



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EQUAL OPPORTUNITIES COMMITTEE

Thursday 31 October 2013

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EQUAL OPPORTUNITIES COMMITTEE

27th Meeting 2013, Session 4

CONVENER

*Margaret McCulloch (Central Scotland) (Lab)

DEPUTY CONVENER

*Marco Biagi (Edinburgh Central) (SNP)

COMMITTEE MEMBERS

*Christian Allard (North East Scotland) (SNP)

*John Finnie (Highlands and Islands) (Ind)

*Alex Johnstone (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

*Siobhan McMahon (Central Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Yvonne Strachan (Scottish Government)

John Swinney (Cabinet Secretary for Finance, Employment and Sustainable Growth)

Paul Tyrer (Scottish Government)

Nick Watson (Adviser)

CLERK TO THE COMMITTEE

Douglas Thornton

LOCATION

Committee Room 2

Scottish Parliament

Equal Opportunities Committee

Thursday 31 October 2013

[The Convener *opened the meeting at 09:00*]

Decision on Taking Business in Private

work programme at item 3 in private. Are we all agreed?

Members *indicated agreement.*

The Convener (Margaret McCulloch): Welcome to the 27th meeting in 2013 of the Equal Opportunities Committee. Please set any electronic devices to flight mode or put them off.

I will start with introductions. At the table we have our clerking and research team, together with our budget adviser, official reporters and broadcasting services. Around the room, we are supported by the security officers, and we do not have any observers in the gallery at the moment.

I am the committee's convener. I invite members and witnesses to introduce themselves in turn, starting on my right.

Nick Watson (Adviser): I am from the University of Glasgow.

Marco Biagi (Edinburgh Central) (SNP): I am the MSP for Edinburgh Central and deputy convener.

John Mason (Glasgow Shettleston) (SNP): I am the MSP for Glasgow Shettleston.

John Finnie (Highlands and Islands) (Ind): Madainn mhath; good morning. I am an MSP for the Highlands and Islands.

Alex Johnstone (North East Scotland) (Con): I am an MSP for North East Scotland.

Christian Allard (North East Scotland) (SNP): Good morning. I am an MSP for North East Scotland.

Siobhan McMahon (Central Scotland) (Lab): I am an MSP for Central Scotland.

Yvonne Strachan (Scottish Government): I am from the Scottish Government.

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I am the Cabinet Secretary for Finance, Employment and Sustainable Growth.

Paul Tyrer (Scottish Government): I am from the Scottish Government.

The Convener: Agenda item 1 is a decision on taking business in private. Members are asked to agree to take consideration of the committee's

Draft Budget Scrutiny 2014-15

09:01

The Convener: Item 2 is an evidence session to support our scrutiny of the Scottish Government's draft budget for 2014-15. I invite the cabinet secretary to give us any opening remarks.

John Swinney: Thank you, convener. I welcome this opportunity to discuss the draft budget, particularly the work that we are undertaking to incorporate equality in the budget process.

The draft budget for 2014-15 maintains the course that was set out in the 2011 spending review and continues our track record of the effective stewardship of Scotland's public finances. We continue to face challenging economic conditions that have had a direct impact on our economic growth, employment, public services and the wellbeing of our communities. In this difficult environment, we have taken budgetary decisions that position us to respond to those challenges, and those decisions, alongside our programme for government and economic strategy, provide a robust framework in which our decisions have been made.

The draft budget contains support for measures that contribute to economic growth, to the protection of employment and, through the social wage, to the reduction of pressure on household incomes. At the same time, it maintains a strong focus on shifting spend and practice to prevention and early intervention, and to delivering wider public service reform. Within those broad strategic priorities, we are also proposing measures to address issues of employment and mitigate the worst effects of welfare reform, and we have maintained our support for equality, the third sector and our communities.

Underpinning our approach is the recognition that our success as a nation depends on building a society in which people achieve regardless of their background, and in which the barriers to participation and opportunity are removed. Inequality detracts from our economic performance and social wellbeing.

I understand that the committee is focusing its scrutiny of this year's draft budget on disability. There are deep-rooted and long-standing issues of disability inequality in our society that are reflected in the barriers that exist to disabled people being able to realise their full potential. It is important to tackle those barriers and I look forward to exploring some of the issues with the committee this morning.

In the current climate, some people are experiencing the impact of economic recession on public spending more acutely than others. The United Kingdom welfare reforms, for example, threaten the living standards of many and will have a particularly devastating effect on disabled people. Unemployment blights the circumstances of and opportunities for a large number of young people, and there remain barriers to participation and progress within the labour market for different equality groups. I am aware that there is real concern that, without intervention, existing inequalities might deepen and the disparities and disadvantages faced by some might become entrenched. How we spend our money is therefore all the more important at this time.

As part of our budget preparations, we have drawn up evidence and equality analysis so that we can make the most informed decisions we can. This equality budget statement is our fifth and it demonstrates our on-going commitment to embedding equality in our budget process, and to making year-on-year improvements in how we do that.

I am committed to continuing to improve our approach to budget setting and equality analysis. As we progress with the reform of public services and with the shift to prevention, the challenges in equality analysis and assessment are likely to grow. We are aware of the difficulties in relation to data and information. We will continue to improve the availability of data, but we also need to explore what more can be done to understand better the impacts of key issues and of measures that are being taken.

