push you on a figure, but how should we, as a committee, measure success in that area? Is there a ballpark figure that you would like to see in terms of engagement from local communities in relation to the programme that you are trying to deliver?

Ivan McKee: To be honest, the number that you quoted is as good a place to start as any. We would want, over time, to see that number moving in the other direction. That is a helpful indicator of the problem that we face. It will obviously take time for this to bed in, and then for it to be felt in communities, but I would hope to see that number moving over time.

Through this process, we would also like to create a sense that we are very firmly moving in that direction, and we would like people to feel enthused about, and able to become part of, those structures. To be honest, we also want communities to come forward and say, “This is what we think community empowerment should look like, and this is what our area would benefit from having the powers to do.” We are absolutely keen to have that engagement.

Gary Bouse: It is interesting that we are talking about people working in silos and such like.

In relation to the invest to save fund, I will give a bit of a personal view. As you know, I am a councillor in Falkirk, which has a council of the future programme—they took away the previous name—whereby it puts in £1 million a year and the return from it is £4.5 to £5 million every year.

At the moment, invest to save seems to involve £6 million for local government. Sometimes, we have to pump-prime change, as we did with community asset transfers, of which Falkirk has done 26 over the past year and a half or two years. That had to be pump-primed as well, but, through having done that, the saving is coming. As well as with local government, is it possible to do that with the NHS and various other things?

The council of the future programme in Falkirk involves front-line staff, managers, senior managers and directors. However, the biggest hit is from the front-line staff. It is amazing what they find and what they teach us. It is something that I would like to see more of. Is there a plan to expand it in the future?

Ivan McKee: Are you asking about invest to save?

Gary Bouse: Yes.

Ivan McKee: There are a few points there. You made a really important point about the need to empower front-line employees across organisations. We have stressed that, and it is at the core of our engagement with the trade unions. I do not think it is controversial to say that everyone probably agrees that public services are overmanaged—if I can put it that way—because of the number of layers of management, so that is firmly in our sights as we look at best practice and at what good looks like. That, in itself, will create an environment in which employees feel empowered to come forward with good ideas, so that is an important point.

Invest to save was designed to tackle the problem of prevention and is a step in that direction. It is on a relatively small scale at £30 million, but it is really important. If I have a budget and you have a budget, and if I spend money from my budget but you get the benefit of that in three years’ time, I have zero incentive to do that. The whole point of invest to save is to provide a pot of money for different bodies and portfolios to bid into together, so that, if they take some of that money and spend it here and now, the benefit will come back in future years and they will be able to pay back what was invested. It is an investment to save, and that is an important point. It is not free money; it will come back into the system and circulate through the fund again, but it will take away some of the barriers.

We earmarked a proportion of that fund specifically for local government, and that is the bit that you are benefiting from in your really interesting work on the council for the future programme. I am keen to continue that work and scale it up over time, precisely so that we have a mechanism that allows us to invest in preventative opportunities when they arise.

Gary Bouse: You know that, when a business wants to make a change, it has to pump prime that to make it happen.

Ivan McKee: Absolutely.

Gary Bouse: That can sometimes be a challenge when you are looking at budgets, but it is worth doing. We should be scanning the horizon and looking over a longer period.

Ivan McKee: Absolutely.

The Convener: We have brief supplementary questions from Kate Campbell and Morven-May MacCallum.

Kate Campbell: My question circles back to Steven Bonnar's point. One line in the meeting papers that jumped out at me was that CPPs are

"the primary mechanism for place-based public service reform".

I see some big challenges with that. In my experience, the people you really want to have coming to represent the community are often too busy to do that because they are doing other things. You can end up with organisations that take an overview but that are not on the front line and cannot represent what people in the area are experiencing. If you are going to tempt the people who are doing really good work in communities to come to, and engage with, a CPP, there must be tangible outcomes for them, because they tend to be outcome-driven people. How will the Government make it appetising for people to take part in that important aspect of democratic reform? How will you give people the concrete reassurance that they will effect change?

Ivan McKee: I am really glad that you have made those hugely important points. Those observations hit the nail on the head.

As I said earlier, as we work through the process and discuss with local government partners and others what the future of local government looks like, we will ensure that we have exactly that piece in place, because it is a really important part of making that happen.

The detail is still to be fleshed out, and it is important to do that through the 90-day period. We will look at what the community layer looks like and how it engages with others. I believe that it will be easier to do that at a small scale, because we will be closer to those front-line organisations. It is hugely important to do that, to get the structures right and to give people confidence that they can effect change.

