

Conveners Group
Meeting with the First Minister
Wednesday 28 September 2022

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CONVENERS GROUP

CONVENER

Liam McArthur (The Deputy Presiding Officer)

COMMITTEE MEMBERS

- *Clare Adamson (Convener, Constitution, Europe, External Affairs and Culture Committee)
- *Claire Baker (Convener, Economy and Fair Work Committee)
- *Siobhian Brown (Convener, COVID-19 Recovery Committee)
- *Ariane Burgess (Convener, Local Government, Housing and Planning Committee)
- *Jackson Carlaw (Convener, Citizen Participation and Public Petitions Committee)
- *Finlay Carson (Convener, Rural Affairs, Islands and Natural Environment Committee)
- *Joe FitzPatrick (Convener, Equalities, Human Rights and Civil Justice Committee)
- *Kenneth Gibson (Convener, Finance and Public Administration Committee)
- *Richard Leonard (Convener, Public Audit Committee)
- *Gillian Martin (Convener, Health, Social Care and Sport Committee)
- Stuart McMillan (Convener, Delegated Powers and Law Reform Committee)
- *Edward Mountain (Convener, Net Zero, Energy and Transport Committee)
- *Audrey Nicoll (Convener, Criminal Justice Committee)
- *Sue Webber (Convener, Education, Children and Young People Committee)
- *Martin Whitfield (Convener, Standards, Procedures and Public Appointments Committee)
- *Elena Whitham (Convener, Social Justice and Social Security Committee)

*attended

THE FOLLOWING ALSO PARTICIPATED:

The First Minister (Nicola Sturgeon)

CLERK TO THE CONVENERS GROUP

Irene Fleming

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Conveners Group

Wednesday 28 September 2022

[The Deputy Presiding Officer opened the meeting at 12:03]

Cost of Living

United Kingdom Budget (Impacts)

The Deputy Presiding Officer (Liam McArthur): Good afternoon and welcome to this meeting of the Conveners Group.

I welcome Edward Mountain to his first meeting of the group, as the new convener of the Net Zero, Energy and Transport Committee. I record my thanks to his predecessor, Dean Lockhart.

We have received apologies from Stuart McMillan, the convener of the Delegated Powers and Law Reform Committee.

The meeting will take place in public and members' microphones will be operated automatically. This is the second of our meetings with the First Minister in this session. I welcome the First Minister to the meeting, which will last between an hour and a half and an hour and three quarters.

We have agreed to focus the meeting on the cost of living, framed by the programme for government. However, inevitably, there will be other issues that conveners want to raise, so I hope that we will be able to do that through the meeting. That will require that questions and responses be fairly brief. I will do my best to call everybody for the questions that they have said in advance they wish to ask, but I am sure that issues will arise and members will want to respond to them, so I will allow a bit of flexibility for that.

We will kick off in the broad realm of the cost of living.

Elena Whitham (Convener, Social Justice and Social Security Committee): Good afternoon, First Minister.

Last week, the United Kingdom Government introduced its mini budget. Has the Scottish Government carried out an assessment of the impact that that mini budget will have on the measures that have been introduced in Scotland to tackle poverty and the cost crisis? Will you outline how the Scottish Government is working with local authorities and the third sector to support people, and what additional fiscal

flexibilities are required to ensure that the Scottish Government is able to continue to deliver for the people who are most in need?

The First Minister (Nicola Sturgeon): Thank you. I will try to answer the three parts of that question as briefly as I can. First, our analysis of Friday's budget is—as you can imagine, given the events since Friday—very much an on-going exercise. It is hard to overstate the impact that Friday's budget will have on poverty, inequality and the financial stress that millions of people will be living under.