We will consider how we can best approach the challenges together with our partners. I will look for guidance from the equality and budget advisory group and I will be grateful for the committee's input on how we might improve the process and the statement. I thank the committee for its interest and continued support in improving how Scotland strives to be a fairer and more equal society. I look forward to discussing the issues this morning.

John Mason: You touched on your recognition that, when there is so much competition for jobs, disabled people might be increasingly disadvantaged in comparison with normal times. Witnesses made the point quite a lot that, although the Government and the Parliament can make lots of good decisions and want all the best things, once that filters down to the ground, the danger is that what is wanted does not happen. For example, it was suggested to us that less than 0.5 per cent of all modern apprenticeships have gone to disabled people.

I do not know the answer; I would just like to hear your comments and thinking. We do not want always to be telling health boards and councils

exactly how they should do things, but our intentions to help disabled people and put money towards them do not always work out in practice.

John Swinney: My general observation in response to your point is that the data illustrates the problem that we face. The employment rate for people without disabilities was 79.7 per cent in the past year, whereas the rate for people aged 16 to 64 with a disability was 42.3 per cent. The economy has an underlying disparity in economic participation and labour market participation by people who have disabilities.

We must recognise that it is impossible for some people with disabilities to participate in the labour market, but the concerning point about the data that I just shared with the committee is that the employment rate for people with disabilities went down by 1.6 percentage points over the year, when the wider employment position was stronger across all cohorts.

That illustrates the fact that, when we face economic difficulties, access to the labour market becomes more difficult for individuals who already face difficulties in accessing it. We can tackle that by taking a supportive approach to assisting people into employment as much as we can. In taking a person-centred approach to employment, I am increasingly focusing the Government's efforts on recognising that each individual who is not active in the labour market has different issues and different obstacles to overcome to become a participant in that market. We must therefore design interventions that are centred on those individuals' needs.

I am concerned that such work might be undermined by the general assertion in welfare reform that people must be treated in a similar fashion in considering their eligibility to participate in the labour market. Some of our person-centred work might be knocked off course by the generalities of welfare reform, but our approach is the key aspect of how we tailor support.

I spend a lot of my time visiting projects around the country, which are often anchored in the third sector and are frequently focused on employability. I was at a venture last night in Alloa, Clackmannanshire, where I was discussing a range of third sector issues with local organisations. One organisation recounted to me its experience of supporting people who are far removed from the labour market to enable them to gain access to the labour market. The organisation's method of support was a very person-centred approach and had very good results as a consequence. I would certainly take great encouragement from such initiatives. The person-centred approach is crucial.

My final point is about modern apprenticeships. In a sense, the point that Mr Mason raises is both a strength and a weakness of the modern apprenticeship programme. By its nature, it is an employment-based programme, so there has to be an employment connection if people are to participate in it. That is a strength of the programme, in my opinion. However, if disabled people have more difficulty in finding employment, they will also have more difficulty in obtaining modern apprenticeships. We have recognised that issue, and Skills Development Scotland is actively exploring how we can make participation in the modern apprenticeship programme by people with disabilities more practical and more tangible, recognising the point that I have just made.

John Mason: I appreciate that full answer. You mentioned Skills Development Scotland. Do you think that it is the main player in this? Should we be looking to it to change things or should we be going directly to employers and saying that they have to think a bit more seriously about taking on disabled people? How do you think we should tackle this?

John Swinney: Certainly SDS will be a crucial organisation in the process of trying to tackle the characteristics of the modern apprenticeship programme in order to improve the opportunities for people with disabilities and it will be very much involved in engineering what could be achieved in that respect.

However, it is not all just about SDS. Employers, including those in the public sector, have a significant role to play in the exercise into the bargain; it is a particular issue that all employers have to take to heart. Certainly, within the wider communications that we take forward on aspects of the modern apprenticeship programme, there is a message that has to be advanced about wider questions of employability for people with disabilities.

John Mason: We have sometimes felt on this committee that some employers are willing to take on disabled people but are not aware of all the support that might be available. Is that your judgment as well?

John Swinney: One of the things that concerns me is that I think that we do not make it easy for employers to participate in many of our employment schemes, because there is so much information and there are so many options and choices. I was down in the Borders early last week meeting a range of textile companies, and one of the employers there made the kind of remark that is always of concern to me: "I'm running my business and I'm busy, so I don't have time to keep up with everything that you lot are getting up to." It is a pretty fair point. We have to connect and

link up many of these propositions much more effectively to meet the needs of employers.

There will be many examples of good projects around the country, particularly those based in the third sector environment. That is why I have invested so much time, effort and resource in trying to strengthen the third sector in Scotland, which can accommodate people with disabilities in the labour market. If I look at the growing number of active social enterprises in Scotland, I see that more and more of those organisations are coming together to provide a sustainable remunerative employment opportunity for people with disabilities—that is a welcome process around the country.

09:15

The Convener: Thank you for that. Before I bring in Christian Allard and Siobhan McMahon, I have a question about modern apprenticeships. If an employer wants to take on someone who is visually impaired or hearing impaired, is funding available to provide a scribe or other support for the individual during the first two or three months? Funding used to be available from Jobcentre Plus through the new deal programme—there was a pot of money—but I do not know whether Skills Development Scotland makes money available for the support that I am thinking about.