11:45

Morven-May MacCallum: I was reflecting on the answers that you gave to my questions. To be honest with you, I am quite disappointed with them. My questions related to what was included in the briefing that was provided by the Scottish Parliament information centre and referred to a major part of a cost-cutting exercise that falls under your portfolio. I appreciate that you might not have the answers to my questions right now, but I would be grateful if you could address them in a letter to the committee at a later date.

Ivan McKee: To be clear, are the questions specific to operational aspects of Social Security Scotland, in terms of how it is managing benefits?

Morven-May MacCallum: They are in regard to page 7 of the SPICe briefing, which is on reductions in errors reducing benefit spend by at least £6 million per annum. I was asking what the errors are and about the issue of repayment.

The Convener: The committee has papers that are not made available to the minister, so he would not necessarily be aware of the SPICe briefing in this instance. However, it is a core part of the minister's public sector reform programme, so it is a live issue.

Ivan McKee: Social security is in Ms Somerville's portfolio, and any operational issues around claimant rates or error rates fall within that portfolio. As I said, I will ask Ms Somerville to come back with answers to those specific points.

Morven-May MacCallum: I would be grateful for that, because this is about reform of the structure, which is under your portfolio.

Ivan McKee: The reform of the structure is about considering what Social Security Scotland does. There is no point in having a conversation about this, because everyone has different views on it, but the operational specifics of how failure rates are managed are, as with any public body, dealt with at an operational level.

We will come back to you with answers to your questions.

Morven-May MacCallum: Thank you. I appreciate that.

The Convener: Before we close, cabinet secretary, I will give you the opportunity to answer a question that I am not sure those who watched last week's Public Service Reform Committee thought you answered fully. It was put to you that the modelling that the Scottish Government should

undertake around something as major as reducing the number of health boards would presumably point to the savings and efficiencies that would flow from that. However, in an exchange that you had with my colleague Murdo Fraser, it emerged that the modelling had not been done. You said:

"We need to work through the details with the health service. There was a limit to the work that we could have done with the health service before we made the announcement."—[*Official Report*, *Public Service Reform Committee*, 10 September 2026; c 20.]

That was specifically about the modelling of the savings and efficiencies that could flow from the reform. If that modelling has not been done, I presume that you are undertaking to do that. If that modelling then showed that your proposal to reduce the number of health boards to two would not cut the mustard, would you be open to doing something dramatically different to that, or is there a sense that the Government is working towards a predetermined outcome, even though you do not necessarily have the evidence that it will work?

Ivan McKee: There are two different things. There is the specific question about what the detail of the proposal will look like. Now that we have indicated the point that we want to reach, chief execs, directors, managers and all those who work in those services are starting to work through what it means for the different services—primarily back office but front facing as well—that we provide. What will the opportunities be for consolidation, removal of duplication and so on? All of that will be worked through, and Ms Constance is leading on that work.

We are consolidating health boards for strategic reasons. It is difficult to move patients at the moment, which means that the service does not work effectively. It is difficult to move staff, which means that we cannot maximise capacity across the system. To go back to previous points, it is difficult to move money around, which means that resources are not necessarily in the right place to deliver what is needed. You see that at a macro level, but you also see it when individuals get stuck because they cannot cross boundaries for the many reasons that I just articulated.

It is for those strategic reasons that we will remove those barriers and open up windows for more efficiency savings and significant improvements in service delivery. However, the detail of exactly how many pounds, shillings and pence will drop out at what level and at what point is currently being worked through.

It takes us back to the point that the reform is primarily about improving customer service delivery. Savings will emerge as a consequence, but this is not a savings-led exercise; it is about delivery.

The Convener: Just to go back to the discussion that you had with Mr Kerr about local government reorganisation and reform—I think that others alluded to it as well—the Cabinet Secretary for Finance and Local Government said to us last week that the changes will be made with councils, not to councils. For example, East Lothian Council has said that it does not want to be part of any Lothian regional council. Earlier, you mentioned local accountability and democracy. Can you give a cast-iron guarantee that, if a council opposes being merged, the Government will not do that to it, but will only act with it?

Ivan McKee: We are engaging with COSLA and others in discussions about what the future of local government looks like. It is our responsibility to address the challenges that we have talked about today, such as how we empower citizens and communities, ensure that we deliver strategic services at the right level and do so as cost-effectively as possible, given the need for fiscal sustainability. We will continue to engage with partners as we work our way through this process over the remaining 70 or so days.

The Convener: Thank you for your time, cabinet secretary. We have run slightly over time. Is there anything that we have not covered that you would like to put before the committee?

Ivan McKee: No, thank you.

The Convener: Okay. Thank you very much indeed.

11:51

Meeting continued in private until 12:12.

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