



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Justice and Social Security Committee

Thursday 28 September 2023

Session 6



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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
SUBORDINATE LEGISLATION.....	2
Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2023 (SSI 2023/197).....	2
Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023 [Draft].....	3
PRE-BUDGET SCRUTINY 2024-25	21

SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE

23rd Meeting 2023, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

COMMITTEE MEMBERS

*Jeremy Balfour (Lothian) (Con)

*Katy Clark (West Scotland) (Lab)

James Dornan (Glasgow Cathcart) (SNP)

*Roz McCall (Mid Scotland and Fife) (Con)

*Marie McNair (Clydebank and Milngavie) (SNP)

Paul O'Kane (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Paul Bradley (Scottish Council for Voluntary Organisations)

Alison Davis (Saheliya)

Shirley-Anne Somerville (Cabinet Secretary for Social Justice)

Jane Sterry (Scottish Government)

CLERK TO THE COMMITTEE

Claire Menzies

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 28 September 2023

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Collette Stevenson): A very good morning, and welcome to the 23rd meeting in 2023 of the Social Justice and Social Security Committee.

We have received apologies from Paul O'Kane and James Dornan.

Our first item of business is a decision on whether to take agenda item 6 in private. Are we agreed to do so?

Members indicated agreement.

Subordinate Legislation

Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2023 (SSI 2023/197)

The Convener: Our next item of business is consideration of a Scottish statutory instrument: the Council Tax Reduction (Scotland) Amendment (No 2) Regulations 2023. The instrument is subject to negative procedure and amends the Council Tax Reduction (Scotland) Regulations 2021 to increase the maximum amount that may be disregarded in respect of childcare costs for the recipients of universal credit when calculating their income for the purposes of the council tax reduction scheme.

It is an emergency instrument that came into force in June and it coincides with an increase in the childcare cost caps by the United Kingdom Government. No motions to annul have been laid. The Delegated Powers and Law Reform Committee considered the instrument on 5 September and agreed to draw it to the attention of the Parliament on a reporting ground for failure to comply with laying requirements. The committee also noted that it was content with the explanation that the Scottish Government had provided for the breach of the laying requirements.

Do members have any comments?

Bob Doris (Glasgow Maryhill and Springburn) (SNP): I support the instrument. For clarity, it is worth putting on the record why we have the council tax reduction scheme. The scheme was abolished on a UK-wide basis by the UK Government in 2013. The Scottish Government moved at that point to bring in a Scotland-wide council tax reduction scheme. In that time, 455,000 households per year have benefited—so, in 2022, 455,000 households benefited from the Scottish council tax reduction scheme. On average, low-income households benefited by £750, which is a £3 billion investment in relation to low-income households in the past 10 years.

If the negative instrument, which has been brought forward speedily by the Scottish Government, protects that key investment in relation to low-income families, I absolutely support it.

The Convener: No other members have comments. Bob Doris's comments will be noted in the *Official Report*.

I invite the committee to agree that it does not wish to make any further recommendation in relation to the instrument. Are members content just to note the instrument?

Members indicated agreement.

Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023 [Draft]

The Convener: The next item of business is consideration of another statutory instrument: the Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023. The instrument is laid under the affirmative procedure, which means that the Parliament must approve it before it comes into force.

At our previous committee meeting, we took evidence from Minority Ethnic Carers of People Project, Carers Scotland and Carers Trust Scotland on behalf of the Scottish young carers services alliance. We also heard from the Scottish Commission on Social Security.

Today, I welcome Shirley-Anne Somerville, Cabinet Secretary for Social Justice. I also welcome her officials Euan Geddes, policy official, carers allowance case transfer; Ross Grimley, lawyer, Scottish Government legal directorate; and Jane Sterry, policy lead for the carer support payment.

I will mention a few points about the format of the meeting before we start.

We do not, in fact, have any members online, so we can forget about that. We normally do.

We will move on. I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Social Justice (Shirley-Anne Somerville): Good morning. As we all recognise, unpaid carers make an immense contribution to our society, but we also know that caring can be challenging for carers' health and wellbeing and their ability to have a life of their own outside caring.

That is why improving support for unpaid carers is a priority for our social security powers. Despite our fixed budgets and limited powers of devolution, we have transformed social security provision in Scotland, delivering a system that is based on the principles of dignity, fairness and respect.

We launched the carers allowance supplement in 2018 to address the fact that carers allowance was the lowest of all the working-age benefits, and we launched the young carers grant in 2019—two benefits that are unique to Scotland.

The draft regulations before the committee make provision for the carer support payment, which is the 14th benefit provided by Social Security Scotland, replacing carers allowance in Scotland. We have engaged extensively with carers, support organisations and the wider public

to design the carer support payment so that it meets the needs of the people who will use it. I am grateful to everyone who contributed their views and to the members of our carers benefits advisory group and the former disability and carers benefits expert advisory group, in particular.

The regulations will remove barriers by extending entitlement to many carers in full-time education who are currently unable to get carers allowance. Once our new benefit is available nationally, it will benefit up to 1,500 more carers. From its launch, the carer support payment will also provide an improved service and signposting, which are designed to help carers to access wider support in social security and beyond.

Carers allowance is the most complex benefit that we have replaced in terms of its links with wider support, particularly the benefits that remain reserved to the UK Government. I am grateful to officials from across the UK for all their hard work in getting the transition right.

The regulations make provision for an initial pilot scheme from November in Dundee city, Perth and Kinross and the Western Isles. As I set out in my letter to the committee, our intention is to extend the benefit to additional local authority areas from spring 2024 and that it will be available nationally from autumn 2024. That will allow us to test the important links with wider support and to deliver continuous improvements to our service. I look forward to coming back to the committee with further regulations in due course, to make provision for the wider roll-out of the benefit.

The regulations also provide for the transfer of the benefits of carers who are already in receipt of carers allowance without any need for them to re-apply, and they ensure that those who are in receipt of carers allowance and the carer support payment continue to get our carers allowance supplement in the same way during the roll-out and transfer periods.

As soon as is practicable after case transfer is complete, we will start to make further improvements, initially by incorporating the carers allowance supplement into carer support payments, so that carers get their extra payments more regularly; extending support when a carer loses the person they care for; and providing extra support for carers with multiple caring roles—a carers additional person payment.

I extend my thanks to the Scottish Commission on Social Security for its formal scrutiny of the draft regulations earlier this year. Its recommendations have been accepted and have strengthened the detail of the regulations that are before us today.

I am grateful for the opportunity to assist the committee in its consideration of the regulations,

and I am happy to provide any additional information that the committee might require.

The Convener: Thank you, cabinet secretary. Our questions will be directed to you, but you are welcome to invite any of your officials to respond. Jeremy Balfour is first, with questions on carers in education.

Jeremy Balfour (Lothian) (Con): Good morning to you and your team, cabinet secretary. It is always good to have you at committee. You might have seen that, last week, witnesses refuted the Scottish Government's arguments for excluding 16 to 19-year-old carers who are in full-time non-advanced education from claiming CSP. What were the evidence and rationale for that decision?

Shirley-Anne Somerville: I listened very carefully to what was said, because we want to support carers of all ages. Our completion of the regulations that are before the committee was based on our previous consultation work. For example, the concerns that the disability and carers benefits expert advisory group fed back stressed the importance of ensuring that financial support does not inadvertently lead to some young carers finding themselves in unsuitable caring roles. In addition, when we consulted on the young carers grant, similar concerns were raised with us about young carers having age-appropriate caring roles. The national carers strategy, too, looks carefully at the fact that caring can be a very positive experience for young people but can also put pressure on them.

I hope that that has explained where our rationale and thinking have come from, but I have listened carefully to what was said last week and to the fact that the issue has been raised. The Government is very happy to continue to work with carers organisations to see whether further evidence can be collected and work done with them to test that out more. Obviously, that will not happen in time for the going through of the regulations, but I hope that the committee will be reassured that I take it seriously and that we are keen to work with stakeholders to make sure of things. Some are concerned about our putting that in place, but others are concerned that we might not do so, and we need to find a way through that. I am keen to work with stakeholders on that and to go into more detail about the concerns that they raised last week.

Jeremy Balfour: I will follow that up with two brief supplementary questions. You are absolutely right to say that not all caring is necessarily age appropriate. However, people are where they are and, sadly, some people's only choice is to use a son, daughter or sibling to help, because there is no one else to do it. I accept that we do not want to push people into caring, but sometimes they are

pushed into it yet will no longer get any financial assistance.

In addition, are we not making a distinction between different types of education? We are saying that, if they are in one form of education, they can have money but, if they are in another, they cannot. I am concerned that we are making a false comparison between different types of education rather than recognising that, whatever way people go, further education is important.

Shirley-Anne Somerville: Forgive me if I picked Jeremy Balfour up wrongly, but I think that he said that they will no longer get support. My understanding is that those people do not get support under the current carers allowance, so we are not taking it away. I just want to be clear.

I recognise that we have had to look very carefully at the different types of education. Different types of support are already there for young people who are in non-advanced education—for example, the education maintenance allowance, which is not available elsewhere in the UK. Other types of support are also very important.

However, as I have said, I recognise that there are differing views on the issue and that there are concerns about the fact that, although we need to look at the age appropriateness of care, people may be in caring situations, as Mr Balfour was right to say, and we need to be careful not to leave people behind as we go ahead.

I hope that I have laid out the rationale for where we are with the regulations and for the Government's absolute openness to continuing to work with stakeholders—in particular, in areas in which views and opinions differ on what Government should do. We need collectively to find a way through that.

Bob Doris: This is not my substantive question, cabinet secretary, but the committee would find it helpful if you could get back to us with a clearer definition of full-time non-advanced—as opposed to advanced—education. I have read some definitions—not Government definitions, but standard definitions that are out there—and I sometimes struggle for clarity on what counts or does not count as advanced, particularly in the college sector.

It is encouraging that the Scottish Government is not closed off to amending the regulations through looking at the matter again. That is welcome, although it is not for the current regulations. If you do not do that in the short term—we appreciate that you cannot—will you prioritise, for instance, extending the young carer grant to 19-year-olds? There is definitely a gap that is created, and the young carer grant could be another route by which to close that gap.

09:15

Shirley-Anne Somerville: We are happy to provide the information on the definition that Mr Doris has requested. We will need to make any definition very apparent and easy to understand for those who are applying, so that we encourage people—particularly those at the edges, and especially when something is a bit new, as is the case with eligibility for those in full-time advanced education. I recognise that we need to provide information to carers, in particular, through carer support organisations as we move through the process. That work will be on-going.

On the point about the young carer grant, I recognise that issue. I am sure that the committee is aware that, in essence, the eligibility, in terms of the age at which someone begins to be eligible for the carer support payment, matches the situation for young people who are in full-time education who can access universal credit.

Among all the income replacement benefits, the one that is devolved to the Scottish Parliament is the carer support payment, but there are others. There is sense, therefore, in having the eligibility for all income replacement benefits start at that age. However, I recognise the point that Mr Doris makes on eligibility for the young carer grant.

When we were putting in place the young carer grant, we were not at the same stage of policy development in looking at the carer support payment, just because we were doing those things in different years. As we progress with devolution, we need to ensure that there are no unintended consequences—no gaps or challenges for particular age groups or parts of society that arise from the incremental programme that we have.

We are keen to ensure that looking at that aspect is part of our on-going work of evaluating the carer support payment and the young carer grant. Indeed, there may be other issues around the young carer grant and the carer support payment that we need to look at in order to develop a system that has no unintended consequences.

Again, I acknowledge the evidence that was given to the committee on that last week. The Government will look at what we can do to support young carers.

Bob Doris: That is helpful. I think that we have a position whereby the Scottish Government would be happy to look again, without making any specific commitments, at non-advanced full-time education and at extending the young carer grant, as complex and challenging as that might be. Obviously, however, nothing is going to happen in short order in that regard.

How would you respond to that, cabinet secretary? There is still a group of young carers who will potentially miss out while others benefit. What support is available for that group?

Shirley-Anne Somerville: I recognise that issue, particularly with regard to the young carer grant and the carer support payment. As I said, we are very keen to keep that under review, and we will work with stakeholders on it.

With regard to the aspects around young carers, I mentioned in a previous answer to Mr Balfour some of the support that is already available, but I will give some examples of the support that can be accessed. There is the education maintenance allowance, and households with 16 to 19-year-olds in non-advanced education can continue to get support from reserved benefits such as child benefit, universal credit and child tax credits. There is support out there.

As I said, the education maintenance allowance is available only in Scotland. That is an important aspect of the wider support for our young people that sits outside social security. Again, I stress that we need to look at the issues in the round as we continue to develop the system. We need to consider what sits in social security and what sits elsewhere, and what is still reserved, and we will continue to work to see whether anything more needs to be done in that area.

I hope that the committee is reassured that there is still support out there for young people who are in full-time school education.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning to you, cabinet secretary, and to your officials.

When you were last before the committee, we both agreed that, despite its antiquity, the industrial injuries disablement benefit had been left unchanged by successive Westminster Governments. I think that we both also agree that the same can be said of the carers allowance, although there have been two main changes since it was created, in 1976, of which the most significant was allowing married women to make a claim. We face a big challenge that we need to get right if we are to provide a more progressive level of support for carers. Does the Scottish Government have the balance right between safe and secure transfer and the speed of change that is necessary to deliver a system that fully supports unpaid carers?

This week, I will again cover the issue of overpayments. Some of my colleagues might want to come in once I have concluded. Are the proposed changes sufficient to reduce the number of overpayments? What more can be done after safe and secure transfer?

Shirley-Anne Somerville: Those who have been involved in discussions on social security will have heard my predecessors and me talk a lot about the importance of safe and secure transition. We are right to do that, because we recognise that these individuals, who might be in very difficult or vulnerable situations, are relying on payments. So, one of our first responsibilities is to ensure that we have a safe and secure transition. That is why case transfer is very important.

We must also ensure that we do not have a two-tier system in which the rules are different for those who are making new applications and those who are already in the system and are still waiting for case transfer. That is a very unfair situation to be in.

That situation means that we cannot deliver some of the changes that we would like to make as fast as people would like—I totally recognise that—but I think that, as we heard last week, many of the witnesses and stakeholders have stressed the overall importance of safe and secure transition.

The issue of overpayments is a really important one. There are still things that we can do to improve the situation and to minimise the risk of overpayments. That has been a long-standing concern about carers allowance, which sits within the Department for Work and Pensions.

I will give a few examples that might help the committee. One of the areas in which we are keen to do more than the DWP currently does is the averaging of earnings to provide carers with more stable support. Incomes can go up or down, so we want earnings to be averaged over a period. That will, I hope, make it less likely that people will find the eligibility criteria out of reach because of, for example, a bonus or overtime at a particular time. Averaging is very important.

We have built in a system of alerts that Social Security Scotland will use to get data from His Majesty's Revenue and Customs to track carers' earnings, and there will be a number of scheduled reviews of earnings for self-employed carers, to prevent there being as many overpayments.

One more example—this is an important area on which the committee took a lot of evidence last week—is the fact that we will pay the carer support payment four-weekly in arrears. That is different from the DWP's payment of three weeks in arrears and one week in advance, which can sometimes make it difficult to make the analysis as tight as it needs to be under carers allowance.

We are still keeping to safe and secure transition, but those are some of the measures that we are looking at in relation to the carer support payment that, I hope, can still make a

difference to people with regard to the risk of overpayments.

Marie McNair: I believe in a human rights-based approach to social security and I am concerned that there is no right to appeal in relation to overpayment decisions. When will the Scottish Government change that, and will you accept that appeals are an important part of our social security system?

Shirley-Anne Somerville: We are looking at options for introducing a formal right of appeal for the liability of overpayments. Carers can, of course, request a review of a decision on liability of overpayments, but that will be carried out by Social Security Scotland. I appreciate that stakeholders have raised concerns about the fact that there is no formal redetermination or appeal rights, as you said.

That is an issue that we need to look at not just in relation to the carer support payment but across all devolved benefits. The committee will be aware that we, as a Government, have consulted on overpayment liability. The committee will also be aware that we have said in the programme for government that there will be a social security amendment bill later this parliamentary year. Full details of how we will approach that will be in the bill.

I hope that that provides the committee with reassurance that we have already undertaken consultation on the issue, that we recognise that it is an issue and that the committee and the Parliament will have the opportunity to look at the proposed solutions once the bill is before Parliament.

Marie McNair: Finally, you have charged the minimum income guarantee expert group with considering how the policy could assist unpaid carers. How do you envisage that rolling out?

Shirley-Anne Somerville: The work on the minimum income guarantee is very important to the Government. It was very important within the programme for government, and yesterday I had the pleasure of attending the first meeting of that group since I got into post. I heard, for example, from people with direct lived experience in relation to the importance of the Government moving forward with a minimum income guarantee, so we are very keen to look at that.

The First Minister has asked that group to look at what can be done with carers. Of course, it is up to the group to decide its work plan, but I am pleased to say that that was passed yesterday, and there is a lot that could potentially be done within that.

I hope that the group's final report, when it comes out, can give assistance not just to carers,

but on a minimum income guarantee overall. I think, and the Government thinks, that a minimum income guarantee for carers, in particular, would greatly assist them, because we know that there are challenges in that area. We are very keen to look at that, but obviously the report and what is made of it are entirely for that group, which is independent of Government. The group has produced an interim report, but the ask around carers specifically came in after that report was published.

The Convener: There are a few supplementaries. I will bring in Jeremy Balfour and then Bob Doris.

Jeremy Balfour: Let us go back to the appeal process. I may be wrong on this, cabinet secretary, so please correct me if I am. My understanding is that if someone puts in an application and is refused, they have no right of appeal. Will you be looking at that in respect of tidying up the system? That would seem, to me, unfair.

If I am wrong on that, which I think I may be, what is the right of appeal? There seemed to be a lack of clarity on that at our meeting last week.

Shirley-Anne Somerville: I am happy to bring in Jane Sterry on that issue.

Jane Sterry (Scottish Government): A standard determination of entitlement to carer support payment will carry the same redetermination and appeal rights as other benefits when any determination is made on whether somebody should be awarded the payment. The timescales for redeterminations are set out in the regulations and they mirror those for the devolved disability benefits, so carers will have 42 days from a decision to request a redetermination and the agency will have 56 days to carry that out.

Jeremy Balfour: Sorry—I meant an appeal to a tribunal.

Jane Sterry: It works in the same way as with devolved disability benefits. If, following a redetermination, the carer is not happy with the decision that has been made, they will have the right to request an appeal against that decision. Those timescales are set out in the Social Security (Scotland) Act 2018, and they apply across all the devolved benefits in the same way.

Jeremy Balfour: That is really helpful. For clarification, which tribunal would that go to?

Jane Sterry: My understanding is that it would be the social security tribunal.

Jeremy Balfour: Okay. That is helpful.

The Convener: I will bring in Bob Doris and then Roz McCall.

Bob Doris: I will be brief. Cabinet secretary, when you talked about overpayments, you mentioned information and data from the DWP and the need for that to be shared in a timely manner.

It would be good to know a little bit more about how that is going—whether there are challenges there and whether those challenges involve being able to model what the level of overpayments may look like for this new Scottish benefit or simply getting information in real time on any additional income that an individual or household may have that would be taken into account. When I heard you talk about overpayments and information sharing with the DWP, I was keen to know just a little bit more about that.

Shirley-Anne Somerville: Sure. I will bring in my officials if they think that I have missed out any key points on that. That highlights why the carer support payment is one of the most technically complex benefits to introduce, as there has to be continuous linking between DWP and HM Revenue and Customs information.

The way that we are doing the roll-out is important, and we have a pilot to test those links using a manageable number of cases. We will then move forward with the national roll-out, so that Social Security Scotland, the DWP and HMRC can all test that it is working effectively.

09:30

Another reason that it is challenging is because there is modernisation work going on in the DWP around its systems for carers. That is really important work for it to be doing, but it means that we are trying to latch on to a system that is changing, which brings additional challenges—if I can put it like that—although officials are working very well together.

It is important that there is understanding of the amount of work involved, the complexity of it and the fact not only that it is a joint process to get a system set up and allow case transfer, but that it will be a continuing joint process between devolved and reserved parts of government.

That is working well. It is not simple, by any means, and I am sure that programme colleagues in the directorate will think that I have understated the level of complexity, but I hope that the committee appreciates the amount of work involved and the fact that the continuing engagement between all the levels is going well. I have no concerns about that at this point.

We will have to keep up that level of engagement as we move to systems going live and to testing them with data, but that is why we are taking a cautious approach to how we are

rolling it out, by using pilots—just as we did with child and adult disability payments.

Roz McCall (Mid Scotland and Fife) (Con): Good morning, everyone. I thank the cabinet secretary for the full and frank answers that she has given us. They are very helpful.

I was flicking through my notes and I noted that, last week, Judith Paterson stated that overpayments are “an inevitable consequence” of the process. I appreciate what you have said about overpayments in the answers that you have given so far, but it also came up at last week’s meeting that Social Security Scotland will not seek to recover overpayments of less than £65. What is the Scottish Government’s response to views that that amount should be set higher, and how will we monitor any possible overspends or budget concerns that might come from considering any variance on the amount of £65?

Shirley-Anne Somerville: That is a very important point for the agency and Government to consider. Overpayments are an inevitability of the system as it stands, because it is exceptionally complex. In the future, the Government might wish to look at how we can simplify some of the processes, but that will not be done in the short term. We need to get the case transfer right and ensure that we have a system that delivers on some of the priorities that I have mentioned.

In the meantime, I recognise that, when there are overpayments, there is concern among stakeholders about the amount being set at £65, and I reassure the committee—this applies not only to carer support payments but to all the benefits that are dealt with—that the financial circumstances and personal circumstances of individuals, as far as they are known to the agency, are taken into account when the agency assesses overpayments. It is not done automatically and with no communication. That is an important part of the dignity, fairness and respect aspect that goes wider than the carer support payment.

The £65 level is in line with the DWP level, and it is based on the cost of overpayment recovery. In essence, the cost of recovering anything lower than that amount would outweigh the amount that would be recovered. As Social Security Scotland is a relatively new agency, we do not have the data in the agency to determine what the cost of recovery would be. The Government is therefore keen to keep that under review, to see whether changes should be made to the overall policy on payments, and the carer support payment will be included in that.

Roz McCall: That will be monitored going forward.

Shirley-Anne Somerville: Yes.

Roz McCall: Thank you very much.

Jeremy Balfour: Cabinet secretary, can you give us a timetable for the completion of a transfer and the introduction of further changes to the carer support payment?

Shirley-Anne Somerville: The agency agreement that we have with the DWP runs out in March 2025, and we have no concerns about that timeframe at the moment. The case transfer begins a few months after our pilot scheme, and the number of case transfers will grow incrementally. We will start small, test everything and ensure that there are no concerns about the transfer and nothing about it that makes it difficult for carers. All carers will have started the transfer journey by the end of 2024 and will have completed it by March 2025. We will start the transfer not long after the pilot scheme, we will begin to scale that up after testing the process, and all carers will have had notification of case transfer by the end of 2024.

Jeremy Balfour: On your discussions with Social Security Scotland, there have been some delays in other areas. Is it confident that it has enough staff to meet the target?

Shirley-Anne Somerville: Social Security Scotland looks carefully at workforce aspects to ensure that the staff are in place. It is different for every benefit, but there are lessons to be learned from how the case transfer process works. The carer support payment is more complex, but that is exactly why we will start off with a small number of case transfers, test the process and ensure that the workforce assumptions are correct. In that way, the agency can flex if the models are incorrect for whatever reason or if we have got something out of kilter with regard to the workforce.

At this stage, we are very confident about staffing, but the way that we are managing the process means that the agency has the ability to flex, should it require to do so.

Katy Clark (West Scotland) (Lab): Last week, Paul Traynor suggested that addressing underlying entitlement was quite low down the priority list. What is the Scottish Government’s approach to the issue of underlying entitlement?

Shirley-Anne Somerville: That is an important issue, which I recognise has been raised by carers. It comes under the catch-all of the fact that carers allowance and the carer support payment are income replacement benefits, as is the state pension. Therefore, we have a number of benefits that, in effect, seem to be there for the same purpose: income replacement. However, it is still important that people apply for the carer support payment—even if it is just to have the underlying entitlement—because it is the gateway to

accessing other support, some of which is still reserved. We are keen to do more to encourage people who have underlying entitlement to apply so that they can access that other support.

There has been a call to extend the carer support payment to those who already receive some other income replacement benefits, but that would be a major change, and, as the committee is aware, no major change in social security comes without a requirement for a hefty investment.

I will give an example for context. Around 80,000 people are eligible for and get a carers allowance payment. Another 40,000 people have underlying entitlement. If the ask is that all those people get a carer support payment, significant investment would need to be undertaken. I recognise that there is that call, but such changes would need to be undertaken after case transfer and when the Government, the Parliament and stakeholders had all had a very open discussion about the affordability and sustainability of that, particularly when there are a number of calls to be made—which people are understandably making—after case transfer is complete.

I hope that that gives the context of the scale of what it would mean to make that change.

Katy Clark: You have explained the context fully, but is the comment that addressing underlying entitlement is quite low down the priority list fair? Is that accurate?

Shirley-Anne Somerville: We have tried to do what we can in the system while case transfer is on-going, and I have given examples of what we intend to do once case transfer is complete. There are priorities that relate to additional payments for caring for more than one person, for example. A number of calls have been made to the Government for carer support payment changes, and we have to look at those as we look at all aspects. We cannot make all those changes at once, we certainly cannot make them before case transfer, and the significant ones come with a significant cost attached. When the Government and the Parliament look at any changes, we have to look at how they can be funded.

I totally recognise that it is a priority for us to look at that and that there are calls for that, and I know that people are aware that such changes would not come without a significant cost. It is not a matter of their being a low priority; we simply need to do what we can in the short term and fulfil the priorities that we have laid out for after case transfer. We will then have to keep up a discussion about the other aspects—that issue is only one of them—that people would like us to bring in in addition to what the Government has already proposed.

Katy Clark: The Scottish Government has consulted on increasing the earnings threshold. Why is that not one of the priority policies for change after safe and secure transfer?

Shirley-Anne Somerville: Again, that cannot be done until after case transfer. I gave details earlier—for the sake of time, I will not go through them again—about how we are trying to get better at looking at average earnings. We are also looking at how, if someone goes over the income threshold, their award will be temporarily stopped and reinstated without application rather than suspended. That gives individuals more rights, and it is another issue that we are already looking at.

The earnings threshold for the carer support payment will have to align with that for the carers allowance until case transfer is complete, but we continue to look at the responses to the consultation that suggest future changes. The earnings threshold is, of course, very important. I apologise for repeating this, but it is an important point: everything will have to be done in the context of how affordable and sustainable improvements are within the Scottish budget, which is largely fixed.

Katy Clark: Okay. Thank you.

Roz McCall: I am going to go right back to the beginning, cabinet secretary. You alluded to trying to make the process as easy as possible, especially for young carers. How can we ensure that the process is available and clear to all carers and that carers have accessible information to help them to apply for the carer support payment, especially if English is not their first language? How can we ensure that the process is as smooth and simple as possible, to reduce the stress on carers when they are going through it? I am intrigued to know what your comments on that are.

Shirley-Anne Somerville: As with all devolved benefits, a great deal of work has gone into working with carers to ensure that we provide the information that they require and that we get the application form right. As the committee will be aware, all the benefits can be applied for online, by telephone or by using paper forms. An important difference in Scotland is that people can also receive assistance from the local delivery service, which will assist people in their homes or in a community setting if they require additional help. The local delivery service is very important because it is embedded in local communities and will have connections to local carers groups and to those who provide advice in the community. The service can be a bridge to a young carers group, or any carers group, that allows people to come in and help directly.

09:45

There is a recognition that some communities do not necessarily recognise themselves as carers and perhaps do not have the same expectation that the state is there to support them. We are keen to work with different organisations to ensure that our information is provided in different languages, that we have easy-read formats and that, particularly through local delivery, we make that connection. It is fine to have everything available in local community languages, but it is about what we do with that and how we make sure that the information is there for people to read and that they are supported. That is the benefit of local delivery. It is not just about having the information available; it is about having links with the local community to encourage people.

I hope that that reassures the member about what we are trying to do on that aspect.

Roz McCall: That is a very full answer. Thank you.

The Convener: The final question will be from me and is on wider support. Last week, we heard suggestions about things such as income maximisation and referral to carer support services. Will those be included? If so, when?

Shirley-Anne Somerville: Again, that can be an important difference in how we deliver social security in Scotland. It is about recognising that an individual who comes forward and is eligible—in this case, for the carer support payment—could also potentially benefit from further knowledge of what other support is out there. Work has already been undertaken and, from launch, we will continue to finesse our approach on notifications in the award letter and online content signposting carers to what else is available out there. There will be links available as soft stops in the application, perhaps even to help carers who might not be entitled to the benefit but may require further support as a carer. We are also looking at having information on adult carer support plans, young carer statements and so on.

Signposting is very important, but we know that it is only one step and that more can be done. We are keen to further develop the approach as the agency continues its growth, recognising its important place in our communities. I mentioned local delivery, which is important, and, as I mentioned to Roz McCall, that service will have links to local groups.

We will continue to learn. We will continue the national stakeholder engagement with carers stakeholder groups and with the agency to continuously check whether we are getting it right and whether more can be done. That is an added ask of the agency that does not happen in the DWP—it is an additional ask of social security

staff. Nevertheless, it is an important ask, because we need to see the carer as an individual rather than as an application form and consider what that individual needs as they move forward.

I hope that that explains some of what we can do online in relation to the application form, even for those people who are not entitled to the benefit, as well as what local delivery can do.

The Convener: Thank you very much. That was very helpful.

Agenda item 4 is the formal consideration of motion S6M-10324, which calls on the committee to recommend approval of the Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023. I invite the cabinet secretary to speak and to move the motion.

Motion moved,

That the Social Justice and Social Security Committee recommends that the Carer's Assistance (Carer Support Payment) (Scotland) Regulations 2023 [draft] be approved.—[*Shirley-Anne Somerville*]

The Convener: I invite contributions from members.

Jeremy Balfour: Obviously, we will support the regulations this morning. However, I have made the point on numerous occasions—and I will make it again—that I think that the process is slightly flawed. We take evidence from the cabinet secretary and then immediately have to vote on the regulations. As a Parliament, we have to look at the fact that, even if what the cabinet secretary has said today causes us concern, we have no option but to vote either for or against the regulations, and the Scottish Government has no time to reflect on the questions that we have asked. That is a procedural rather than a substantial issue.

There is still concern about some individuals, particularly in certain education settings, being left behind. In your answers, cabinet secretary, you said that there are varying views on the matter. The evidence that we have taken as a committee is that the payment should be made. I am grateful that you have said that you are going to look at the matter again, and I hope that we can look at it sooner rather than later. The danger, once we pass regulations as a Parliament, is that we then move on to the next thing and leave people behind. I hope that you will take what we and you have heard seriously and that some amended regulations can be brought forward in this parliamentary session. I am interested to know whether that is the timescale that you would be looking at, if you were to bring forward changes.

I also look forward to seeing the proposals in your bill, later this year, which will deal with the

overpayment issue and the right of appeal. Again, we have taken evidence on that.

As someone who benefits from unpaid care, I think that we all recognise the massive role that unpaid carers play in our society. Often, those individuals do not necessarily want to do it but are put in a position whereby they have to do it because of their family situation—geographically or just because of how their family is made up. I welcome what we are doing here, as a Parliament, and I think that it will make a difference to individual lives. However, as you said, we do not want to leave anyone behind. I would welcome a mention—perhaps in your summing up—of the timescale that you are looking at for at least thinking about bringing in any changes.

Bob Doris: Clearly, the regulations will put more money into the pockets of more unpaid carers in Scotland than ever before, and they will provide additional service and support. What is not to like about that? I warmly welcome the regulations. I think that they put unpaid carers in Scotland in the best supported group across the UK.

Of course, we have to go beyond that. I was encouraged to hear that the Scottish Government is already looking at what comes next, as well as the complex delivery of the carer support payment. That is encouraging. I also think that this committee has a partnership and scrutiny agenda with the Scottish Government. It is not a matter of our committee just approving the regulations and then moving on to the next thing; we should follow up the success of the pilot and the full roll-out and return to it as a committee.

I warmly welcome the measure. It is the right thing to do and it is a good news story for Scotland, but there is still so much more to do. I agree with Mr Balfour that we must not shirk scrutiny of it as the pilot rolls out and we embed the new payment in Scotland.

The Convener: As members have no further comments or contributions, I invite the cabinet secretary to sum up and respond to the debate.

Shirley-Anne Somerville: Although Mr Balfour's first point is an issue not for me but for the committee, I note it and recognise it from my previous times at committee. I will leave that point for the committee to discuss, should it wish to do so.

I recognise that the aspect relating to education settings is important. In respect of all the points that Mr Balfour has raised in the debate, as I said earlier, we will look again at that aspect. I am not in a position at the moment to give a timetable for when that will be, but I recognise that that has come up in the committee's evidence and that we need to look at it. I do not see it as one of the

aspects that requires to be looked at in the long term after case transfer—I hope that that gives a rough timetable, without making promises that I cannot keep.

It is about not just consultation with stakeholders, but the requirement for us to look at what changes need to be made in the agency's programme and processes and what would have to be done to ensure that the system can take care of any changes, should we bring them forward. As Mr Balfour is well aware, none of those things is simple and none of them—when it comes to a change in processing—can be done overnight. However, I hope that that reassures him that I intend to look at that in due course.

The Convener: The question is, that motion S6M-10324, in the name of Shirley-Anne Somerville, be agreed to.

Motion agreed to.

The Convener: The committee will report on the outcome of the instrument in due course. I invite the committee to delegate authority to me, as convener, to approve a draft of the report for publication. Are members agreed?

Members indicated agreement.

The Convener: I thank the cabinet secretary and her officials. I will briefly suspend the meeting to allow for the setting up of the next agenda item.

09:57

Meeting suspended.

10:02

On resuming—

Pre-Budget Scrutiny 2024-25

The Convener: Welcome back. Our next item is a pre-budget scrutiny evidence session.

Last week, we discussed budget priorities in general terms and explored the context for decision making with regard to the Scottish budget. Today, we will focus on more specific budget priorities that are covered by our remit and consider what a wellbeing economy would mean for those areas.

I welcome to the meeting our panel: Paul Bradley, policy and public affairs manager at the Scottish Council for Voluntary Organisations, and Alison Davis, business manager at Saheliya. Thank you for joining us. I invite members to ask questions, starting with Bob Doris.

Bob Doris: Good morning, Paul and Alison. I should say thank you to Alison and Saheliya, which has a wonderful facility in my constituency of Maryhill and Springburn, for the great work that you do there.

Alison Davis (Saheliya): Thank you for that.

Bob Doris: As Mr Balfour does, I like to put these things on the record.

Clearly, both of our witnesses will have a real insight into the impact on the voluntary sector of the cost of living crisis. I know that you could probably both talk at length about that, but could you put some of those challenges on the record as concisely as possible before I ask follow-up questions?

Paul Bradley (Scottish Council for Voluntary Organisations): Yes, of course. Thank you for inviting us along today. Before I go into some of the figures and the impact, it is important to remind ourselves of the role of the voluntary sector in Scotland. The committee will be familiar with that, and, as MSPs, you go into your constituencies and meet many people from voluntary organisations.

Voluntary organisations cover many things, but they often become the voice of the forgotten—the people who are less able to act but who are most impacted by the decisions that this Parliament and the Scottish Government take. Voluntary organisations are at the heart of our communities, whether that is through delivering community care or employability programmes or through overseeing and maintaining programmes for village halls, museums and galleries. At the moment, the staff and volunteers of those organisations are going above and beyond, even when they themselves are facing significant challenges due to the cost of living crisis. That is further exacerbated by the funding challenges that you will hear about me today.

At last week's evidence session, the committee heard from Bill Scott, who said that the Poverty and Inequality Commission had visited 20 organisations, all of which said that they had never seen such pressure or demand before. That is reflected across the entire sector by those who are delivering front-line services.

The figures speak for themselves. In May, nearly all voluntary organisations—around 94 per cent—reported rising overheads. That is usually down to staffing and energy costs. Also in May, 71 per cent of organisations said that they are experiencing financial challenges. That was up from 67 per cent at the time of the last Scottish budget, so things have worsened. Half of those who said that rising costs are having an impact on their finances said that that is having an impact on their ability to deliver their core activities and services, which is a real issue across the board.

With regard to the sector's finances, we had the pandemic and we now have the cost of living crisis. You will hear from me today about the years of underfunding and poor funding practices. In May, a third of organisations reported that they are now using their reserves to top up services and pay staff decent wages. Half of those who are doing that say that that usage is unsustainable, which is not a surprise, given that around 60 per cent of charities in Scotland have less than six months' reserves. That is not long-term sustainability; they are just getting through each year as best they can.

Those challenges are not new in the slightest. My first evidence session on behalf of SCVO was in 2019 at the then Equalities and Human Rights Committee. In its report, that committee recognised

"a clear need to investigate how the third sector is coping under tougher financial conditions."

I am very familiar with that report, but I have not seen the changes that were called for by that committee in relation to funding practices, fair funding and multiyear funding, and that report was published four years ago.

The sector's efforts have been vital, but we cannot mistake short-term perseverance, with its human cost for the workforce and volunteers, for long-term resilience. I hope that we will see in the budget not just an acknowledgement of the sector—we are always acknowledged for the work that we do, which is fantastic—but progress on funding and on seeing the voluntary sector as a true partner in the delivery of public services.

Bob Doris: Thanks for that. That was very clear.

Alison Davis: For those who do not know about us, Saheliya supports women from racialised

communities who have mental health issues resulting from gendered abuses and who are unable to access mainstream services. The reasons why they cannot access those services include illiteracy, limited English language skills, severe and complex trauma, not knowing their rights and not knowing the systems and services that are available or how to access them. We are a specific niche group. We support just over 1,000 women each year from more than 50 national backgrounds. Those women are some of the most vulnerable; their children are often at risk and the women themselves are often at risk.

At the end of 2020, we saw a loss of 80 per cent of our funding because of a variety of issues. Brexit meant that we lost very large moneys from the European social fund and the European regional development fund. We also lost funding because we contract on a competitive level with very large mainstream organisations. We thought that that was fine because we could rely on income generated from our Edinburgh childcare provision, which was burgeoning. Then, of course, Covid hit.

The Covid lockdown vastly increased demand for our services and hugely reduced our ability to deliver them. We already had massive demand, but there was a quadrupling of demand in Glasgow and a doubling—an increase of around 110 per cent—of demand in Edinburgh. That increased demand was from women who could not go anywhere else. We are funded to support women who cannot go anywhere else.

I will give you an idea of what that means. Earlier, the cabinet secretary talked about the Government's laudable efforts to make its services open and accessible to all. The Government has consulted Saheliya and our service users at some length, but our service users cannot access any of those routes. We only support women who cannot access any of those routes except through interpreters. We would always caution against the use of interpreters. I can go into that at some length, if you wish.

I am rather more concerned about how, as a society, we gather information on hard-to-reach—or what we would consider to be easy-to-ignore—service user groups. With our service user group, a range of issues come up. In looking at the implementation, delivery and evaluation of human rights model funding, equalities delivery and so on, a variety of issues need to be considered, one of which is reliance on census data for information on our service user group. The census is, by definition, 10 years out of date. That period is now longer, because of Covid. The census is not accessed by most of our service users because they come from backgrounds where authority is scary. In addition, as I have said, they are often

illiterate in any language and they have low-level English language skills. Therefore, there is no baseline information.

Assumptions are made—for example, it is assumed that European migrants are white, yet one in four of our Sudanese service users and one in five of our Somali service users have come from another European country, having received refugee status there. We can go into that pattern of migration. It is really important to have Saheliya there, because the way in which we operate and are funded means that we can pick up on such anomalies, on routes of migration and on needs and so on in a way that other organisations, by definition, cannot. What is particularly special about us is that we generally operate under the radar, we do not advertise what we do and we have a gendered analysis of our approach to supporting new Scots communities and racialised communities.

If the only route to reaching the highly vulnerable women we are talking about, who already have severe mental health issues and whose children have severe and complex trauma, either vicarious or direct, which has huge repercussions for long-term educational outcomes, employability and so on, is through organisations such as Saheliya—I would strongly argue that we are the only organisation that reaches that specific group—funding is absolutely critical, and it must be predictable and consistent. We provide heavy-end services, but we do not know whether we will have funding for next year or the year after. We now have no long-term funding.

An issue that feeds into the understanding of the needs of the client group is the fact that racialised communities are often seen as homogeneous—Mrs Khan from Pakistan is seen in the same way as Mrs Khan from Sierra Leone, yet the risks attached to them and their children are very different indeed. It is a point of shame that we live in such a world.

I do not often answer the phone, but at least three times every year, when I do pick it up, there is an educated professional on the other end who will ask if they can refer somebody to me, and, when I ask what language they speak, there is a pause and they say, “She’s from Africa.” I ask them to help me out, because there are 700 languages in Nigeria alone, Nigeria is one of 54 countries in Africa, and the language that the woman speaks will give the best indication of whether her child is at risk of female genital mutilation. Not having fine tuning or a little bit of basic knowledge about new Scots communities in the mainstream is a stumbling block.

10:15

Bob Doris: Ms Davis, I feel guilty for stopping you, because what you said is very important for the committee to hear, but I need to direct us back to budget scrutiny. That was all very powerful, though, and the committee will consider it, so thank you for it.

We are doing budget scrutiny, and both witnesses have made clear the challenges, the financial pressures on the ground and the lack of certainty about financial support. The Scottish Government has some budget decisions to make. How do the witnesses believe that it should prioritise funds? Should it generate those funds or should it reprioritise funding from one stream to another?

I do not expect a hugely detailed answer, unless the witnesses wish to give one. Can you say in general terms whether the Government needs to increase the amount of money that is taken in by raising additional revenue or whether it should prioritise one area at the expense of another? How should we realign the budget to deal with the cost pressures that are affecting the voluntary sector and your clients?

Paul Bradley: There is about a half-hour answer to that.

Bob Doris: I know.

Paul Bradley: I will be quick.

We agree with the Scottish Human Rights Commission, which spoke last week about needing to maximise the available resources. The SCVO stays clear of conversations about taxation primarily because there are organisations, both in our membership and non-members, who have expertise in tax.

I encourage the committee to look at the new report “The case for fair tax reform in Scotland”, which has come from a range of charities. We are not close to the modelling; the Institute for Public Policy Research Scotland has taken a lead on that. Although I cannot speak for it—because I am not close to it—that is an example of the sector playing a key role in debates and discussions on this. If the committee is not able to look at that report, I recommend that organisations such as the IPPR be part of the discussions on pre-budget scrutiny.

There are two things to say about prioritising. Yes, there is always a demand for more funding for voluntary organisations, but I want to focus on the money that is already sitting in the system and is not being used. We know of organisations that are still waiting for their funding five months into the new financial year and have received no communication from the Scottish Government about it.

There is a lot of talk about a lack of finances and no money being available, and of the challenges with that. We fully understand that, but it must be of concern to the committee, the Parliament and the Scottish Cabinet that there is funding sitting there that is not going to organisations when it should be.

Bob Doris: Mr Bradley, I know that time is moving on, but I think the committee would appreciate it if you drew a distinction between money that has been allocated but not provided to organisations and money that is unallocated, because those are different things. Could you address that? I will then bring in Alison Davis before my colleagues get a chance to ask their questions.

Paul Bradley: Yes, of course. We know of organisations that have received a vague intention to fund well into the financial year but still have not received confirmation of that funding. That is not about the payment of funds; it is about confirmation of the funding. The payment of funds is also an issue—there can be late payments after getting confirmation—but some organisations are still waiting for the Scottish Government to confirm whether they will receive funding for the financial year, and we are almost halfway through this financial year.

Bob Doris: It is really important to draw our attention to that. You are talking not about unallocated funding, but about allocated funds that have not been received—is that right, Mr Bradley?

Jeremy Balfour: No.

Bob Doris: Sorry, Mr Balfour, but it would be helpful if Mr Bradley answered.

Paul Bradley: It is unallocated funding. It has not been confirmed for voluntary organisations, and therefore those organisations are not able to spend that funding.

Bob Doris: So, it is an intention to fund but without the pound signs beside it saying how much the funding will be.

Paul Bradley: It is without written confirmation. The line usually is that there is an intention to fund, subject to final approval, and then the final approval does not happen for months and months. Organisations need written confirmation.

Bob Doris: I am sorry for being so pernickety, but does the intention to fund, subject to final approval, tell an organisation how much it will get if the final approval is given? Does it have a budget line? That is the key thing in relation to the scrutiny. I am not trying to be awkward; I am trying to be clear.

Paul Bradley: I am sorry, but I do not know that off the top of my head. I can get back to you on that.

Bob Doris: Funds are not unallocated if there is a pound sign beside them and they are notionally allocated to an organisation—we cannot move that money around.

I will bring in Ms Davis, and then I guess that that is my last opportunity.

The Convener: We have until 10:50, but a lot of members still want to ask questions, so I ask for concise and succinct answers.

Alison Davis: I have worked in the sector for over 30 years, and I know that many organisations need consistent funding—that is certainly the case for Saheliya. Even if it is at the same level as it is now, we need consistent funding for five or 10 years, as long as we are providing quality services and demonstrating that. In the past, we have said to statutory funders that, if they give us £100,000, we can bring in £3 or £5 from other sources for every £1 that they have given us, and that has worked. If statutory funders give us some stability, we can demonstrate business continuity and other funders will go along with that—they will match fund that. That is critical.

In budget discussions, there needs to be a lot more cost benefit analysis—even if it is on the back of an envelope—of what happens if you do not fund the route to the most marginalised.

Bob Doris: Thank you.

Jeremy Balfour: The deputy convener has raised really interesting points, and I was interested in Paul Bradley's response. I ask him to provide written examples of what he was talking about to the committee. Obviously, an organisation might not want to be named, but it would be helpful to have real-life cases that we can take up with the Scottish Government.

We are looking at this year's budget, but we also need to look to future years. The Scottish Fiscal Commission has highlighted that there will be a fairly major gap of more than £1 billion in the budget over the next two to three years. Paul, I know that you said that you do not talk about taxation, but, using more general terminology, where do you think we should be going to bridge that gap? Do you or your members have any views on that?

Paul Bradley: As I said, the sector definitely has a view on revenue raising. I repeat the point about the report that I mentioned—I can share a copy of that after this meeting, if that would be useful for the committee to scrutinise.

We are fully aware of the tough financial challenges that the Scottish Government faces,

particularly the looming deficit in 2027-28, which you mentioned. There is the revenue generation part, but it is also about how to get the most out of the money that is already in the system. We welcome the Scottish Government's commitment to public service reform, which has come up again in the programme for government. However, we feel that the issue needs to be a big focus over the next few years.

I have just submitted the SCVO's response to the procurement reform post-legislative scrutiny. It is quite eye-opening to see the glacial pace of the reform that is happening in procurement in Scotland. That process is absolutely critical, with £1.8 billion-worth of funding having gone to the voluntary sector through contracts in the past year. We agree that there need to be efficiencies and that the process needs to be effective, but those efficiencies cannot start with cost cutting; they have to focus on what services we need in order to deliver the best outcomes and impacts.

At the moment, organisations tell us that there is very little focus on impact and outcomes, despite the fact that the sustainable procurement duty has come in. One organisation that I spoke to said that it has to squeeze that information into bidding forms, because it is just not asked about outcomes—it is all about costs. Until we get past that and start to think about how we use our money most effectively to deliver outcomes and impact in communities—for example, so that we think about not just numbers of places in nurseries but what impact those will have on parental employment—we will be in the same situation. It does not matter how much funding you bring in; it will just add to a system that does not deliver for people and communities.

Jeremy Balfour: Alison Davis, I saw you nodding away. Is there anything that you would like to add to that?

Alison Davis: The procurement system just does not work. In the past, we were funded solely by the City of Edinburgh Council, which used to provide 22 per cent of our funding through contracts. When those contracts went out to tender, a white male-led organisation won. Our footfall remains, but we cannot bid in the same way. We do not have a team of people to put the tenders in.

In addition, the measurements that are used do not include a full equality impact assessment. They say that they do, but they do not—for the reasons that I was talking about just now. It is about having knowledge of the most vulnerable.

Jeremy Balfour: What would be your preferred methodology for allocating money?

Alison Davis: I would look at consistency and the delivery of quality services, and I would want a

genuine equality impact assessment across the board. There is a lot of wastage. If there was consistent funding, even at a low level, that would enable voluntary sector organisations to plan and to secure other funding.

Jeremy Balfour: Thank you.

Marie McNair: Do you have any comments about the progress that the Scottish Government is making towards implementing its commitment to fair funding principles and to investing in the voluntary sector or about its progress towards meeting its multiyear funding commitments? I put that question to Paul Bradley first.

Paul Bradley: That is a really important question. We have seen progress in terms of the Scottish Government talking to the SCVO and other organisations. That is welcome—it is something that we asked for last year. However, in terms of the funding situation for organisations, I do not think that we have seen any progress at all.

As I said, it is good to see the programme for government commitment to public service reform. We are starting to hear the phrase “fairer funding” used across the Scottish Government a lot more, but we do not truly understand what that means. There is no definition. I think that there has been mention of progress towards multiyear funding and something around processes, but the Government has not adopted the SCVO’s fair funding package.

We are hearing from organisations that the Scottish Government is using the term “fairer funding” in meetings and discussions with them, but the reality of the funding is nothing of the sort. As I mentioned, organisations are receiving vague intentions to fund them and are then waiting months to get written confirmation of that funding. They are being asked to develop elaborate business plans, which adds to the paperwork, but they are receiving no feedback from the Scottish Government on the funding. They are told that it will be another week, another month, and then there is silence. I have also mentioned the delays in getting the funding. Even if funding has been allocated, if it is not out there and being used, people are not being supported. All of that causes major delays in delivering services and staffing issues, including, potentially, the issuing of redundancy notices and so on. That is not good.

The programme for government contains a commitment to develop a plan, and we have called for the milestones to be transparent, because we need to hold the Scottish Government to account on that. I think that it was the convener of the Finance and Public Administration Committee who said that, back in 1999 to 2003, one of your predecessor committees published a report highlighting similar issues but we are still having these discussions. That progress should have

happened six months ago, when the commitment was made in the prospectus. Given that organisations are telling the SCVO that this is their worst year in terms of their funding relationship with the Scottish Government, that is six months wasted.

Emma Congreve, who was in front of the committee last week, mentioned that there is a feeling that commitments and policies are announced with no thought as to how they will be implemented. The concern is that that will happen here as well. Some work is going on in terms of using things like the community capacity and resilience funds to test two-year funding and some changes to funding criteria, but that is scratching the surface.

We have welcomed the positive engagement with the cabinet secretary, though, in having frank and honest conversations about the challenges. Many of the issues that we have talked about are not necessarily political issues; they are operational issues. We have welcomed recent meetings about those issues with senior Government officials, and there is a commitment to work with us and to have dialogue about them, which is welcome.

10:30

Those operational issues have an impact on policy delivery. If the money is not reaching organisations or if organisations are not certain about the funding that they will get for the year ahead, they will not be able to plan or deliver the services that they would want to deliver.

As you know, the SCVO has been calling for inflationary uplift, particularly in respect of support for the living wage. New conditionality has come in, and that conditionality is super-important to paying the real living wage. However, there is not the funding to resource that.

There are lots of issues that need to be looked at. On what we want to see this year, timely communication and payments would make a huge difference to the upcoming funding year, and that would not involve a huge cost to the Scottish Government. We would also like to see the Scottish Government doing more around testing the implementation of multiyear funding across major funds and using that to think about a model for 2026.

There is one thing that I encourage the committee to do. I have listened to evidence sessions this week, and all those fair funding issues have come up in the Constitution, Europe, External Affairs and Culture Committee, the Health, Social Care and Sport Committee and the Finance and Public Administration Committee. I do not know whether there is an opportunity for the

conveners of the committees to come together to look at the SCVO's fair funding framework and think about how those issues are reflected across parliamentary discussions. Seeing those issues being raised across the board has been quite eye-opening for me.

Marie McNair: Thanks for that. Does Alison Davis have anything to add to that?

Alison Davis: Multiyear funding is critical, and it needs to be linked to quality outcomes. That needs to happen now, because the situation is critical.

Marie McNair: I am really sorry that you are experiencing those issues. The committee will certainly feed that back to the Scottish Government.

The Convener: On funding and how it is allocated, reducing child poverty is, obviously, a Scottish Government priority. How does the funding of the voluntary sector support tackling child poverty? Does that have any implications at all for how funding is allocated within your own budgets?

Alison Davis: It is massive. The cabinet secretary talked about the accessibility of processes, and it takes at least four hours to apply for universal credit with somebody. It takes a member of staff at least four hours to do that—any online form will take about four hours—and the resource implications of that are massive.

We have seen a massive increase in the risks to children because of domestic abuse and mental health issues following the Covid lockdown. It is massively resource intensive to put in place all the measures, so we are really struggling.

We have a parenting programme that is groundbreaking because it solves the problem of women not being able to deal with children with additional support needs and high levels of stigma in communities. Carers allowance is not being applied for, support services are not being accessed, diagnoses are not being made, and people are not being registered as disabled. That process takes a lot of time, explanations and support in first languages, but we have sporadic funding for it.

A lot of our service users think that health visitors are linked to the Home Office and that, if they do not do the right thing, they will be deported. It is about how intensive that work is, which has increased massively since Covid and with the move to online applications and remote working, which makes things very difficult. People who are working remotely will often ask our case workers whether the service user is in the same room as they are in. If we say no, she cannot give

consent, so she cannot get a service—and that can be an emergency maternity service.

The Convener: I hear you. Thanks, Alison. Does Paul want to come in on that question?

Paul Bradley: Yes, although I know that we are short of time.

Many of you will be familiar with the Poverty Alliance—the challenge poverty week is coming up—which is a case in point, as it demonstrates the importance of funding organisations in this space, of bringing lived experience into policy development, of collaborating and of campaigning for improvements to, for example, the Scottish child payment. We saw that campaigning last year, and we will see it again this year.

For challenge poverty week, the Poverty Alliance has come up with five key asks, one of which is backing for the SCVO's call for fair funding. Ahead of the anti-poverty summit that the First Minister held, the Poverty Alliance recognised that its members wanted fair funding to be a key item on the agenda. That reflected what the Poverty Alliance heard from its members about the dire need for longer-term funding and more support for grass-roots organisations, which play a crucial role. Alison Davis spoke about the specialist skills that such organisations have and their ability to bridge the trust gap between communities, marginalised groups and public authorities.

The Poverty Alliance could present to the Scottish Government or the Scottish Parliament a number of innovative ideas and solutions for tackling poverty. The fact that it has picked fair funding for voluntary organisations speaks to the importance of the issue across the sector.

Jeremy Balfour: At a previous meeting, the committee heard that, in addition to children, other groups of people are suffering from poverty, including young single people and older people, and that they need further support, too. First, do you agree? That will probably be a fairly straightforward answer. Secondly, how can the Scottish Government take that into account in its budget decisions?

Alison Davis: It is very difficult. I go back to the point about consistent funding. More funding does not necessarily have to be provided—although more funding would be good—but there should be consistent funding, with a framework of statutory funding around which other funding and income can be built.

We should focus on the under-fives. From our experience, that is where the risk is and where change can be made. There should also be well-informed equalities impact assessments for everything. That means stepping back and not, for

example, spending money on huge interpreting contracts for the police and the national health service, because the police and the NHS say that they do not really work for the most vulnerable people. If the Saheliya model was used, Saheliya would not need to exist. We should also think about bus travel. Our funding from the Poverty Alliance enabled women to access health services, learn English and do all sorts of things that they could not have done otherwise.

Paul Bradley: The SCVO agrees that tackling child poverty should be a priority, but minimum basic needs must be met regardless of the circumstances in which someone finds themselves, the community that they are from or who they are. As a country, we should focus on that, and voluntary organisations have a huge role to play in that regard.

Addressing poverty is about putting more money into people's pockets—we heard about a good example of that in the previous session—but there is also the exclusion aspect. The voluntary sector plays a vital role in ensuring that people feel connected in their communities, whether that is through village halls, museums or groups. At the Constitution, Europe, External Affairs and Culture Committee's meeting the other day, I heard voluntary organisations in the culture sector speak about the really bleak challenges that are ahead of them. One example that they used was charging for entry to various venues. If funding is taken away and certain parts of society are not supported, that will have an impact on people living in poverty and those who are on lower wages, so we need to look at the whole system.

I agree that the situation is difficult. It is very easy for me to sit here and say what we need to do; it is a lot harder for Governments to do it. Impact assessments are really important for understanding how decisions that are taken in one area will affect other areas. That links to the point about transparency. No one is denying that the Government has some really difficult decisions to make, but, if there is more transparency around how the decisions are made, that will make things easier. We might not like the decisions, but we would be able to better understand how they were made and why they were taken at a certain point in time.

Jeremy Balfour: Thank you.

Katy Clark: The Verity house agreement, which was signed by COSLA and the Scottish Government, includes a commitment to agree a new fiscal framework governing how local authority funding is allocated. What implications will that have for voluntary organisations working with local authorities?

Alison Davis: It is important, but again—I sound like a stuck record—unless decisions on the allocation of funding are informed by a full understanding of equalities and needs in local communities, it will not be effective. It is laudable, but we must have that baseline of knowledge.

Katy Clark: Is that your concern?

Alison Davis: Yes. That is my concern.

Katy Clark: Paul, do you have any thoughts on that?

Paul Bradley: I agree that the agreement is welcome. We want local authorities and the Scottish Government to talk. That is what has got us to this agreement, which is positive. However, the voluntary sector is not party to it, and anyone who is not party to it is probably unclear on the detail and what it will mean in practice. Correct me if I am wrong, but my understanding is that there is not a focus on more funding coming from the Scottish Government, and if local authorities face a funding shortfall, that will have a knock-on effect for voluntary organisations.

The Accounts Commission for Scotland said that local authorities and communities face a stark future, and if it is going to be grim for local authorities, it will probably be grimmer for voluntary organisations, particularly those that work on preventative services. Non-statutory services are usually the first to go, but making cuts to those services has a knock-on effect on statutory services, and more people need to access emergency support.

This has come up several times, but we know it at SCVO: all the invisible cuts have been made. Further cuts will have an impact on services and will impact on people, whether those who access the services or those who work in the voluntary sector. The agreement is a positive step in that we need positive relations between local and national Government, but we are looking from the sidelines and thinking, "What's going to happen here and what does this mean for us?" For example, does reducing ring fencing impact the voluntary sector? We are looking at that kind of thing to see if it impacts us. We do not want to make assumptions about the situation, but we are watching that space.

Katy Clark: Do you envisage any benefits from the agreement, Paul Bradley?

Paul Bradley: We really do not know. From speaking to organisations in the voluntary sector that work in local areas and communities, we hear that there is a lack of optimism about the possibility of improved funding, better funding arrangements and better relationships with contracting authorities.

The challenge is that we are not party to the agreement. There was an accord between the voluntary sector, COSLA, the Scottish Government and the Society of Local Authority Chief Executives and Senior Managers way back in 2010, or around that time. An agreement on paper does not mean much to us at the moment; it is about the reality of what happens over the next couple of years.

Katy Clark: You have made that point clear.

Alison Davis: It is also about the mechanism for allocating that funding. If it has to be done through tenders that are cumbersome to complete and so forth, that will exclude the organisations that reach the most vulnerable.

Katy Clark: That is helpful. Paul, in your submission you state that the voluntary sector's contribution to the vision for a wellbeing economy remains "largely unacknowledged". Will you explain that in more detail?

Paul Bradley: Yes. When we talk about that vision and its role in the economy, we talk about the Scottish Government and others, but it goes beyond that—and it goes beyond SCVO saying that. The former chief economist at the Bank of England said that the estimated value benefit of the voluntary sector in the UK is around £200 billion, but in national accounts it is around £20 billion, which is a huge difference.

It is a challenge to look at the value of the sector and monetise things such as volunteering. However, Volunteer Scotland has done that and has said that formal volunteering, by 1.2 million volunteers, equates to around £2.8 billion to the economy, and then there is all the informal volunteering, too. There is a perception that we give money to the voluntary sector to do good things, but it is not an investment. It is not healthy to monetise everything.

I think that it might have been you who made the point at last week's meeting that there might be a risk that we focus only on things that we can measure. Andy Haldane, the former chief economist at the Bank of England, has said that that is exactly the problem, which is why we are forgetting about the voluntary sector across the UK.

10:45

Because that is the nature of where we are, work is under way to look at that. The Department for Culture, Media and Sport has funded a project to do a feasibility study to look at aggregating Office for National Statistics data. I think that the Fraser of Allander Institute is working with that team in an effort to have Scottish data included. Thinking about Scotland specifically, our ask is

that, as part of the review of the national performance framework in 2028—it will not be possible for this to be included in the current review round—an indicator should be included that quantifies the sector's economic contribution to Scotland, so that we can track and measure it.

With regard to the lack of recognition, the NPF makes no mention of the voluntary sector, the third sector or charities. Mention is made of volunteering, but the last time I checked, which was a couple of weeks ago, I discovered that the Scottish Government had taken the decision to remove volunteering questions from the Scottish household survey every other year, which means that those questions will be asked only every two years. I have just mentioned the economic contribution that volunteering makes; we should be monitoring that on a yearly basis. That position might have changed in the past two weeks, but it is an important issue.

The fair work and business outcome makes no mention of the voluntary sector in any way, shape or form, despite the fact that the data and indicators that are used there include voluntary sector employers. If we are not focusing on and not recognising those, where is the attention to our contribution on fair work, a living wage and the gender pay gap? We want our sector's work to be recognised in the fair work and business outcome, as well as in the NPF overall.

Although the innovation strategy makes a few mentions of the third sector, it does not capture its unique contributions in areas such as medical research, regional economic partnerships and health. Last year, a piece of research was done by the British Heart Foundation and the Fraser of Allander Institute that showed that, in 2018, charities contributed £122 million to medical research in Scotland and created 7,300 jobs. There needs to be more focus on that.

One positive is that, over the past few years, we have managed to secure space for the sector on the national strategy for economic transformation board. We have one sector representative on that board, but that points to the challenge that exists, whereby people see the sector as one that can be represented by one person. We have been unable to get organisations involved in the many different strands of that, so we have set up a smaller group to support the person concerned and take some of the load off them. We need broader involvement. I will stop there.

Katy Clark: Alison Davis might want to come in, although I know that we are short of time.

The Convener: No—it is fine. Carry on.

Alison Davis: I think that people frequently have a false perception of the voluntary sector. I have nothing against people in church halls doing

flower arranging, but I think that that is the kind of picture that comes to mind when people discuss the voluntary sector. It is not acknowledged that we have a massive impact on employment and that we frequently have highly professional staff in highly professional organisations who deliver critical services for very vulnerable people. I think that that gets lost.

The Convener: The final questions come from Roz McCall.

Roz McCall: I have loads of notes and you have given us a lot of information. Thank you very much indeed. You have said so much about the need for consistent funding and performance outcomes, but I would like to focus on transparency and participation.

The evidence that the committee has received has highlighted on-going concerns about the transparency of budgets. Have there been any improvements in the transparency of the budget? Based on what you have said, I am not 100 per cent sure that that is the case, but I would be intrigued to find out about that. What needs to be improved? I will start there, although I might have a few more questions that spring off that.

Let us begin with Paul Bradley. If you could keep your answer short, that would be good, as I would like to hear what both of you have to say.

Paul Bradley: I will keep it very short. Every year, it is a challenge for us to understand the Scottish budget, the flows and changes in budget lines and the explanations around them. If we see an increase in the third sector support budget line, we do not know where that money is going or where it has come from. That is a big issue, which makes it hard for us to comment, either positively or negatively. Even if the change in a line is a positive move, it is very hard for us to say that. That is really important.

There is an issue to do with a lack of transparency around funding for the sector. The SCVO has an online system on Power BI that shows the kind of level of funding to the sector—we go through charities' accounts and publish all of that information—but the Scottish Government does not have that kind of central resource, so it cannot say, for example, that a certain number of organisations are funded by the Scottish Government and what the funds are. Therefore, it often relies on our data—which is estimated—to do that. That is a challenge.

There are also issues around decision making. For example, the SCVO called for the consequentials from the UK spring statement to be passed on to charities. That has not happened, and, therefore, charities in Scotland have no support over the winter while charities in England do. That is a concern. We understand that the

competence is devolved, so the Scottish Government has the right to choose, but transparency around how consequentials are spent would help us to understand why that has not been prioritised and would also help with the relationship between the sector and Government, because, if we can better understand the Government's thinking, we can communicate that to the sector and other organisations can come to their own conclusions about what that means. Without such transparency, organisations are left looking at the Government and wondering where the support is.

Alison Davis: I agree with everything that Paul Bradley just said. We are sort of removed from all those processes, and if, as he is saying, the SCVO does not know, Saheliya certainly cannot know. As you can imagine, with increasing demand and fewer resources, masses of our time is spent on fundraising. We have 29 different funders who must all be reported to, and I have to make sure that they are replaced when they need to be. That becomes a self-fulfilling prophecy, because, if you are not sitting at the table, you do not know what is going on, so you cannot apply to the right things at the right time.

Roz McCall: There are financial and time pressures in preparing the budget. What would be a realistic scope for further transparency in that process? I know that that is a bit of a strange question, based on your answers, but do you have any insights, based on what you know from what people have said to you, that we could take on board in that regard? That is primarily a question for Paul Bradley.

Paul Bradley: There is an issue around comparing budget lines with the previous year's lines to better explain what has contributed to a decrease or increase. For example, I think that the area of social enterprise is moving to a different part of Government—it will come under an economy or business directorate—so there is going to be a huge difference in the third sector support budget line, but we will not necessarily know how much that is. Certain other cuts or increases could be included and we would not know. That makes it hard for us to say whether a budget announcement is a good one. Organisations across the board, whether they are a mental health organisation or some other organisation, do not know from the budget whether it will be positive for them, particularly because, as I said, they do not hear anything until March.

Roz McCall: Thanks. I have one last question, on participation, because the public should obviously have an input. Should the Scottish Government involve the public in setting the overall priorities for spending, and what is a

realistic scope for meaningful public participation in more detailed consideration of budget decisions?

Everything that you have said feeds into that, but let us flip the issue on its head and consider some detail about how we can deliver proper participation. Paul, given where you are coming from, perhaps you can give me a direct answer on that.

Paul Bradley: The SCVO does not work directly with people and communities; our focus is on organisations, so you would probably expect me to say that those organisations are working closely with people and communities, as Alison Davis's organisation is doing. If you do not have that infrastructure in place, and, therefore, do not have trusted networks that enable you to understand the challenges, there will not be a sufficient number of voluntary organisations in the sector with the expertise to either provide opportunities for individuals to influence decisions or, through the engagement work and research that front-line workers do, feed into committees such as this one on what is needed.

Roz McCall: Alison, could you also give me an answer? It sounds like that participation is not happening at the moment and is really difficult to bring in. Am I right in thinking that?

Alison Davis: We get consulted a lot and, where possible, we provide responses to consultations. However, we do not get much feedback from those processes, whether they concern the public sector equality duty or the funding of activities to tackle violence against women.

The Cabinet Secretary for Social Justice carried out a lot of consultation with us through the Poverty Alliance, with which we work closely.

The Convener: Before we finish, Bob Doris has a question. Could you make it a quick one, Mr Doris?

Bob Doris: I will ask the shorter question that I have, rather than the longer one.

Mr Bradley, in relation to the Verity house agreement, you said that you thought that, in 2010, there was a fund that the third sector was involved in. My memory of that is that it was the change fund for older people, which ran for four years and was worth £300 million. The key aspect of that was that decisions around directing that cash had to be signed off by the NHS, local authorities and the third sector.

In the light of the Verity house agreement's implications in terms of the reduction in ring fencing, do you have any comments about what the role of the third sector should be as a consequence of that, given that, for four years

from 2010, there was a funding relationship that involved a sign-off by the third sector?

Paul Bradley: I was not aware of that fund. The specific thing that I was talking about was an agreement between COSLA, SOLACE, the voluntary sector and the Scottish Government.

On the issue of ring fencing, the changes could be a problem for the sector. Whether they are depends on the development of public service reform. If we carry on developing services as we currently do, that is an issue. However, if we focus on outcomes, impacts and the services that are going to deliver the most benefit, there is a lot of opportunity for the voluntary sector, because those services have a significant impact on outcomes.

That is all I have to say about that at the moment, but I am happy to follow up if you have further questions.

Bob Doris: We could be talking about different funds. I thought that that might be the one you were referring to.

Do I have time for another supplementary question, convener?

The Convener: If it is very quick.

Bob Doris: The Scottish child payment was mentioned, along with the idea of direct payments. This year, that will cost £405 million. If that were to increase to £40 from £25, which is what some campaigners are asking for—I have sympathy with that call, but it has to be paid for—that would represent an additional £250 million, which would mean that there would be less money to spend on organisations such as Saheliya that are at the coalface, dealing directly with the most excluded and marginalised. Is there a balance to be struck between putting direct payments into the pockets of families that are very much in need and providing funding for those small organisations that provide support at the coalface? We cannot spend the same pound twice. Alison, do you want to respond first?

Alison Davis: I can see that a balancing act is involved in that. If mainstream services were fully informed through equality impact assessments in a way that resulted in more adequate mainstream service delivery, there could be more direct payments going to our service users and Saheliya would not need to exist. However, that is not the situation that we are in, so there must be a balancing act, and I do not envy the people who are having to do it.

Paul Bradley: I agree that there is a difficult balancing act. Reducing poverty is about getting money into people's pockets, but, as I mentioned before, if you are reducing cultural opportunities in a way that means that people cannot visit places free of charge, people will be excluded from those

opportunities, too. It does not matter that they have more money; they will not be able to afford those activities.

There must be a focus on that balance between prevention and direct support for people. I am not saying that it is easy, but people who have spoken to me as part of our procurement investigation have said to me that no one is really looking at the whole system. I understand that that is a huge task, but they do not feel that change can happen without it.

Bob Doris: Thank you.

The Convener: Thanks, Paul and Alison, for your contributions today. We very much appreciate them. Next week, we will hear from another panel of witnesses on the budget.

That concludes our public business for today, and we will now move into private session to consider the other items on our agenda.

10:59

Meeting continued in private until 11:35.

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