John Swinney: I am not certain that the channel would be Skills Development Scotland. I think that the most relevant channel would be the access to work programme, which is funded by the United Kingdom Government, if my memory serves me correctly. The programme is about tailored support that relates to—I do not want to express it as being part of the benefits system, because it is not; in essence it is about how we remove barriers to employment through targeted intervention. In the circumstances that you are talking about, I think that the best channel for support would be that programme.

The Convener: I do not think that many employers are aware of that funding stream.

John Swinney: That is a fair observation. However, from my experience of the access to work programme and individuals who have received support through it, I can say that what might at the outset, to someone who did not know much about the programme, feel like a cumbersome, hard-to-access programme is actually very straightforward. I compliment the programme on its straightforwardness and ease of access for people. In my experience there is also a pretty sympathetic tone to its decision making style, as we would hope there would be.

Christian Allard: I am pleased to hear that you want to explore the reasons why modern

apprenticeship schemes are not working for people with disabilities. Maybe one reason is that people with disabilities choose other routes, for example the third sector, which you mentioned. It would be good if there were some research on that.

John Swinney: There is a range of ways in which people with disabilities access the labour market and maintain their activity levels.

A significant aspect of the welfare reform agenda, which troubles me, is how volunteering is treated. I know from constituency experience that there are people with disabilities who are able to participate in volunteering in local ventures—often social enterprises. However, if their capacity to volunteer were to be perceived as demonstrating fitness for work, there would be a completely different issue, because there is no way that they are fit for work or able to do without their benefits and take on full-time employment. Their disabilities are such that they would never be able to do that. I am concerned that the approach to welfare reform involves making assumptions about the capability of individuals that might stretch such people. I am talking less about people with physical disabilities and more about people with mental health issues, for whom there is a particular issue in that respect.

As I said, the data in the area are not perfect. I will certainly explore Mr Allard's suggestion that we consider what more we can detect about the different routes that individuals take to becoming active. There might be approaches other than signing up for a modern apprenticeship—in fact, there are, because people can participate in college courses and third sector activity, and there will be mainstream employment. There is therefore a range of options, but I do not think that we have sufficient detail to address the issues that Mr Allard has raised.

Siobhan McMahon: I want to follow up on the modern apprenticeship scheme. When discussing the scheme last year during the budget process, we considered how barriers are put in place for females to achieve levels 3, 4 and 5. You said that you would take that point away and look at ways of adapting the scheme in order that those barriers might not be there going forward. We now have evidence that suggests that there is a barrier for disabled people who want to enter the scheme.

Although the scheme has good intentions, it has limited advantages for certain groups in our society. Would you consider a different scheme that might benefit more people, using the money that you are putting into the modern apprenticeship scheme?

John Swinney: I volunteered a point to John Mason earlier about what I thought was the modern apprenticeship programme's strength but

also its weakness. The programme's great strength is its link to employment and the necessity of all participants to be employed. That brings employers into the arena of dealing with requirements for training, education and skill development. It also ensures that a high quality of training is provided in an employment setting. However, I accept that the nature of that makes it more difficult for people with disabilities to access the programme.

I am certainly willing to consider what other ventures we might be able to bring forward to assist people with disabilities in accessing the labour market, but I would not be supportive of diverting modern apprenticeship resource activity away from what it is doing, because there is still a clear and discernible requirement for significant modern apprenticeship capability within the economy today. That is a clear reflection of the feedback that we are receiving from employers. I am therefore keen to explore Siobhan McMahon's point, but not at the expense of the existing modern apprenticeship programme.

The Convener: If no one has any more questions about modern apprenticeships, we move on to self-directed support, on which Siobhan McMahon has some questions.

Siobhan McMahon: All committee members support the principle of the Social Care (Self-directed Support) (Scotland) Act 2013 and the choices that it allows individuals to make about their care packages. However, we have heard in evidence that people are now finding it more difficult to access funds for the packages and are saying that their funding has been reduced. Do you have any comments on that? Were you aware of that taking place?

John Swinney: The funding lines for self-directed support are £17 million for 2013-14, £12 million for 2014-15 and £12 million for 2015-16. I know that some concern has been expressed about the fact that the figure for years two and three is £12 million while that for the current financial year is £17 million. That was always the planned roll-out of the expenditure. It was recognised that 2013-14 would be a peak year in the level of support that we put in place because of the introduction of the Social Care (Self-directed Support) (Scotland) Act 2013. The £12 million figure will be the baseline for the on-going period. The what are essentially additional resources in 2013-14 will build the capacity to ensure that the self-directed support legislation can be applied on an on-going and sustainable basis.

Self-directed support itself is absolutely consistent with one of the major streams of the Government's public service reform agenda, which is about making public services more person-centred, putting much more choice, planning and

flexibility into the hands of the recipient of such support and enabling that individual to configure their arrangements to meet their requirements. We will always monitor the utilisation of those resources and the extent to which they satisfy the demand for self-directed support among individuals, but I have to say that I have seen no systemic information to suggest that our financial plans are in any way inadequate to meeting the challenge.

Siobhan McMahon: We have heard in evidence that people are worried not only about the impact of the United Kingdom Government's welfare reforms but about the independent living fund coming to an end and the failing of that resource. The combination of those factors and the fact that there is only SDS to rely on is coming to be seen as a clear problem.

With regard to individuals becoming responsible for their own personal assistants, we have heard evidence that PAs are going to zero-hour contracts and are therefore losing their entitlement to sick pay and holiday pay. Are you aware that that is happening to PAs who are directly employed through the SDS legislation?

John Swinney: First of all, responsibility for the independent living fund will be devolved in 2015 and ministers here have made it clear that the £50 million that we expect to be devolved will continue to be applied to a Scottish independent living fund. I hope that that clarifies that point.

I am not aware of the issues that you have highlighted about PA support, but I will certainly explore them. Personal assistants are absolutely essential in providing support to the individuals who require it and in ensuring that the regime is successful, and those individuals need to be appropriately rewarded and to receive the support that they require to undertake their work. As I have said, I will certainly explore the issues that you have mentioned.

Siobhan McMahon: That would be helpful.

To go back to the independent living fund, concerns have been expressed in evidence that if that money is devolved—which would be a welcome move—it would not be for new recipients, because it is not being increased. I realise that that would involve additional finance and that budgets are tight, but might that issue also be addressed?

John Swinney: I completely accept the importance of the point that you raise, but it takes us into the territory of our ability to mitigate the effects of welfare reform. The committee will be familiar with the Government's actions with regard to the devolution of council tax benefit. That benefit was abolished in the UK, and a sum of money was devolved to Scotland to deal with the

on-going cohort of individuals who would clearly need to receive that benefit or face a significant impact on their income. However, only 90 per cent of that money was devolved and there was no indexation of the money that we received. As a result we, in partnership with our local authority colleagues, have had to fill the gap to ensure that people do not take a 10 per cent cut in their council tax benefit.

The point that Siobhan McMahon raised about the independent living fund is another example. We will have to consider what other steps we will be able to take in 2015. I have been clear with Parliament that it will not be possible for the Scottish Government to ameliorate and make good all the impacts of welfare reform on individuals. That would simply be a financial impossibility. However, we will give consideration to the issues that are raised at the time.

09:30

Siobhan McMahon: Welfare reform is an obvious area, and I will ask a question about that later, but I do not want to pre-empt my colleagues' questions on it, so I will stick to the subject of care service charging by local authorities. We have heard in evidence that charging is 12.6 per cent up, on average, over the past two years. Are you aware of that figure? Do you have any plans to address that, given that some local authorities are now charging individuals 100 per cent of spare income?

John Swinney: Those are matters for local government to address. Councils have the responsibility for any charging approach that they decide to take. It is clearly within their competence to consider those issues. The Accounts Commission has today published material in its report that relates to some of those questions, and which considers the degree to which differential attitudes are taken towards charging for particular types of care services in different parts of the country.

Siobhan McMahon: You will not be surprised that I asked the same question of the witnesses who appeared before the committee. I asked them whether they thought that the charges were being made as a result of the council tax freeze, as local authorities have to raise the revenue in some way. I ask the cabinet secretary to bear with me while I read three quotes from witnesses, and I would like to hear his opinion on them.

Bill Scott from Inclusion Scotland said:

"I think that the freeze is being funded partly through increased charges on disabled people. Put simply, you cannot have an indefinite freeze funded by an additional—but stand-still—£70 million each year that does not take inflation into account and hope that services will remain unchanged and undiminished. Local authorities have only

limited means of increasing their revenue from charges, and disabled people are an easy target."

Pam Duncan from Independent Living in Scotland said:

"I echo much of what Bill Scott has said. This is very much about priorities. Like Bill, we see the council tax as a regressive form of taxation, but we still believe that you need to unfreeze it because the freeze is not sustainable."

Finally, Tressa Burke from the Glasgow Disability Alliance said:

"I echo what Pam Duncan has said. We believe in a fair and progressive form of tax, but we cannot sustain the council tax freeze, which has meant that for the past seven years, apart from disabled people, nobody has paid any money towards what are rising costs. We feel that social care should be free at the point of delivery."—[*Official Report, Equal Opportunities Committee*, 10 October 2013; c 1636-38.]

Do you have any comments to make on those statements by the witnesses?

John Swinney: The witnesses expressed their views on and their assessments of the issues, and I respect the points of view that they have put forward, but I do not agree with them. The committee will be familiar with the fact that the Scottish Government has fully funded the council tax freeze at a level of £70 million per annum. That point was made by the chair of the Accounts Commission, as I heard on the radio on my way to the Parliament this morning.

I set the provision of £70 million in 2008-09 to deal with the inflationary increase that could have been conceived on the council tax. Over the course of the past few years, inflation has varied. Sometimes, it has been lower than 3.2 per cent. I could make the argument that the Government was giving local authorities more money than they required to freeze the council tax, because inflation was not as high as the 3.2 per cent that I envisaged when I set out the £70 million of support in 2008-09.

When we consider that question, we see that we cannot just segment parts of the local authority funding settlement and say that that decision has led to particular increases in charges. We have to consider the global settlement for local government within the context of the overall financial position that the Scottish Government finds itself in.

In that respect, it is vital that the committee considers the statistic that, between 2007-08 and 2012-13, the resources within the Scottish Government's control increased by 6.4 per cent whereas, over the same period, the budget for local government increased by 8.9 per cent. In short, over that period, the local government budget increased by more than the budget that I control and have overall responsibility for. The argument that suggests that local authorities have

somehow not been properly supported and, as a result, have had to adopt a charging approach is ill founded on two counts. First, the council tax freeze has been fully funded by the Scottish Government in each year. Secondly, local authority finance has increased at a faster rate than Scottish Government finance has done. It is essential that the issue of charging is considered in that context.

Siobhan McMahon: You will not be surprised to hear that I do not agree with your analysis, but given that that is your point, why do you think that charges have gone up by an average of 12.6 per cent over the past two years?

John Swinney: Such decisions are taken by individual local authorities. The point that the chair of the Accounts Commission made on the radio this morning was that there was significant variation in charging—in other words, one authority will have charges at one level, while another authority will have them at a significantly different level. Local authorities have the right to do that, and I would be the first to defend the right of local government to take decisions that are properly within its competence. However, as the chair of the Accounts Commission made clear in the report that has been published this morning, it is important that local authorities demonstrate the basis on which a charging regime is taken forward.

Siobhan McMahon: I have one final point on that. You said that one local authority will charge at one level while another will charge at another level. Is it the case that, at this point, you do not envisage taking that under Scottish Government control? We have heard that some people do not wish to move for a job because the authority in the area to which they would have to move might charge more for the same care package. That is a barrier to employment opportunities. Do you envisage that measures will be taken to address that, either by taking the matter under Scottish Government control or by conducting an investigation?

John Swinney: If the committee were to take evidence from my colleagues in local government, I would be interested to hear their reaction to the proposition that the finance secretary should take control of local authority charging. I imagine that it would not be particularly warmly welcomed, and that is understating local government's likely reaction. Local authorities have a proper and legitimate role in designing their local services and deciding on the charging mechanisms, so I have no plans to make that a Government responsibility.

Increasingly, we are looking at much more extensive integration of public services at local level, which means that the support packages that are put in place for individuals who require

assistance and support are increasingly informed by cross-working and collaboration between different public bodies. Some of the issues that Siobhan McMahon has raised can be addressed by designing person-centred services at local level that meet an individual's needs from the point of view not just of local authority support, but of support from the health service and other public bodies, and by doing that in a fashion that is compatible with the self-directed support regime, of which the Government is strongly supportive.

The Convener: Thank you. We move on to children with disabilities.

Marco Biagi: Childcare and services for children are among the broad headings to which high priority is accorded at this level in Parliament, but that does not always filter down to those who are most excluded—in particular, disabled children. A recent report by Scotland's Commissioner for Children and Young People suggests that disabled children are having difficulty with the services that they receive from local authorities. Can you point to a spending allocation that will follow through on support for disabled children and young people, or is that another area in which local authority priorities will be at the forefront?

John Swinney: It is important to answer that question in the context of the approach that has been taken to support children in our society. In essence, the Government's approach is anchored in the getting it right for every child agenda. That agenda is not the property only of the Government, but is broadly and emphatically endorsed by our wider public service partners. Indeed, the work that is being taken forward under GIRFEC is one of the areas in which we are probably making fastest progress in developing public services based on the integrated model about which I talked.

In May, I attended the learning session of the early years collaborative at the Scottish exhibition and conference centre in Glasgow. About 800 public servants from throughout the country were there. There was a storyboard for each community planning partnership area around the country—all 32 of them—and the most encouraging thing that I saw on that visit was that every one of them was able to demonstrate solid progress on integration of public services at local level, consistent with the GIRFEC agenda.

Such action inevitably brings together the funding streams that are available through the various public bodies to support the needs of children and to ensure that their needs are met. Fundamentally, at the heart of the getting it right for every child approach is the point that we must get it right for every child. One child's needs will be different from another's, so it is essential that we

draw together planning and focused support in order to ensure that we properly meet young people's needs.

Some support will come through the change fund that the Government has put in place, which will continue during 2014-15. Some of it will come through local authority and health service budgets, and some of it will come through the work of third sector organisations.

Specific measures are being introduced under the budget lines on children's rights, getting it right for every child, early learning and childcare, and the support that we put in place for looked-after children. There is also the financial support that we put in place for the support that some of our strategic partners provide to assist young people, and there is the family fund trust, which is available to support disabled children.

There is a range of mechanisms in the budget, but the approach will be driven by the GIRFEC agenda and how it draws together the work of all of our local authority and health service partners.

Marco Biagi: More broadly, with regard to childcare, how would you characterise the balance between universalism and the importance of extra provision for those who are most excluded—in particular, disabled children?

John Swinney: In 2014-15, the Government will move to the commitment of 600 hours of childcare for three and four-year-olds and looked-after two-year-olds, but care packages will be in place to provide greater support than that commitment. A disabled three-year-old may well be eligible for a care package that provides more childcare than the 600 hours commitment that the Government will fulfil during 2014-15, in partnership with local Government. There will be other arrangements that will be able to meet those needs.

09:45

The Convener: Thank you. Alex Johnstone has questions on third sector support.

Alex Johnstone: We are all aware of the wonderful work that is done by voluntary and third sector organisations. The cabinet secretary has already mentioned that and paid tribute to them. They also provide feedback from the grass roots, so valuable information comes from them. However, when finances are not so readily available, they find themselves at the end of long funding chains, so cuts can be concentrated on those third sector organisations. In fact, in evidence we were informed that the report on services for disabled children by Scotland's Commissioner for Children and Young People found that 80 per cent of third sector organisations

that were contacted reported a cut in funding and a requirement to make efficiency savings. Are any streams identified in the budget that may help such organisations?

John Swinney: I am taking forward an exercise to coalesce the various funding streams that the Government makes available to third sector organisations from the resources that we control. When I come to the Equal Opportunities Committee, members ask me to present the budget in one fashion to reflect equalities issues. When I go to the Rural Affairs, Climate Change and Environment Committee, its members ask me to present the budget in terms of climate change, and when I go to the Finance Committee, members say to me, "Just leave it the way that you have presented it; we can follow that, so don't go chopping and changing it." We can present budget information in different ways. I am conscious that how we present it will not always give answers to the type of question that Mr Johnstone has asked.

The one third sector line for my portfolio in the budget sits at £24.5 million. It is at that level in 2013-14, it will be the same in 2014-15 and it is projected to be the same in 2015-16. That demonstrates that, in a very difficult financial climate, the Government is maintaining input of resources to the third sector in its strategic interaction with it.

That said, very significant third sector funding support will also be made available in the health, justice, rural affairs, culture and education portfolios. In particular, my colleagues in education and health preside over strategic funding support that is made available to some of the principal organisations that provide support to young people with disabilities. I am confident that strong funding streams are available across a number of different portfolios.

On Mr Johnstone's wider observation about the funding position of third sector organisations, I put on record that the agenda that the Government has taken forward on public service reform opens up opportunities for third sector organisations to be participants in delivery of public services. That is emphatically a part of our reform agenda. At an event that I was at in Clackmannan last night, the public sector was able to demonstrate that there are a host of programmes—the two examples that were cited last night were on employability and on drug and alcohol addiction—in which public services could not be provided without the contribution of third sector organisations.

Even beyond flows of grant funding, local authorities put in place revenue funding to purchase from third sector organisations services that are integral parts of our delivery of public services. That is exactly the model that I have

been trying to create, so that we can sustain the third sector in the future not by grant funding alone, but also by revenue generation, principally through the creation of strong and embedded social enterprises that provide important services and—to go back to the point that Mr Mason raised—important employment opportunities for people with disabilities.

Alex Johnstone: You appear to be saying that the funding chains are shortening. Will there be a point in the process at which we will be able to identify exactly how much of the resource that is being fed through the third sector route is being used for things such as aids and adaptations, travel, housing for disabled people and supporting independent living?

John Swinney: I can certainly assist the committee on aids and adaptations, if I can find the right page in my briefing pack. I saw it earlier, but I will maybe have to talk about something else while I try to find it.

On independent living, I made a comment to Siobhan McMahon about the continuity that the Government intends to deploy in that respect. We will endeavour to do that. The approaches that the Government takes in funding a range of organisations that are focused on disability are designed to provide all the necessary support that individuals could require. We have a number of strategic relationships with organisations such as Inclusion Scotland and Independent Living in Scotland through the equality fund. Those organisations are designed to address the issues that Mr Johnstone raises. I concede that we have not amalgamated all the funding streams that are going to the third sector, but the Government is currently undertaking work on that.

The Convener: While you are looking for that information, cabinet secretary, I will ask a question about funding. Third sector organisations as well as community transport organisations and training providers are often funded annually, which makes it difficult for them to plan and to consider things such as renting new premises. When those organisations are coming to the end of their yearly contracts, they issue their staff with three months' notice, which obviously creates a feeling of insecurity for the organisations and individuals. Will you consider in the near future looking at longer contracts for those organisations?

John Swinney: That is an important issue. You might recall the Parliament debate that was initiated by the Conservatives on three-year funding for third sector organisations. In response to that debate, I commissioned some research and survey work to explore the extent to which we have three-year funding and how that could become a more embedded practice.

On funding settlements, if we go back to 2011, for example, I set out in the spending review three years of financial information, including a budget for 2012-13 and indicative plans for 2013-14 and 2014-15. I accept that the indicative plans are not hard and fast, absolutely nailed-down and certain budgets, but they are a pretty good indication of the direction of travel. With the benefit of hindsight, I can say that as we get closer to implementing the budgets for 2013-14 and 2014-15, they are pretty much what I set out in the indicative plans. My point is that an organisation such as a local authority or health board could have looked at its indicative plans in 2011, seen a three-year pattern and given a commitment to external organisations that would, in my view, have been reliably founded.

In the past few months, I have had, in my budget plans, to wrestle with fairly significant in-year reductions, which have been applied by the UK Government. Our budget went down by £125 million, but none of that reduction has been passed on to local government. When the Scottish Government can give three years of financial information, local authorities and other bodies should be able to share that information with third-sector organisations. Of course, it is reasonable to caveat such information with clauses to say that it is dependent on the final amount of money that will be received, but I do not think that there is anything to stop that being set out.

The research that we have carried out is being assessed, evaluated and discussed with various interested parties, including the Scottish Council for Voluntary Organisations, the Convention of Scottish Local Authorities and the care organisation whose name escapes me at the moment, but whose chief executive is Annie Gunner Logan, and once I have a clearer position on what it says, I will share it with Parliament.

The Convener: If, as you have said, you have a three-year plan for the funding that you allocate to local government, I would have assumed that you would take the same approach to funding that you provide directly to training providers that deliver the modern apprenticeship programme and other programmes for people who are furthest away from work, but those bodies are just on yearly contracts.

John Swinney: It depends on the funding streams that are used. For example, some of the programmes that you are talking about might be funded through European funding, which we might not necessarily get over a three-year period. As a result, our allocation would be limited. My point is that where we have three-year financial information, we should be able to give a three-year picture to organisations. At the moment, we have two years of forward-looking financial information,

so we should be working to give as much clarity as possible to local organisations.

The Convener: I might come back with a supplementary, but for the moment I will pass you on to Christian Allard, who will ask about welfare reform.

Christian Allard: You mentioned welfare reform in your introductory remarks and, in fact, have not stopped talking about it in response to the committee's questioning. You will be pleased to hear that the witnesses who came before us said that they very much welcome the Scottish Government's actions to mitigate the effects of welfare reform. However, they are particularly incensed about the bedroom tax and its effects on the people whom they represent, and although they welcome what the Scottish Government is doing and acknowledge that it does not have the power to replace certain benefits, they are concerned about the welfare cuts' impact a few years down the line. Can you comment on that?

John Swinney: As the committee will be aware, the Government has taken a number of steps to try to mitigate the effects of welfare reform. Those measures are anchored mainly in expansion of services to people who require advice and support; introduction of the council tax reduction scheme, which has protected people against council tax benefit cuts; establishment of the Scottish welfare fund, which has been a major part of the propositions that we have put in place; and the steps that we have taken to mitigate the effect of the bedroom tax, in respect of which we have to operate within our legislative competence. We have done that to our maximum ability but, as I indicated in my earlier response to Siobhan McMahon, it will be difficult for the Government to ameliorate all the impacts of welfare reform on Scotland.

10:00

Christian Allard: We are particularly concerned about the bedroom tax, particularly the consequences of local authorities making additional funding—the discretionary housing payments that are intended to mitigate welfare reform—conditional on disability living allowance payments. How could you encourage local authorities not to target people with disabilities in that context?

John Swinney: I am not sure that I am sufficiently familiar with the issue that you raise, Mr Allard, which I think relates to the decision-making approach of some local authorities in relation to the interaction between discretionary housing payments and DLA. I am not sure that I am sufficiently sighted on the issue in that regard. There will be a basis on which discretionary

housing payments can be made available, but I will have to check what our guidance says about how they interact with DLA and come back to the committee on that.

Christian Allard: Thank you.

Siobhan McMahon: Our witnesses welcomed the £20 million that the Scottish Government has made available, as Christian Allard said. However, they wanted the Government to go further. I understand that in evidence to the Welfare Reform Committee, Danny Alexander said that the Scottish Government could set up its own hardship fund, from the block grant, to help people who are affected by the bedroom tax. Have you considered such an approach? Would it be feasible to provide more money?

John Swinney: I do not know quite what Danny Alexander was suggesting. It is beyond me, because the law is very clear: if we try to ameliorate the effect of the bedroom tax in any way other than by using discretionary housing payments we will be in breach of the law. Someone will have to explain to me what Danny Alexander was talking about, because I do not understand it. The law is crystal clear to me. This is a reserved issue, and if we try to make a payment to compensate an individual on a benefits issue, we will be in breach of the law. I am happy to consider whatever Danny Alexander was going on about, but that is my understanding of the law.

Siobhan McMahon: Are you saying that you cannot set up a hardship fund?

John Swinney: My view is that that would be in contravention of the law.

The Convener: We move on to climate change.

Marco Biagi: Climate change will have major effects on Scotland. In particular, there will be severe winters and more frequent flooding. Can we be sure that our funding streams into such areas are giving disabled people, who are especially vulnerable in the context of their ability to respond to and recover from flooding or severe weather, the level of protection and benefit that we intend?

John Swinney: I think that the best way to answer your question is first to consider emergency situations in which individuals might be in jeopardy. In my experience, when the resilience operation cranks up to deal with major flooding or severe weather, there is a particular focus on vulnerable individuals. The local strategic co-ordinating groups, which are anchored in our local authority activities, are teed up to identify vulnerable individuals in any circumstances.

For example, in a flooding situation, it is clearly vital that we understand where individuals with

disabilities are, what support we can give them and how we can assist them—literally physically, in some circumstances. I have been involved in substantial work on ensuring that, in severe weather conditions, individuals who require heating support receive it. In instances of severe weather and during power cuts, local authority workers have been going round with oil-based heating implements to houses where there are people with disabilities and vulnerabilities. I want to assure the committee that, in an emergency situation, one of the priorities of the resilience operation is to ensure that anyone with vulnerabilities is properly supported and assisted.

We must consider proactively how to plan accommodation settlements where people with disabilities may live. If we are considering developing particular supported accommodation, there should be sophisticated planning to decide the correct and appropriate location for such a development, and the specific needs and interests of people with disabilities are reflected in those decisions in a range of ways.

Marco Biagi: Are statistics available on the provision of support to households containing a person with a disability in relation to energy efficiency through the home energy efficiency programmes for Scotland? If there are, could you provide them to the committee in writing?

John Swinney: I will need to check whether we have a disaggregation of those statistics and I will come back to the committee. As I said in my opening statement, I accept that many aspects of our information base need to be enhanced, but we shall certainly explore that point.

The Convener: Thank you. John Finnie would like to ask some questions about rural areas.

John Finnie: The challenges of delivering public services in rural areas are well known. Last year, Citizens Advice Scotland reported that

“Unemployed and disabled people in rural areas are suffering more than most”

in relation to cuts in the UK benefits system. Is there anything that you can point to in the Scottish budget that would address that area in particular?

John Swinney: There is a fascinating dichotomy in all this in relation to rural areas. As Mr Finnie knows, like him, I represent a large rural area. What strikes me when I look at the more isolated parts of my constituency, and when I look at isolated parts of the area that Mr Finnie represents, is that the arguments around focused collaborative working by public sector organisations become more obvious the more rural and isolated an area is, because it is obviously more difficult to provide services in far-

flung places and to ensure that everything is linked up.

In some isolated parts of the country, people may be doing three or four different jobs to make a living, and we must ensure that there is cohesion around the delivery of services and opportunities in such localities. That is very much the ethos that is at the heart of our approach to public service reform. We are encouraging greater focus on place. Whether that place is a city the size of Inverness or a settlement the size of Achiltibuie, it is a question of what can be done and achieved within those communities.

When it comes to finding opportunities to involve people with disabilities in wider strands of society and particularly in employment, we need to get organisations to work together and to create new opportunities through, for example, social enterprise activity. In my experience, such activity is often much more sustainable in rural and isolated areas than in more urban areas. That approach should provide some of the methods and mechanisms that will address the need to provide opportunities for such individuals.

John Finnie: Transport is a perennial challenge. Another challenge that is perhaps more directly linked to the UK Government's welfare cuts is broadband, which people require to use. Can you point to anything in the budget on those challenges?

John Swinney: The broadband funding that the Scottish Government is making available is heavily weighted towards rural areas, where the challenge exists. Mr Biagi's constituency will not benefit terribly much from what the Scottish Government is doing on broadband development, because the citizens of Edinburgh Central are well looked after by investment by telecoms companies. I see him shaking his head, so I have obviously put my foot in it with that remark.

Our investment is focused on addressing the clear deficiencies that will emerge in the availability of broadband in hard-to-reach locations. I accept the fundamental importance of connectivity in the country. That is important in a variety of ways—in how people live their lives nowadays and how businesses operate—and it is crucial to how we operate public services. I discussed that with the convention of the Highlands and Islands on Monday.

It is all very well for us to talk about the importance of delivering digital public services and to find ways in which public service workers can use all the devices that are now at our disposal to deliver public services and communicate directly about their impact, but that is a bit academic if people cannot get a mobile phone signal or access to broadband. Ensuring effective

connectivity is vital for hard-to-reach areas. That is at the heart of the Government's broadband expenditure.

A range of third sector community transport ventures is emerging; they are flexible and are deployed to meet the needs of communities in isolated areas. The Government is keen to do what it can to support such organisations as best we can.

John Finnie: I return to self-directed support. My colleague Siobhan McMahon raised the concern about personal assistants being on zero-hours contracts. I absolutely accept that you do not wish to intrude on local authority territory in relation to expenditure—you have said so several times—but could you put in place a system to ensure that public money is not disbursed to people who are not good employers and who do not ensure that workers have proper terms and conditions? Can you do anything about that, directly or indirectly? Supporters of self-directed support see the benefits, but if it takes jobs away from properly remunerated public sector workers and replaces them with poorly remunerated public sector personal assistants, that is not a win for anyone.

John Swinney: The Procurement Reform (Scotland) Bill, which the Government has introduced, is the mechanism by which we are determined to tackle such issues and to put in place as much good employment practice as we can. Employment regulation is a reserved matter, but we can try to apply aspects of the procurement regime—conditions and constraints—that fulfil some of the aspirations that Mr Finnie raises. That is the principal vehicle for taking forward that agenda.

The Convener: If no other members have questions, I will return to the third sector. Is there a danger that organisations will become service providers that depend on the Government and local authorities for their funding, which means that they can no longer act as advocates for the individuals whom they support?

10:15

John Swinney: I suppose that there is that danger so, yes, I would have to concede that. I remember that, in a parliamentary debate on the third sector, I took issue with your colleague Mrs McDougall when she made essentially that point. I hope that I am not paraphrasing her remarks too much, but she made the point that it would be a bad thing for third sector organisations to deliver public services. Actually, I am very keen for third sector organisations to deliver public services, because in my experience they do a very good job of delivering that crucial person-centred approach.

One danger is that we deliver public services as programmes. For example, I do my bit as a health care worker and you do your bit as a local authority worker, but we do not actually think about what the individual's needs are in the round. In my experience, many third sector providers take a much more holistic view of the individual than is often the case with public services. For that reason, I think that it would be a good thing for third sector organisations to be involved in the delivery of public services.

Of course, some third sector organisations will not be interested in being public service delivery organisations because of their advocacy roles and responsibilities, and that is entirely appropriate. I suppose that the issue is that any hybrid organisations should not lose their ability to champion issues through being part of the delivery mechanisms. However, I would not want the committee to think anything other than that I am pursuing a strategy that is designed to get the third sector more actively involved in the delivery of public services, because I think that that would be a good thing for our public services and for the individuals who rely on them.

The Convener: It may be worth bearing in mind that service providers must have the confidence that, if they criticise their funding provider, their contracts will not be reduced or taken from them in the years to come.

John Swinney: That is a very fair observation. I take your point that organisations may feel compromised in not being able to criticise their paymaster. We distribute lots of money to organisations and it does not seem to stop them criticising us, but I take the point very seriously.

The Convener: Thank you very much for your evidence, cabinet secretary.

That concludes the public part of today's meeting. Our next meeting will take place on Thursday 7 November and will be in private.

10:18

Meeting continued in private until 11:37.

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