Obviously, after the Chancellor of the Exchequer spoke on Friday, a great deal of the immediate attention was on the distributional impact of some of the policies themselves. My view of that is well known; it is very difficult to defend the policies in those terms. The statistics are well known by now. The vast bulk of the added borrowing that is funding tax cuts is going to the very, very richest people in society. Some 45 per cent, or thereabouts, of the value of those tax cuts will go to the top 5 per cent of income earners in the country. As the Institute for Fiscal Studies set out, only people earning over £155,000 will benefit at all: everybody below that income threshold will lose. Our analysis is that that will obviously make those at the very top of the income wealth spectrum even richer. However, because, in effect, that raises the relative poverty line, it puts more people into relative poverty, which is a matter of concern.

Since Friday, we are realising, starkly, that the wider impacts of the budget are likely to be much greater than the immediate impacts. Since Friday, we have seen the collapse in the value of the pound. That will fuel inflation, which will make the cost of living crisis worse. Already, the cost of Government borrowing is increasing, but a sharp rise in interest rates is also now inevitable. That will have a very profound impact on people with mortgages and credit card debt, which will push more people into serious financial stress.

In the past 24 hours, we have had warnings from the International Monetary Fund. This morning, there was the quite extraordinary—an overused word in political discourse, but it is appropriate this morning—intervention by the Bank of England, which is concerned about serious financial instability. There was speculation this morning about pension funds being about to fall over. Therefore, the Bank of England is staging an emergency intervention—not to respond to some external shock or global event, but to try to reduce the damage of the UK Government's own policies. That is extraordinary and unprecedented. Urgent and immediate action needs to be taken.

We should not see the policies that were announced on Friday as inevitable. As an

immediate symbol of some kind of good sense being restored, the decision to abolish the top rate of tax should be reversed. Clearly, that would have an impact on some of what I spoke about earlier.

Therefore, it is not possible to overstate the damage of that budget to what we are trying to do on tackling poverty and inequality. However, in the wider sense, the UK is, as we speak, in the midst of an unfolding and rapidly deteriorating economic and financial crisis, and it will be ordinary people who pay the price for that. I do not think that we have had a more serious economic situation—possibly even including what happened in 2008, which was a global financial crash. However, in the UK, we have probably not had a more serious situation in our memory. That has a big impact. To come back to your question, our analysis must continue as the situation unfolds.

On the second part of your question, we continue to have discussions with local government partners and with the third sector. Obviously, we have already taken some decisions that were set out in the programme for government, including to increase support for advice agencies that give help to people on the front line.

We have set out work around rent levels and we will continue to do everything that we can to support local government. Most recently, we have had discussions with the Convention of Scottish Local Authorities to try to give decent pay rises to people who work for local government.

Lastly, in terms of flexibilities, I think that everything that we are seeing right now tells us that we need to have far greater economic and financial levers at our disposal, so that we are not at the mercy of decisions that are taken elsewhere. We need the full suite of powers and levers that other Governments have—not just to stabilise the kind of crisis that is being created right now, but to build the kind of economy, based on equality and wellbeing, that the majority of members of this Parliament want.

Energy Bills

Edward Mountain (Convener, Net Zero, Energy and Transport Committee): Good afternoon, First Minister.

The NZET Committee produced a report on its inquiry into energy prices in July, to which we still await a response. Is the Scottish Government able to provide any new packages to help households with their energy bills?

The First Minister: We will continue to take whatever action we can. In the programme for government, I set out some of the action that we

have been taking to help with the wider cost of living.

All conveners are aware of the factors that are driving the increase in energy prices, and that the Scottish Government does not have access to levers including energy market regulation, or resources including borrowing, such as the UK Government has in order to pay not only for the tax cuts but for help with energy costs.

However, we have some levers that we can use to reduce the wider cost of living pressures, which is why, in the emergency legislation that will be published shortly, we outline plans for a rent freeze and a moratorium on evictions. Through Social Security Scotland, we will bring to bear the winter heating help fund. We are looking at everything that we can do to help people with the costs that they are incurring.

However, all Governments, at every level, must continue to exercise our responsibilities around energy costs; as we have seen, we need action from the UK Government. The action that was announced a week or so ago was very welcome, but even with that, we will see in Scotland and across the UK significant and rising numbers of people living in fuel poverty, including people being in extreme fuel poverty.

Edward Mountain: Thank you, First Minister.

I have a question about an area in which you have levers. If we drill down into the committee report, we see that 17 per cent of homes in Scotland are off grid, so they use oil for heating and, sometimes, for cooking. They are not covered by the Office of Gas and Electricity Markets, so if they do not pay for their oil, they will not get any more delivered to them. What help is the Scottish Government planning to offer to those households?

The First Minister: Again, the levers for regulation of those matters lie largely with the UK Government. We will continue to look at what we can do through provision of financial assistance. However, I come back to the more general point on the finite nature of the budget that we have and the inability to access resources in the way that the UK Government—where most of the levers lie—is able to access them. The work that we are doing around heat and energy efficiency more generally is important in that regard—and is an issue that is of huge interest to the committee that Edward Mountain now convenes—because it is not just responding to the short-term pressures but is making sure that we deal with the longer-term issues by reducing energy costs and the carbon impact of how we heat our homes.

Edward Mountain: Finally, do you agree with the NZET Committee that we should call on electricity companies to make sure that the

prepayment charges on electric meters are reflective of the standard tariffs and are not subjected to additional charges?

The First Minister: Yes, in general, I do agree. A few weeks back, I convened a summit with some of the key energy companies, and issues around prepayment meters were among the things that we spoke about. As you know, there are complexities, but there is serious inequity for people whose supply is on prepayment meters. The kinds of actions that energy companies are able to take—including potential actions such as those that you have spoken about—were discussed at that summit. I continue to encourage the energy companies to take such action to reduce inequity.

12:15

Health Impacts

Gillian Martin (Convener, Health, Social Care and Sport Committee): I will ask about the impact of fuel costs and the cost of living crisis on two aspects of health—the impact that the increased costs that the national health service faces will have on provision of health services, and on the health of our citizens and people who present at our NHS facilities. What is the Government's assessment of those issues?

The First Minister: First, it is clear that the increase in the cost of energy affects health boards, because they have to pay the energy bills of hospitals and health centres. It is clear that as more of our health budget is taken up with paying for the rising costs of energy, less of that budget can be spent on front-line patient care, so it has a very direct impact.

One issue on which we still seek clarity and detail—I think that we have some basic clarity on it; at least I hope that we do—is the extent to which the UK Government's announcement on help with energy costs for businesses covers hospitals, schools and other public buildings. I think that we have clarity that it will cover them. I know that the Chancellor of the Exchequer has said that the Government will provide for all businesses a price guarantee that is equivalent to the one that has been provided for households, and has indicated that that includes schools and hospitals, but we have not yet seen any detail on that. If that follows through as we hope it will, some of the impact will be mitigated, but as with businesses and individuals, even with the welcome schemes that have been announced, health boards will face increases in the cost of energy, which is a matter of concern.

Secondly, the impact of the pressure and anxiety that will be felt by people and which will

exacerbate mental health conditions is also of significant concern and is something that we will need to monitor on an on-going basis.

That will be multifaceted, and a bit like Covid in many respects. Growing numbers of people are unable to afford to heat their homes—every time I say something like this, I have to remind myself that we are sitting here, in one of the supposedly richest countries in the world, talking about this issue—and that will potentially feed through into physical illness. Those things will be added pressures for the national health service and social care services, so we need to work with the NHS and social care services to understand and monitor them, in order to ensure that, as far as we can, we support and equip the NHS to deal with them.

The Deputy Presiding Officer: Gillian, I know that you want to raise other health issues.

Gillian Martin: I have a follow-up question on that specific issue. Last night, Sky News reported that the former deputy governor of the Bank of England, Sir Charlie Bean, had said that the spending cuts that the UK Government announced last week “could finish the NHS”. Obviously, he was talking about the NHS in England, but what is your response to that as leader of the Scottish Government? The spending cuts affect the Scottish budget and the Scottish situation as well.

The First Minister: I am profoundly concerned by such things. We work within a spending envelope, which was, in effect, determined at the last UK spending review. The UK Government appears to have indicated that it does not intend to open that envelope. When the budget was set, inflation was at 3 or 4 per cent, but it is now almost in double figures. Not opening it is eroding the budgets that we have right now, as I set out in the week when we published the programme for government. The budget that we, as a Parliament, passed at the start of this financial year is, because of the effects of inflation, already worth £1.7 billion less than it was.

There is an added effect. I will go back to the unfolding economic crisis. Everybody looks at the situation and thinks that in order to restore market confidence and to undo the damage that has been done, deep spending cuts on the part of the UK Government will be inevitable and inescapable, which is profoundly concerning given the situation that we are in. That affects all public services, but given the importance of the national health service and the share of the budget that it relies on, the situation is particularly worrying for it.

Rightly and properly, that is regularly the topic of questioning and debate in the Parliament. The Government that I lead is—absolutely rightly—responsible for the performance of NHS Scotland,

and I do not shy away from that. However, the issues that we are grappling with in the NHS in Scotland, England, Wales and Northern Ireland are not just about how we manage the system; fundamentally, they are about the need for a massive injection of money and people to deal with the rising demand and the effects of Covid.

We have a fixed budget, within which it is very difficult to respond to that in the way that we would want to respond which is why we are reliant on the UK Government not going down the austerity spending cuts route. Looking at the prospects over the next period, I do not think that anybody can be anything other than very deeply and profoundly concerned about what might lie ahead.

Covid-19 Recovery

Siobhian Brown (Convener, COVID-19 Recovery Committee): Good afternoon, First Minister. In developing the latest programme for government, to what extent has the Scottish Government maintained its commitment to the priorities that are set out in the Covid recovery strategy? Have its priorities for or its focus on Covid recovery changed in the light of the current cost crisis?

The First Minister: The aims and objectives of the Covid recovery strategy have not changed. All of us saw very starkly the disproportionate impact that Covid had on different sections of the population. As a result, ethnic minority communities and the least well-off suffered disproportionately. Therefore, as we build Covid recovery, it is important that we have a focus on those inequalities.

Those objectives have not changed, but the context in which we are pursuing the Covid recovery strategy has changed, and is rapidly changing, for all the reasons that we have discussed, which I do not need to go into again in detail. As inequality is likely to widen as a result of the economic situation that we face right now, with more people pushed into poverty despite our best efforts to lift people—in particular, children—out of poverty, some of those effects will be even more pronounced, so we will need to continue to consider that strategy in the light of that, and we will continue to do so.

Ferries

Richard Leonard (Convener, Public Audit Committee): Good afternoon, First Minister. The Public Audit Committee is arranging for a full evidence session with you in connection with the vessels for the Clyde and Hebrides routes. At this stage, have you ruled out that there has been any criminality?

The First Minister: I have many responsibilities as First Minister, and I take each and every one of them very seriously. However, I do not think that anybody would say that I should be the arbiter of whether there has been criminality, on the ferries issue or any other issue. I have certainly seen no evidence of that, but it is not my job to decide. We have independent authorities that are there to determine such matters on whatever topic we are speaking about.

More generally, I will appear before the Public Audit Committee in the next period to go into the ferries issues in detail. I am not sure that it is true to say that I am looking forward to that opportunity, but I am certainly very willing and happy—obviously, it is my duty to do so—to go into all those issues in detail with Mr Leonard's committee.

Colleges

Richard Leonard: Thank you for confirming that.

I turn to evidence that the committee took last week on the state of Scotland's colleges. The Auditor General told us that as many as one in three students from the most deprived areas of Scotland did not complete their course at college last year, and the same is true of students with a disability—one in three failed to complete their course. With care-experienced students, the figure was as high as 40 per cent.

What action is the Government taking to avoid repetition of that inequality bias in this academic year?

The First Minister: Without trying to avoid the substance of the question that you asked, over the past two years we have had—not just in colleges, but in schools—the significant impact of the pandemic and the disruption to education, which the education system is now in recovery from.

As far as our further education sector is concerned, we are going in the right direction on the longer-term trend in tackling inequality, completion of courses and performance on attainment in our colleges. That is not intended to be complacent; we need to make sure that we continue to support our colleges to achieve that.

In higher education, we are also seeing a very strong and encouraging trend in terms of closing the attainment gap—increasing numbers of young people from more deprived communities are getting access to universities, which was one of the key targets that we set earlier in our work to tackle the attainment gap.

Impact on Rural and Island Communities

Finlay Carson (Convener, Rural Affairs, Islands and Natural Environment Committee): Good afternoon, First Minister. What is your assessment of the specific impact of the cost of living crisis on rural and island communities? What is the Scottish Government doing specifically to address that impact?

The First Minister: As with all aspects of poverty and inequality, there is a disproportionate—and, at times, quite unique—impact on rural and remote communities. When we talk about poverty, the indicators and metrics that we use often miss the pockets of rural poverty. Edward Mountain talked about people who are off the gas grid using heating oil. That is just one example of the many ways that those communities are impacted. They already have higher delivery charges and a premium on food prices. These are all things that will affect everybody across Scotland right now but which affect people in rural communities more generally. In all our policies, we seek to be mindful and take account of that. For example, I referred earlier to work that we are doing around decarbonising heating in homes, which is longer-term, rather than immediate, work. As I said in Parliament last week at First Minister's question time, we recognise the additional cost of doing that work in rural communities and seek to recognise it in our funding schemes. Across all our policies, we will seek to take account of that issue. If there is a specific policy on which you want me to go into more detail, I am happy to do so.

Finlay Carson: The Rural Affairs, Islands and Natural Environment Committee is obviously very concerned about depopulation, and many factors contribute to that. As you touched on, we have already heard from Edward Mountain about the issues that face rural properties that are off the mains gas grid. However, rural communities are also concerned about the potential reduction in investment from private and social landlords because of the potential rent freeze. What is your assessment of the unintended consequences of that policy on future investment in the rural housing stock?

The First Minister: On both sides of any particular argument, it often leads to frustration that we need to do very careful assessment of the intended effects—or, as you described, unintended consequences—of a policy. We also have to assess policies for their European convention on human rights compliance. We have gone through—and are going through—that process ahead of the introduction of the emergency legislation. Forgive me—I am not trying to be political here but, from the perspective of the question that you asked me, some of the

balances that we have to strike will be seen as not going far enough. From the other perspective on that issue, they will be seen as going too far in the wrong direction, but those are just the balances that we have to strike.

Of course, we announced the rent freeze before the mayhem in the markets of the past few days. Along with the extent of the expected increase in interest rates, that will have an impact on home owners, those who let property and those who rent property, so we need to continue to take all of that into account. The situation is not uniform across Scotland, but rising rents in particular parts of Scotland is one of the serious contributors to a cost of living crisis.

To go back to Edward Mountain's point, the rent freeze is one of the levers that we have at our disposal. You will no doubt say that I talk too often about the levers that another Government has and, in my view, should use more, but it is incumbent on me to use the levers that we have at our disposal.

The last point that I will make about housing provision in rural communities in particular is that our affordable housing supply programme is extremely strong and is continuing to progress. The inflation of construction costs has clear impacts on that, but we continue to ensure that, through that wider programme, we are also mindful of the different housing needs in rural parts of the country.

Finlay Carson: Do you believe that a rent freeze will reduce the investment from private and social landlords in the much-needed improvement of insulation and upgrading of heating systems in rural homes where households are facing fuel poverty? Will that investment increase or decrease as a result of the policy?

12:30

The First Minister: I do not think that that will be the case. We obviously consider all these issues and we have to strike a balance in all such decisions. People are struggling to pay rents right now, people will increasingly struggle to pay mortgages, and people are struggling to heat their homes, so it is incumbent on us to do what we can to keep those costs down.

It is important to emphasise that, although we will no doubt consider and debate in Parliament whether the rent freeze should last for a longer period beyond March next year, we are introducing a temporary measure to deal with the cost of living crisis. We will continue to discuss landlords' concerns, but we have, I think, rightly judged that taking action to keep down the cost of rents is really important, given the cost of living

crisis and the fact that all the other costs that people face are rising so steeply.

Affordable Housing

Ariane Burgess (Convener, Local Government, Housing and Planning Committee): I will continue on the theme of housing. Ensuring that we have sufficient affordable housing will be a key element in responding to the cost of living crisis. How confident are you that we will be able to deliver 110,000 affordable homes by 2032, particularly in the context of increasing construction costs and shortages of key skills? Does building 110,000 new homes continue to be the best way of meeting Scotland's housing needs?

The First Minister: I believe that that is one of the most important parts of what we are doing to meet Scotland's housing needs. We have a mixed-tenure housing system in Scotland, and that will continue to be the case. Access to affordable social rented housing is fundamental as part of that overall mix.

We have now started to deliver against the 110,000 homes target. I remind members that the target is that 70 per cent of those homes should be for social rent and that—this goes back to Finlay Carson's earlier point—10 per cent should be in remote, rural and island communities. You will be very familiar with the fact that progress on the affordable housing supply programme varies quarter to quarter; a host of factors influence that. However, progress so far is good and gives us confidence in our ability to meet the target. The next statistics will be published, I think, at the end of October.

As is the case in almost every area of Government responsibility right now, there are very serious headwinds. Inflation in the construction sector will concern those who are building affordable social housing right now, and I have had discussions with housing associations in my constituency about some of the pressures. Nevertheless, we continue to see a strong programme and strong delivery, and we will take the action that we need to take to ensure that that continues to be the case.

Ariane Burgess: You touched on your discussions with housing associations. In evidence to the Local Government, Housing and Planning Committee on affordable housing, witnesses questioned the financial capacity of social landlords to invest in decarbonising their existing stock in addition to developing new homes and keeping tenants' rents affordable. How can we manage those three aims together?

The First Minister: The Scottish Housing Regulator has a key part to play in assessing and

monitoring the financial robustness of registered social landlords. Earlier this year, it published a report that showed that the financial performance of RSLs remained robust, but the report recognised that significant challenges lie ahead. Recovering from the impact of Covid is obviously a challenge, but disruption in global supply chains—which has been caused, in part, by Covid—the continuing situation in China, the war in Ukraine and the current situation all exacerbate the challenges.

The Housing Regulator has made it clear that social landlords should continue to challenge every aspect of their expenditure as necessary and to keep rents as affordable as possible, which is relevant to the rent freeze that I have spoken about. It is important that we continue to work with the sector, through the regulator, to help it to manage the challenges that it faces more generally and deliver on those three aims, which remain as important as ever.

Ariane Burgess: The committee has been looking at a range of ways to tackle the affordable housing issue. We have not just looked at building; we have also looked at empty homes, short-term lets and so on. I am interested in hearing the Scottish Government's response to the issue of second homes. Does the First Minister think that more needs to be done to manage demand for second homes in a way that does not encroach on people's ability to access housing? If so, what are our options?

The First Minister: In short, yes. We have to consider how we achieve and retain the best balance in housing provision. In another context, we might come on to discuss how we are trying to embed human rights in our approach to government. One of the most fundamental human social rights is the right to a roof over your head and the right to a home. Although we want to encourage people to come and live in Scotland and to spend time here, we need to ensure that we have a housing system that meets the primary needs of the population. There are different ways of doing that, such as the approach to council tax on second homes and planning issues, that we need to keep under review.

New build is a key part of growing the overall supply but, as we grow supply, we should also look at change of use or bringing accommodation that has been in the private rented sector into the social rented sector. When I visited Shelter the day after the launch of the programme for government, that was one of the points that the organisation made. To go back to my own constituency experience, my constituency includes the wonderful part of the south side of Glasgow that is Govanhill, which has had a massive—for the scale of that part of the city—acquisition

programme in recent years. That is intended to deal with some particular challenges there; nevertheless, it has wider applicability.

There are lots of different things that we need to do to ensure that we provide not only the right number of houses in Scotland but the right mix in the right places.

Employability and Skills

Scottish Government Spending Priorities

12:36

Kenneth Gibson (Convener, Finance and Public Administration Committee): Good afternoon, First Minister. David Heald, emeritus professor at the Adam Smith business school, has said:

“Tackling endemic problems of inequality and poverty should be addressed not by higher benefits than the rest of the UK but by enhanced economic performance.”

With productivity growth per person currently lagging behind that in the UK as a whole, will the Scottish Government reconsider portfolio funding allocations to prioritise growth and boost economic performance, thereby reducing inequality and poverty?

The First Minister: We will continue to keep portfolio allocations under review in our budget process every year. We set out our resource spending review earlier this year. That is not a budget, so those issues will receive further consideration ahead of the budget.

We also have the emergency budget review under way. That is looking at some of the difficult decisions that we need to continue to take to balance our budget given its erosion by inflation, which I spoke about earlier, and try to free up some resource to help people with the real challenges that they face right now.

The national strategy for economic transformation is focused on some of the issues that you have identified. It is focused on ensuring that we promote sustainable economic growth, that we do that with a focus on entrepreneurship and innovation, and that skills underpin some of that growth so that we deal with some of the productivity challenges that we have faced.

On the upside, Scotland has largely closed the productivity gap that it had with the rest of the UK. It needs to go further to meet that objective with other countries. We continue to be an attractive destination for inward investment. We see strong performance on some of our exports, notwithstanding the headwinds.

There are lots of encouraging trends within the Scottish economy, but this is a difficult period in which we need to continue to focus on and tackle some of those fundamentals.

Kenneth Gibson: The funds for employability are being reduced by £57 million due to the inflationary squeeze on our budget. Is that not a false economy given that, to reduce poverty, we need to enable people who are economically

inactive, particularly those furthest from the labour market, to gain the skills necessary to obtain employment?

The First Minister: The Deputy First Minister set out our thinking on that when he set out the savings a couple of weeks ago. I reiterate that we do not relish having to take such decisions. They are inescapable.

It is important for me to keep repeating some of the key facts. We have a budget that, because of inflation, is worth £1.7 billion less than it was when we passed it. We cannot vary income tax in year. We cannot borrow for day-to-day resource spending. We have a legal obligation to balance our books. Therefore, we have to do something. We are also seeing rising costs from pay deals, for example.

We are continuing to look very carefully at how to make these difficult decisions in a way that has the least impact on people. Employability is important—we still invest a lot in employability—but we announced those savings because, right now, unemployment is very low. We should not be complacent about any of these indicators, given what is happening, but we made a careful judgment that we are probably as close to full employment as we will get right now. Also, there are labour shortages in many parts of our economy, so we need to try to focus money on pay deals to attract people into areas of shortage. That is why we chose to shift resource from those employability schemes into the areas that I have spoken about.

None of these is an easy decision; none of these is a decision that we want to take. We have to take them as carefully as possible and be clear about the rationale behind them.

Transparency

Claire Baker (Convener, Economy and Fair Work Committee): Kenneth Gibson spoke about the £53 million saving on employability, and we heard evidence this morning from Close the Gap that it has concerns about lack of transparency around the budget. It is not exactly sure where that cut will be made and whether it would come from the money that is there to support the parental employability support fund activity. We are looking for clarity on whether the cut impacts on that fund.

Also, we had a letter from Richard Lochhead setting out the rationale for moving that bit of the budget. It is a part of the budget that is focused on employability playing its part in reducing child poverty figures, so do you anticipate that, in the 2023-24 budget, that type of investment would be prioritised to compensate for the saving that has been made this year?

The First Minister: The Deputy First Minister set out the savings and information was published in relation to those savings. It will all be reflected in budget revisions in the normal way. I am happy to make sure that your committee gets a further communication setting out the exact impact of the changes in terms of where the savings are coming from so that there is no dubiety—I have not heard the evidence that you heard this morning.

Of course, there is continued investment in employability. In relation to lone parents and the employability services that are most directly connected to dealing with child poverty, if there is a lack of clarity about that, I undertake to make sure that we resolve it, because those are important services.

To briefly reiterate the point that I made to Kenny Gibson, I wish that we were not having to make any of these choices, so I am not going to sit here and say that there is absolutely no impact and nothing to worry about. These are choices that we would rather not be making, but they are choices that we are being forced to make. We are seeking to make the choices that have the strongest rationale and the least negative impact.

I cannot give an absolute commitment to restoring some of these budgets in future years, but we need to keep these things under review—not least because, as I said to Kenny Gibson, the rationale for shifting some employability resource into dealing with pay pressures, for example, rests partly on the current labour market situation. If, in six months or a year, we have a different set of challenges in the labour market—which is not impossible, given what we are living through right now—some of those judgments could clearly be different. That is one feature of the volatility that we are experiencing right now and we need to try to manage that as carefully as we can in the decisions that we are taking.

National Strategy for Economic Transformation

Claire Baker: You raised the national strategy for economic transformation earlier; I think that there are six delivery plans, which were due to be published within six months, which would have been the start of September. Can you give an update on when the delivery plans will be published?

The First Minister: Again, I think that they are all due to be published imminently. I do not have the specific dates in front of me right now, but I am happy to provide that information to you.

Claire Baker: You have outlined the significant economic challenges that we are facing at the moment. Has that had an impact on what is in the delivery plans? I know that it is a 10-year, long-

term strategy, but has the current situation been taken into account?

12:45

The First Minister: Yes. Any strategy for economic transformation and growth is clearly going to be impacted in the short term by economic changes, trends and volatility such as we are experiencing. However, this is a 10-year strategy, and much of what it is seeking to do relates to the fundamentals of the economy; those are what matter, notwithstanding some of the short-term headwinds that we are facing right now. The focus on entrepreneurship, for example, is about the kind of economy that we are seeking to build in the longer term. With regard to the sequencing of the things that we do and the different impacts, the fact is that no economic strategy exists in a parallel universe to the real economy that we are living in right now.

Skills Review

Richard Leonard: I have a very quick question. One of the areas that the Public Audit Committee has concerned itself with over the past few months is the planning for skills agenda and what appeared to be a breakdown in the relationship between the Scottish Funding Council and Skills Development Scotland. Last week, there was an announcement to Parliament that James Withers will be heading up a review of the architecture of the whole area but, as somebody said to me yesterday, "Another review, another year of nothing changing." Are they right?

The First Minister: No, I do not think that they are. I say this with a bit of a wry smile, but often one of the features of the response to Government is that people call for reviews when they feel that they are not being done and, when they are done, say that they are the wrong thing to do. It is just a feature of these things.

A lot of the issues raised in the Audit Scotland report about the skills landscape have already been addressed and will be addressed on an on-going basis. James Withers has received massive respect for his work on food and drink, a lot of which will have focused on the skills needed in the sector, and I think that the work that he has now been tasked with is really important. It is important not only to give any such review the time and space to do its work but to learn as we go along and ensure that these issues are being addressed on an on-going basis.

Education (Reform)

Sue Webber (Convener, Education, Children and Young People Committee): Carrying on with the reform agenda theme, I note that, when the

Education, