

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 19 November 2008

Session 3

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2008.

Applications for reproduction should be made in writing to the Licensing Division,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by RR
Donnelley.

CONTENTS

Wednesday 19 November 2008

Col.

INTERESTS	1407
DECISION ON TAKING BUSINESS IN PRIVATE.....	1407
CHILD POVERTY INQUIRY	1408

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

29th Meeting 2008, Session 3

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Alasdair Allan (Western Isles) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow) (SNP)

*Patricia Ferguson (Glasgow Maryhill) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

*Mary Mulligan (Linlithgow) (Lab)

Jim Tolson (Dunfermline West) (LD)

*John Wilson (Central Scotland) (SNP)

COMMITTEE SUBSTITUTES

Brian Adam (Aberdeen North) (SNP)

Paul Martin (Glasgow Springburn) (Lab)

*Alison McInnes (North East Scotland) (LD)

Margaret Mitchell (Central Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Rhona Cunningham (Fife Gingerbread)

Shona Honeyman (Working for Families Glasgow)

Laurie Russell (Wise Group)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

David McLaren

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 4

Scottish Parliament

Local Government and Communities Committee

Wednesday 19 November 2008

[THE CONVENER opened the meeting at 10:00]

Interests

The Convener (Duncan McNeil): Good morning and welcome to the 29th meeting of the Local Government and Communities Committee this year. I remind everyone to switch off their mobile phones and Blackberrys.

We have received apologies for absence from Jim Tolson, so we welcome Alison McInnes as his substitute. I invite Alison to declare any interests.

Alison McInnes (North East Scotland) (LD): Thank you, convener. I have no relevant interests to declare.

The Convener: Thank you.

Decision on Taking Business in Private

The Convener: Do members agree that we should take item 3 in private?

Members indicated agreement.

Child Poverty Inquiry

10:00

The Convener: Item 2 on our agenda is our inquiry into child poverty in Scotland. The theme of our evidence this morning will be supporting parents into employment. We welcome Rhona Cunningham, who is manager of Fife Gingerbread; Shona Honeyman, who is development officer for working for families Glasgow; and Laurie Russell, who is chief executive of the Wise Group. Welcome to you all. I understand that you may wish to make some opening remarks. If so, I will allow that before we move on to questions from committee members.

Rhona Cunningham (Fife Gingerbread): Hi. I am manager of Fife Gingerbread. Our interests lie with lone-parent families, and it is difficult to say the words "lone parent" and separate them from poverty. That should set the scene for where I am coming from.

Shona Honeyman (Working for Families Glasgow): Good morning. I am from Glasgow City Council. I have been involved since 2003 in the development of the working for families programme, from the Scottish Government policy through to the successful implementation of the programme in Glasgow. We have gathered a whole body of evidence on the issues and barriers facing parents moving into employment.

Laurie Russell (Wise Group): Good morning. The Wise Group has been going for nearly 25 years; our 25th anniversary is coming up in two weeks' time. We started out just after unemployment in the United Kingdom had hit 3 million in 1983. Over the 25 years, our work has focused on getting various people who were outside the labour market, and various groups of people, into work. Those people include lone parents and other groups of people who are the furthest away from the labour market.

We started with a concept called an intermediate labour market, in which we combined training with work experience and the development of clients' softer skills, to get them into work. Last year we got 3,653 people into work; and over the 25 years we have got more than 25,000 people into work.

This morning I hope to concentrate on issues that have arisen from our clients' experiences of poverty and child poverty. In particular, I will concentrate on ways of getting people into work, retaining them in work, and supporting them once we have got them into work.

The Convener: Thank you for those brief but helpful remarks.

Alasdair Allan (Western Isles) (SNP): I have a question for Rhona Cunningham. Fife Gingerbread's written evidence expresses some concerns about how policies that aim to get people into work can be reconciled with policies that aim to support lone parents in their role as parents. Would you like to say anything more about that? You clearly have concerns about the direction of present policies.

Rhona Cunningham: We do have concerns, mainly in relation to welfare reform, which is a Westminster policy. The Childcare Act 2006 places a duty on local authorities in England to provide adequate child care provision for all parents who want to go into training, work or education. However, the act does not apply in Scotland. In Scotland, we leave decisions to local authorities. Obviously, the budgets of local authorities are now lined up with national outcomes and the single outcome agreements. Child care is covered somewhere, but it is not a clear priority, which is a real concern.

Alasdair Allan: The matter is reserved to Westminster, but you touched on it as it relates to the responsibilities of the Scottish Parliament and local authorities. What direction should be taken in welfare policy or benefits policy to allow lone parents to carry out their duties as parents?

Rhona Cunningham: Policy should be more flexible. The mandatory nature of welfare reform is out of step with the realities of parents.

I appreciate that employment is a route out of poverty and is good for families, but it is not always good for things to be mandatory. When something is mandatory, there is a clear tendency for agencies to cherry pick people who are closer to the employment market rather than put in the long-term support provisions that are needed if families are to overcome the barriers and get into sustainable employment.

I am not sure whether I have answered your question.

Alasdair Allan: You have. One of your concerns is that there is an assumption that, when people get work, it will be possible to tailor it around school holidays and school times. Does that continue to be a problem? Is it being addressed in any way?

Rhona Cunningham: We work tightly with Jobcentre staff, who are good at saying, "We will match up lone parents with employment that fits school term times," but I do not know where that employment is. A large amount of such employment is not available to parents, so there is a mismatch. Even if employment did match up with parents who have kids at school, employers are not going to let them take off all the school holidays and all the in-service days and take into

account days when children are ill or play up or are expelled from school or whatever. There are massive concerns.

The Convener: Do those problems not apply to everyone who has a family?

Rhona Cunningham: They do, but in a lone-parent family there is no one to take turns with. They do not have someone else there, so they cannot say, "Can you go and see the headmaster today? I have to go to a meeting." When wee Jimmy is sick, they cannot say, "Can you change your shift so that I can stay at home?"

The problems apply to everybody, but there is a massive difference for lone parents. A lone parent is the only parent who is responsible for bringing up their child. They do not necessarily have around them a network of people who are ready to jump in.

The Convener: We are interested in the solutions. We understand in broad terms what the barriers are, but how can we move on and support people who are in that situation? You said that there are not many jobs where people can work only during term, but in my experience many people complain that they do not get paid holidays, including people who work in school canteens and as classroom assistants. Those people only get paid during term time, and they get the school holidays off. I am getting a bit confused. Perhaps the other witnesses will comment.

Shona Honeyman: Term-time working works for some people. It often works when someone thinks that they want to go back into employment and that is their first step, but we are considering child poverty, and term-time working does not address the issue of in-work poverty. Sometimes, people just move from benefit poverty to in-work poverty.

One solution is to have a far more flexible child-care system that meets the needs of parents and children, that allows parents to work in jobs that they would like to do rather than in jobs that they have to do, that meets current child-care needs, and that allows them to go through the education and training route into employment. That is one way to help parents—particularly those who have no or few qualifications—to attain jobs and make work more sustainable. With such a system, people have a route out of poverty, rather than just a route from out-of-work poverty to in-work poverty.

Laurie Russell: We agree that the availability of flexible and affordable child care is a major issue. We do not have enough child care to meet parents' needs. That is certainly true of lone parents, but it is also true of other parents who want to get into work.

The Wise Group runs two nurseries as intermediate labour market training projects—at the same time as running a nursery, we provide training opportunities for unemployed people who want to train as child care assistants. It is difficult to make those projects break even—to run them at a cost that is affordable to the clients who want to use them, without our making a loss. Recently another project in the city, childcare works, was closed for that reason.

When we say that child care is not affordable, we are not talking about a huge sum of money. When I look at the front page of today's edition of *The Herald* and see the wages that bankers are paid, I get more annoyed about the fact that we are shutting down facilities for people who are getting into work at relatively low pay. A related issue is ensuring that we move towards getting people into jobs on what might be described as a living wage, rather than the minimum wage. We can have that aim, but not all the jobs that are available are paid at a living wage. However, we can campaign to ensure that the public sector pays a living wage, so that parents have the option of paying for child-minding solutions other than the child care facilities that are available.

Patricia Ferguson (Glasgow Maryhill) (Lab): Good morning. In its submission, Fife Gingerbread refers to the Childcare Act 2006, which applies in England and, presumably, Wales. Could that legislation be replicated in Scotland? If so, would it have the kind of impact that it seems to have had in the rest of the country? Would you like the committee to suggest to Government that it introduces such legislation?

Rhona Cunningham: Yes. It is okay to pass responsibility to local authorities, but if there is a national drive to get people into work it must be backed up with support mechanisms. There is danger in assuming that that will happen, because when there are many different priorities, providing support mechanisms may be the one that is not fulfilled.

Patricia Ferguson: That leads me to my second question. I realise that because of her work situation Shona Honeyman's response may be slightly different from those of the other witnesses. Have you had any discussions with Fife Council, in the case of Fife Gingerbread, or other local authorities, in the case of the Wise Group, about single outcome agreements? Have you had the opportunity to make points about the money that is needed to underpin child care and other support for both lone and double parents? If not, would you value having such an opportunity in the future?

Rhona Cunningham: We have had the opportunity to speak to Fife Council because, as part of the voluntary sector, we work in partnership

with the council. We have a voice, but it is sometimes a quiet voice that is outnumbered by many different services. As Laurie Russell said, there are many different child care facilities. In Fife, One Parent Families Scotland provided a service called child care at home. That was a flexible approach to child care, which involved a childminder going into homes to watch over children. We lost that service because of funding cuts. Instead of funding pouring into child care, some trimming is taking place, which is concerning.

Laurie Russell: We have not raised the issue with local authorities specifically as part of the single outcome agreement process, but we would welcome the opportunity to do so. It is important that there is a dialogue between agencies that deliver services—we are one of the agencies in the third sector that does that—and policy makers. Sometimes the divide is such that policy makers do not listen to delivery agencies as much as I would like. We research, examine and analyse the real experience of our clients, which helps to inform policy making. We have a good dialogue with some local authorities, but with others dialogue is non-existent.

10:15

Shona Honeyman: As I am from a local authority, perhaps I should have been involved, but my involvement has been more tangential. I have been trying to feed some of what we have learned from four years of the working for families programme into the single outcome agreement. In Glasgow we are trying to move towards a wider child care strategy that does not simply use a social welfare model but also encompasses the employability model. It has to meet a wide spectrum of needs.

The Convener: On the same theme, the Wise Group's submission said that there could be a danger in adopting a blanket policy, given the differences in child care provision north and south of the border. Would you like to comment on that?

Laurie Russell: In one of my early jobs in the late 1970s I was involved in helping to set up the first flexible children's centre in Strathclyde region, in Faifley in Clydebank. Also, my wife works with pre-fives. My frustration, having known the pre-five service for over 30 years, is that we have always funded it as something at the periphery. We have used mechanisms such as the urban programme, European funds or whatever temporary funding has been around. I know that there is mainstream nursery provision, but the flexible, affordable child care that we are talking about to support people back into work has been funded at the margins for 30 years.

With all due respect to those local authorities that have had policies, and although there have been policies and strategies to integrate child care for a number of years, they have not been put into practice because the funding has not been there. I believe that child care is a basic public service. If we do not provide it, we will not get the group of people that we are talking about into work. If we cannot get that group of people into work, we will not solve some of the poverty issues that the committee and we are keen to solve. It is not the only issue, but it is one of the fundamental issues. You are right that the situation varies from local authority to local authority, but the main point is that, for 30 years or so, provision has been funded from short-term funding sources.

Mary Mulligan (Linlithgow) (Lab): You have almost answered my question, but I will ask it in case there is any more information. Rhona Cunningham mentioned a valuable project in Fife and the submissions raise issues about the loss of One Plus and the childcare works project. Are we making progress or are we going backwards?

Shona Honeyman: We made progress, but in the current climate some projects are being lost. I support Laurie Russell's point. We need a child care strategy in Scotland that funds child care as a service that supports parents and children by addressing the children's education and welfare needs and the employment needs of their parents, rather than funding child care facilities as projects. Until we have that, we will continue to replace one thing that falls with something else. This afternoon I am having a meeting to try to secure funding for next year for a service in Glasgow that we have spent four years building up. It supports approximately 100 parents who cannot access mainstream child care because they work before 8 in the morning and after 6 at night; they work at weekends and they work alternate shift patterns, and they cannot afford to pay for full-time child care every week when there are times when they do not need it.

Mary Mulligan: Before I let the other panel members come in, can I ask what you mean when you refer to the current climate?

Shona Honeyman: The single outcome agreement has been very good, but it has also brought a new way of thinking and people are sometimes conservative in how they implement it. There are squeezes on budgets in local authorities, so they are looking to make savings in this financial year. Projects that perhaps might have been funded will not be funded and services that are coming to the end of a project run, which we would have expected to be taken up by local authorities, will not be. Child care services fall within that, because they are project funded.

Rhona Cunningham: I endorse the points that Shona Honeyman made. Although the principle of single outcome agreements is to be applauded, there is a certain amount of nervousness on the ground. We see a definite nervous shift towards providing services that appear to fit the gap much better. Prior to the current Government—and going back a long way—child care funding was ring fenced, which meant that that was what local authorities had to spend the money on. It is worrying that that ring fencing has been removed.

Laurie Russell: We probably all agree on that. I emphasise Shona Honeyman's point about the service in Glasgow catering for 100 families. I do not know precisely what the need in Glasgow is, but I know that it is an awful lot more than 100 families.

Shona Honeyman: That is the capacity at the moment.

Mary Mulligan: I have a slightly different point, although other members might wish to pursue what you just said. Laurie Russell mentioned the pre-five strategy, but there are clearly also issues for children at school who need out-of-school care. I remember that child care became more difficult then because it was so piecemeal. What progress has been made in out-of-school care for post-five children?

Laurie Russell: In my judgment, it is similar to the service for under-fives because it is piecemeal, project funded and not a statutory service that is provided by local authorities or anybody else. The service provision therefore comes and goes. It can be good in some areas, but not so good in others. It often depends on local community projects and groups that provide before-school or after-school services. As members will know, some schools will provide a service in the school buildings, but it is short-term funded.

Mary Mulligan: Breakfast clubs maybe play a part in that.

Laurie Russell: Yes, they do.

Bob Doris (Glasgow) (SNP): Thank you for coming along this morning. Finances are delicate at local authority level and there is a lot of nervousness. I know that that is the case in Glasgow. Community planning partnerships in Glasgow have implemented a 20 per cent cut across the board for many projects, which is policy driven at a local level. There must be more clarity about where the cuts are coming from, but whether they come from the Scottish Government or from a local level, they should be scrutinised.

I mentioned the moneys, because if public policy objectives are not backed up by additional cash, we will not achieve them. I want to press a little bit more on what has happened in England with the

Childcare Act 2006. On the face of it, it sounds like a great idea to have an obligation on local authorities to provide child care. However, the passing of the 2006 act does not necessarily mean that that has happened. Can the witnesses give me a steer on what has happened in England since the 2006 act came in? Has it changed things?

Rhona Cunningham: I do not know an awful lot about that, but I do know that child care centres have been set up in England, so there is child-care provision in every area. However, that is about as much as I know. I am sorry that I do not have a lot of weight to put behind my suggestion for a child care act, but I think that it would be a good idea.

Bob Doris: Maybe that is an important point to raise with the committee, because we can consider it.

The Convener: Perhaps we can get responses from other witnesses.

Laurie Russell: I am sorry, but I do not have any information about how the 2006 act is being implemented in England and Wales, although it sounds like a good thing. However, I agree with Bob Doris that it would need to be backed up with funding.

Shona Honeyman: One of the things that the 2006 act does is give parents the right to ask for the child care that they require in order to carry out their own activities, whether in employment or elsewhere. The parents have the right to demand services.

The Convener: Mr Doris is right that the committee would be interested to know what the benefits of the 2006 act are, other than confirming parents' right to ask for services, because there is a long way between that and delivery. It may be interesting for our conclusions to know what benefits have come from the 2006 act. If we get any information on that, we will pass it on to the witnesses.

Bob Doris: Are single outcome agreements a new opportunity that is being missed? Previously, voluntary sector organisations have worked with the Scottish Executive—now the Scottish Government—local authorities and community planning partnerships, but are single outcome agreements an additional local authority vehicle for bolting on child care commitments?

Rhona Cunningham: Yes, the single outcome agreement is an opportunity. I can speak only from my experience—I am heavily involved in Fife children's services and the children's services plan. Single outcome agreements do provide an opportunity for us to say our piece—to have a discussion. I am here because local authority officers told me about the committee's inquiry, and

I commented. I would not be here without that vehicle.

Laurie Russell: The Wise Group has been reviewing its five-year strategy for developing services around employability, regeneration and sustainable development. Those services are aligned primarily to Government objectives and secondly to local authority single outcome agreements and the things that we believe local authorities are seeking to do.

Because of the scale of what we do, our funding comes from 70 to 80 different sources. The main part tends to be from the Department for Work and Pensions, through the Government mainstream welfare to work programmes. Those programmes are competitively tendered, as some of you will know. The different environment for us, which has changed our behaviour most, is that of competitive tendering. We are now required to compete with multinational, large-scale private businesses to deliver welfare to work programmes.

The programmes that tackle poverty—among lone parents and other groups—will now mainly be delivered by private sector organisations. Some of those organisations have no history of working in Scotland. The Wise Group is now the only Scottish organisation—let alone third sector organisation—to have been short-listed by the Department for Work and Pensions for the flexible new deal programme, for which bids are currently open.

The bids went in last week for the south of Scotland area, which stretches from the east coast to the west coast. The programme for that area is huge. Over five years, there is a £42 million programme to deliver services to lone parents, people on incapacity benefit, over-50s and black and minority ethnic communities. It is aimed at the groups in society that are most vulnerable to poverty conditions.

The tenders ask us to deliver a much higher percentage of people into work and to sustain them in work for a longer period, but with less money. That has more impact on us than the local authority single outcome agreements have at the moment. To deliver the programmes, we must have good working relationships not just with local authorities but with other third sector organisations. That is the way in which we work; those are the relationships that we have built up over the years and that we continually try to develop and refresh.

Single outcome agreements are an important element but, as a way of delivering Government programmes, the bigger influence on us has been the Department for Work and Pensions and its new procurement strategy.

Bob Doris: Representatives of other voluntary sector organisations have told us that they feel

that they have been squeezed out in relation to single outcome agreements, so I intended my question to give you the opportunity to discuss single outcome agreements in the future between community planning partnerships, local authorities and Government. How would you like to enhance the role of people involved in the voluntary sector in relation to child care? Is there a mechanism that you think should be in place? This is an opportunity for you to state your case on the record.

Laurie Russell: I hinted earlier that there is a divide between policy makers and delivery organisations. I will be slightly more blunt: I do not think that the third sector is taken seriously by a number of local authorities. There are concerns, and not just around procurement. Local authorities are required to procure openly a number of services, but that could create a private market without building into procurement the requirement for social clauses.

If a local authority wants to procure services, there is nothing legally to stop it suggesting that they might be delivered by a training agency, which, for example, might provide training facilities to bring unemployed people into child care. There would then be a competition between agencies such as the Wise Group and others. I am certainly happy to compete, but the fact is that when the competition becomes a matter of who has the lowest price, the third sector gets squeezed out.

I am not saying that we should be treated differently. We provide services of the required quality and at the required cost, and that is the basis on which we compete. However, we also provide other social benefits, and we have to be better at defining them to ensure that local authorities and others know what they are buying. Our sector needs to put some work into demonstrating better to the public sector and local authorities what it can offer with regard to single outcome agreements.

There is a feeling that community planning partnerships do not really talk to the third sector as much as they should. We have no vehicle for expressing at community planning or single outcome agreement level the policy views that we have formulated as a result of our experience in delivering services. Although these groups are called community planning partnerships, the fact is that things have become a wee bit more insular.

10:30

The Convener: You have raised a number of points that might be of interest when we come to discuss our draft budget report, given some of the other evidence that we have taken on the budget process.

You cut to the chase when you said that it is not just about influencing or being consulted on community planning. Is the third sector prepared to deal with issues such as procurement policy? The Wise Group, with all its experience, might well be, but after the recent allocation of fairer Scotland funds to the various alliances and community planning partnerships, my impression locally is that lots of people do not understand the procurement process or appreciate that we are trying to pursue outcomes in terms of putting people back into employment. That faultline has encouraged the squeeze on the voluntary sector, and I feel that the process has also challenged the services that are being delivered by local government.

I realise that "rationalisation" is a horrible word, but I cannot think of another one. The fact is that a number of agencies, with their project managers and so on, are delivering similar services. Does the third sector require support from the Convention of Scottish Local Authorities, the Scottish Government or whoever, in order to rationalise things and make it fit to meet the changing climate and the new environment in which it finds itself?

Laurie Russell: I absolutely agree that the sector has to adapt to the fact that change is inevitable and will continue. Through its third sector action plan, the Scottish Government is providing increasing support to help the sector to develop and to understand procurement processes and so on. The new £30 million Scottish investment fund, which is specifically about developing organisational capacity in the third sector and is geared more towards larger organisations such as the Wise Group than it is to local community-based organisations, is the first to focus on growing organisations, rather than on helping individual projects. That is very important to us. We have put in a bid for funding to develop our information technology system, to allow us to examine our organisational capacity and to build a development team so that we can compete for tenders.

We also believe that larger organisations, such as the Wise Group, have a role in supporting local community-based organisations by working in partnership with them and sharing services in the same way that smaller, more local organisations might. We are in discussions with a number of such organisations, mainly in west central Scotland. We are happy for organisations to share or buy our financial, health and safety and human resources services and other back-office services that they may not have. We are also happy to get into collaborative working relationships on big tenders such as the flexible new deal tender that I mentioned. We do not want to deliver that ourselves; we want to do it in partnership with

community-based organisations so that we can help them to develop and grow.

I agree absolutely that the third sector needs to change. There is increasing support from the Scottish Government and less from COSLA at the moment, although that may come. There is also within the sector growing realisation that it needs to change. Next week, local authority chief executives are coming to see three of the larger organisations in Glasgow as part of a study tour. There is growing awareness that we can work better together. There is a still a way to go, but there are some positive signs.

Shona Honeyman: Working for families has been delivered not through Glasgow City Council but primarily by the third sector. Within that, there are small community-based organisations that are now struggling to get their heads round being subcontractors, particularly for Glasgow works contracts, and to get their heads round the implications of one route of money being cut off for them, the flow of money coming from somewhere else, and the outcomes and outputs that are attached to it. Some good small community-based organisations will disappear.

Rhona Cunningham: I agree that there is a need for support, but there is another side to the matter. Child poverty is not only about employment or child care; it is also about health and wellbeing. In Fife, the social work department is now contracting out and asking agencies to tender. They were totally unprepared for that, but the Council for Voluntary Service Fife is prepared now. There is a big role for supporting smaller organisations. Organisations that support families, such as Home-Start, all need support to come up to scratch.

The Convener: There will be a big difference from the Wise Group's experience and capability in the city of Glasgow. I do not know how far out and down we will be able to get with that. Perhaps we need to get further.

John Wilson (Central Scotland) (SNP): At issue is the wider child poverty impact. We have concentrated on child care costs. A number of previous witnesses have said that one of the main factors in child poverty is the cost of child care. It is not only about whether child care is available, but whether it is affordable for the people who require it.

Shona Honeyman talked about sustainable employment and Laurie Russell came out with the phrase "a living wage". I would like him to expand on what he thinks "a living wage" is, and Shona Honeyman to expand on what sustainable employment would be.

There are issues that we need to address, particularly in the current economic circumstances,

in which unemployment might continue to rise. How, during an economic downturn, can we benefit the client groups that the witnesses deal with? I think Rhona Cunningham said that some client groups are cherry picked for employment because they are considered to be the easiest to get into work, so it becomes more difficult when we start to go beyond the cherry-picked groups.

My last question relates to the point that Laurie Russell made on the competitive tendering process that the Department for Work and Pensions has instituted for provision of employment opportunities. I have heard people in the voluntary sector say that some of the national providers are coming into Scotland on a loss-leader basis and are taking up opportunities because they can subsidise some of the work from projects that they operate and funding that they get from south of the border. Does Laurie Russell want to comment on that?

Laurie Russell: Do you want to start answering those questions, Shona?

Shona Honeyman: Okay.

John Wilson: I tried to get all my questions in at once. The convener does not usually let me back in.

The Convener: I always let you back in, John.

Shona Honeyman: I will start with the question about sustainable employment. From our point of view, sustainable employment is employment that will lift a family out of poverty in the medium to long term. We recognise that the route into employment might be through an entry-level job at the minimum wage, but we have to try to ensure that there is progression from there. If you put a parent into an entry-level job with the minimum wage, but no prospect of their moving on from it, you simply shift the burden from out-of-work poverty to in-work poverty and a reliance on tax credits.

We often find, particularly with lone parents, that the work relationship will break down after somewhere between 18 months and two and a half years. I am sure that this has been discussed a number of times, but as the tax credit, which is based on taxable pay from previous years, declines over time, the family's income can decrease. If a person cannot move out of an entry-level job because of a lack of training and qualifications, or because of a lack of affordable and flexible child care, they are not in sustainable employment. We see sustainable employment as being something that allows people to enter the job market and progress through it; to increase their family income; and to become reliant on the income from their job, as opposed to any other income.

However, it is not just about money. It is also about how sustainable employment is for a family with children of different ages who are in different types of child care, which might be in two different locations in the community. After taking the children to child care, the parent might then have to take another bus or train journey to get to their place of employment. They would have to make the same journey on the way home and might also have to pick up food from the local shops before they get home, at whatever time of night. They would then have to get through all the things that the family do together, which often does not include any of the fun things, as parents will know. They would have to start the process all over again the next morning. You have to question how sustainable that is in the long term, particularly for a lone-parent family, but also for a two-parent family.

It is not just about employment; it is about people finding the right job at the right time, which has the right level of progression within it. That is what sustainable employment is about.

We have thousands of examples among people with whom we work. We worked with a mother in her early 30s who had one daughter who was approaching 16, a seven-year-old and a three-year-old. She wanted to go back to college, because she realised that her 15-year-old was going to leave school and that her income would change because of changes in benefits. She wanted to pre-empt that. We supported her to be able to go to college and find the child care that she needed to get through the course.

Her chosen profession was social care. She did the right thing; she went to college and got a higher national certificate in social care, which meant that she could enter the profession at a higher level than entry level. If you can do that, you have more chance of progressing up through the different stages. The difficulty was that to work in social care she had to work antisocial hours: by that point she had a four-year-old and an eight-year-old. She was offered a job with a salary of £16,000—a fairly good entry salary—but when we worked out what her child care costs were going to be, we realised that she was going to be worse off. Her family were going to be worse off—the children would not see her much, because she would either be away early in the morning or home late at night and she would be working all weekend. That is not sustainable employment.

It is about having the support in place to help parents to get through the maze of finding the right thing at the right time and to prepare themselves for that.

10:45

Laurie Russell: The Wise Group also believes that sustainable employment is critical. There is an old saying about progression: A, B, C—any job, better job, career. We have a couple of projects in which clients are worked with to sustain them in work once we get them into a job. As the convener mentioned, contracts now are to do with outputs. The flexible new deal contract will measure people in work at 13 weeks and 26 weeks, and we will be paid on the basis of keeping people in work for 13 weeks and 26 weeks.

I will not cover the same points that Shona Honeyman made, but there is a real issue relating to the tax credit system. The Wise Group employs about 420 people, around a third of whom are ex-trainees or people we have brought in as a result of their having been on a programme with us—they pick up a job with us. Trying to promote those people internally if they are good members of staff is a real difficulty.

For example, there was an incident yesterday. A lone-parent member of staff, who came off a long period of unemployment, works as one of our concierges. We wanted to promote him to the senior post, but he could not take the job because he would have been worse off. We offered him a job that would increase his salary by £240 a month, but he found that he could not take it when we did a calculation. That guy has been kept in a low-paid job because of the tax credit system. To get out of it, a very big salary jump will be needed, which is simply impractical. That is not a Scottish Parliament issue, but the committee might want to raise the matter with Westminster.

I will briefly respond to the other points that John Wilson made. On the economic downturn, our fear is that the groups of people with which the three agencies that are represented here work will become squeezed and will move further down the chain in trying to find whatever jobs are around. Some 65 per cent—about two thirds—of jobseekers allowance claimants find a job in their first three months of being registered unemployed. Those people have skills, are job ready and are hungry for another job. Almost 90 per cent get a job within a year. Those are Government figures, so they are accurate. We tend to work with people on incapacity benefit and other benefits who have been out of the system for much longer. The danger is that they will be squeezed further down the chain.

There is a big debate about what a living wage should be. One of the committee's advisers, Ron McQuaid, is involved in work on that, and he may offer the committee different advice. Our view is that it is much better if we can get somebody on to a wage that is above the minimum wage, even if they are in an entry-level job. The Wise Group's

lowest pay rate is not great, but it is £1 above the minimum wage.

Things depend on what employers pay. Employers in the public sector have more scope to lead by example. The committee may wish to take up that issue with public sector agencies. Members may know that the people involved with the Government contracts for the London Olympics are considering what a living wage is. On big schemes, the Commonwealth games could be a good flagship event for addressing the issue, but the public sector could play more of a role in determining a living wage and removing barriers to employment. Many public agencies still do not have employability programmes that will recruit the people we work with.

Some local authorities are good with apprenticeships and young people. We work on a scheme with Greater Glasgow and Clyde NHS Board to recruit targeted groups of people, whether they are on incapacity benefit or whatever—I refer to our recent work with refugees in that context. NHS Greater Glasgow and Clyde is particularly good at such work, but it is an exception. Not enough public bodies see themselves as being responsible employers that can respond to the client group with which we work.

Finally, John Wilson mentioned competitive tendering and said that some private organisations see Scotland as a loss leader. I suspect that that may continue. My biggest worry is that the private sector agencies that come in to offer the Government a cheap solution. In order to win contracts, they claim that they can hit the targets, but they have no intention of doing that. They fail to deliver.

I have recent experience in Glasgow of the new deal for disabled people. The Wise Group lost the contract even though our price was below average—according to the DWP figures—and our performance on getting people into jobs is much higher than the average. Two of the three new private sector companies that have come in have never worked in Glasgow or Scotland before and are delivering very low performance, again according to the official DWP figures. Two of them subcontract to us at a much lower cost, so we are producing a poorer service at a lower cost and—more important—clients are getting a poorer service and fewer of them are moving into jobs. That is a direct result of the private sector companies' inability to deliver what they said in their bids they would deliver.

The Convener: That is another interesting point, given the evidence that we have had from third sector organisations that are campaigning to recover the full costs of some of the services that they provide. Because they do not get the full costs, there is a turnover of 15 to 20 per cent in

those who provide care services. Recent figures from Unison show that the percentage of people in local government who earn more than the minimum wage is falling, so all those things are against the trend.

Alison McInnes: I will pick up on what Mr Russell said about the role of public sector organisations in being exemplary employers. We have talked a lot about the direct benefits of child care services and better salaries, but how beneficial are the more indirect services that employers can provide, such as family-friendly personnel policies and the right to ask for flexible working hours such as annualised hours? Should the public sector be encouraged to develop those policies?

Laurie Russell: Yes. Some organisations have such policies, including the Wise Group. I return to the point that both Shona Honeyman and Rhona Cunningham made about lone parents. It can be difficult to find a job that fits around one's lifestyle, but flexible working makes that an awful lot easier. It is beneficial for people who care for children, but it is also beneficial for those who care for elderly relatives or others, and for those who are coming off incapacity benefit. There is a range of reasons why people want flexible working.

Alison McInnes: Given the recession and other pressures, is there a risk that some private sector employers will draw back from innovative policies? Should employers be developing such policies rather than running away from them?

Shona Honeyman: Yes. You are right that there will be a drawing back—employers are not yet sold on family-friendly policies. Research shows that parents, particularly those with young children, are low on the list of people employers want to employ first. There are challenges and the recession will only make things worse, because employers will use it as an excuse to draw back from family-friendly policies, particularly if they have a different labour market from which to select when they recruit.

Mary Mulligan: In your submissions, you all mention the advice and support mechanisms that are available to people who are trying to access the job market. Given the number of agencies that are involved in that, is it difficult for people to know where to go? Do the agencies work together and refer people to the most appropriate agency?

Laurie Russell: It varies from area to area. In some areas there are good working relationships, but in other areas things are not so good.

Our experience is that, on the whole, clients tend not to trust Government agencies such as Jobcentre Plus. A point was made earlier about mandatory programmes. Some people are sent to us knowing that if they do not turn up and take part

in a programme, they could lose their benefits. Inevitably, they do not come in the best frame of mind.

However, we recently carried out a survey of our clients, and among people whose programme had been mandatory we found that 50 per cent changed their view about the Wise Group once they had been on a programme. They came reluctantly, feeling that they had been forced to take part, but 50 per cent—or just over 50 per cent—later said that they would recommend their programme to a friend. For at least 50 per cent of people, reluctance can be turned around.

It is true that confusion can arise because of all the different agencies. As the convener suggested, the way in which the third sector is moving means that we will inevitably have to work more closely together. Some organisations may not be able to fulfil the outcome-related contracts and may go by the board. However, we have to look on the positive side, too. We have extremely good working relationships with a range of organisations. When we work together and refer clients between us, it can be very effective.

Shona Honeyman: I go along with what Laurie has said. Through the working for families programme in Glasgow, and across Scotland in other local authorities, we have developed a key-worker approach. One person goes on the journey with the parent; they do not provide all the services, but they signpost all the services, making sure that the parent engages with all the services. The key worker is at the centre, knows the journey that the parent is on, and is there to help the parent over barriers, such as child care barriers. The parent then has someone they know they can trust—someone who knows the landscape and can help them engage with the right services and find the right training courses. The parent will therefore know what the Wise Group and other organisations in the city are doing.

The key-worker approach has been central to the success of our programme. The key workers may go by different names—guidance advisers or child care mentors—but, in essence, their role is the same. It is about being at the centre and being trusted. If a person trusts you, you can introduce them to new services. That makes a huge difference.

Rhona Cunningham: We come at things from a different angle. When we engage with families, it is not necessarily to do with advice or information on work or employment, or even to do with child care; it could be to do with absolutely anything. However, there are similarities with the key-worker idea. Once someone builds a relationship with a worker, and once they have been introduced into group work involving community services, training

or colleges, they quickly learn that they can trust us.

I agree with the idea that is suggested in the question: many of the parents we engage with do not necessarily trust jobcentres. They know that when calculations are done there, they do not include everything—they do not include, for example, things such as meals, which have to be taken into account when people are thinking about returning to work.

Networking between agencies can depend on the area. In Fife, there are pretty good bits. We always say to people that we are not the experts but that we know the people who are; we know the right people to pass folk on to.

Shona Honeyman: As I suggested earlier, we developed our programme so that it is primarily delivered through the third sector. The only parts that are delivered through Glasgow City Council are co-ordination of the programme and the money advice service for parents—a service that was put in place specifically for the programme.

Comments have been made about parents getting a different better-off calculation depending on where they go. In Glasgow, we are trying to achieve some kind of Glasgow standard for the better-off calculation—a standard that takes account of everything it should take account of.

In the four years of the working for families programme, we managed to create a team of staff employed in 12 different organisations across the city and funded by the programme. All the members of the team had different roles, but they worked together as a city-wide and area-wide team. It did not matter what organisation employed them, and it did not matter that they did not necessarily all do the same job; they saw their role as being part of a group of people who worked with parents across the city to ensure that we could pull all the strands together and give parents access to services.

Mary Mulligan: I am interested in how you run that service, which is a good example from Glasgow. It might be unfair to ask you whether such work is happening in other local authority areas—perhaps Laurie Russell will comment on that. Is Glasgow different?

11:00

Shona Honeyman: The working for families initiative operates differently in the 20 local authority areas. That relates to local need and the people who are being targeted. Not everyone uses the Glasgow model, but we developed the key worker model, which went to the other 19 local authorities. Other local authorities might call that

something different and might have slightly different projects.

Laurie Russell: The important element is building up trust with the key worker—we do not tend to use that title. We have a project called routes out of prison, which works with ex-short-term prisoners on release. Of our employees on that project, 70 per cent are ex-prisoners and the other 30 per cent have life experience of that type of lifestyle.

Engaging people with direct experience is one strength of using the voluntary sector. We can do that, although it has difficulties. We can build a relationship that is based on trust. People can talk to somebody who they know has been through the same experiences as they are going through and who has come out at the other end. That is an important element of the key worker model.

Like Shona Honeyman and Rhona Cunningham, we do not necessarily provide the services. We use the term “life coaches” in the routes out of prison project. Life coaches are not there to provide a service; they take people who have been released to services, because they know that those people do not know their way round those services and do not necessarily have the perseverance and knowledge that people in this room have to get the best out of the housing department, the housing association, the benefits system or whatever. Until those problems are sorted out, people cannot enter training or employment.

I give the strong message that many of the clients with whom we work need to sort out the basic issues that they face in their lives, whether they relate to child care, housing or benefits, before they can get their heads round thinking about training and employment, which they want to get into. Some of the people who are most proud of working for us and paying tax are ex-prisoners. They like saying, “We now pay tax. We’re now part of society. We’re contributing. We’re not a drain on society.” Such people need the right support from the right staff. That is not easy to achieve. It is not expensive, but it is not cheap—that is a bit of an anomaly. The programme is not necessarily expensive, but it needs commitment and the right relationship between the public sector and the third sector.

Shona Honeyman: I agree with Laurie Russell. Sometimes, specific groups need to be targeted with specific services. Young parents who are under 18 are an example of such a group. Many parents face barriers to entering employment, but parents who are under 18, who have not been in employment and who have had to migrate from training allowances to income support before the birth of their baby face structural barriers to re-engaging in training services.

One main barrier is that, although those people can receive from £65 to £85 a week as a training allowance on the get ready for work or skillseekers programme, once they become parents they are no longer eligible for that allowance, although they receive income support and the child tax credit to support their child. I do not know the exact figure, but their income support is about £40 a week. That gives them a financial disincentive to re-engage with the training programmes for young people of their age.

Another barrier is that training programmes for under-18s do not provide a child care allowance. Get ready for work, skillseekers and other Skills Development Scotland programmes do not provide child care payments, so a young parent cannot re-enter a programme unless they can arrange informal child care. Also, there is no provision for things such as maternity leave, so young parents are doubly disadvantaged. If they are on a training programme and want to continue, they have to leave it and, if possible, re-engage with it later. However, most of them do not do that.

Another thing that we have found through our work with young parents in Glasgow is that the training programmes are funded by outcomes. If a young girl becomes pregnant and is not going to finish the programme and thereby achieve the outcome, the training provider will not get a payment. The training provider will find ways of encouraging the young woman to leave the programme as early as possible so that they can get somebody else on it who will finish it, meaning that they get an outcome payment.

There are two sides to that. The training providers are funded by outcome payments, and they need to get that funding in order to provide places. However, at the same time, young women are being disadvantaged by not being able to access the programmes if they are already pregnant or by being encouraged to leave the programmes as early as possible if they become pregnant. Perhaps the Parliament has a role in challenging and addressing that.

John Wilson: My final question is on the outcome payments to the agencies. Laurie Russell mentioned the 13 and 26-week targets at which those payments are made. About four or five years ago, Glasgow works did some research into job retention among those coming through their programmes after six months, 12 months and two years. Is that work still on-going to measure the long-term impact of job seeking?

The issue is about the people who then lose their job after six months, 12 months or two years. How difficult or easy is it for them to get back into the benefits system and receive the level of benefits that they received before they went into employment? In the past, a common complaint

has been that, when people lose their job, it is difficult for them to get back into the benefits system and receive the level of benefits that they received previously. They feel that there are obstacles and barriers in their way.

Laurie Russell: The other day, I read a survey that one of the private companies, Working Links, had commissioned. It said that the biggest fear of people who are on benefits centres on the transitions from benefits to work and from work to benefits. They fear that there will be a period in which they will be disadvantaged. The system does not work as quickly as we would like.

Through our programme to help people to stay in work, we are able to support people in the first month or six weeks while they move off benefits and into work. However, we cannot support them in the reverse circumstance, as we do not deal with people who are moving from work to benefits.

It is difficult to conduct research over a long period on people whom we get into work, partly because they move around and partly because they tend not to respond in high numbers to the questionnaires that we send out. It is costly to do that and, unless it is part of the contract, we find it difficult to trace people after 13 weeks, 26 weeks and two years, as you have described.

At the moment, the outcome payments are disadvantaging the third sector slightly. The current flexible new deal proposal is that 20 per cent is paid at the start, 50 per cent is paid at 13 weeks and another 30 per cent is paid at 26 weeks. I do not disagree with the principle of payment on the achievement of outcomes, but that means that we have to bankroll the projects for a number of months until we receive the payments. That disadvantages agencies in the third sector that do not have the cash reserves that private companies have or that are unable to borrow as private companies can because they have greater assets.

The payments should be less skewed and proper payments should be made towards the start-up costs. We have to employ the staff, have them in place and get somebody into work, which can take time, yet 50 per cent of the fee is paid only after 13 weeks. There is a big delay there. In our bid for the flexible new deal, we have recognised that we will have to have the cash flow to pay for the scheme for a number of months. There are issues around that.

I do not know about the specific research that you are talking about and whether it is continuing or not.

Shona Honeyman: I agree with Laurie Russell. Working for families was not based on outcome payments, but it still successfully engaged with more than 5,000 people during the three and a

half years in which we collected statistics. Of those, 69 per cent achieved the outcome. Although the programme was delivered successfully, it was not outcome driven and the organisations were not paid by outcome. Programmes do not need to be outcome driven to be successful; they need to have the right supports in place so that parents or anyone can move on.

The average time between someone registering with us and making what we call their first transition, which might be a training course or education rather than employment, was 80 days. People would make an average of two or three transitions before they went into employment.

As you can tell from what Laurie Russell said about the flexible new deal, third sector organisations either have to bankroll their work for quite a long time, or not target the people who are furthest away from the labour market and need a longer period of support before they are able to get any significant outcome payment for the organisation.

The Convener: I thank the witnesses for their time this morning and for the evidence that they have given. I am sure that everyone agrees that it will be very useful to us.

11:11

Meeting continued in private until 13:02.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Friday 28 November 2008

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Standing orders will be accepted at Document Supply.

Published in Edinburgh by RR Donnelley and available from:

Blackwell's Bookshop

**53 South Bridge
Edinburgh EH1 1YS
0131 622 8222**

Blackwell's Bookshops:
243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

Blackwell's Scottish Parliament Documentation
Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries
0131 622 8283 or
0131 622 8258

Fax orders
0131 557 8149

E-mail orders
business.edinburgh@blackwell.co.uk

Subscriptions & Standing Orders
business.edinburgh@blackwell.co.uk

Scottish Parliament

RNID Typetalk calls welcome on
18001 0131 348 5000
Textphone 0845 270 0152

sp.info@scottish.parliament.uk

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers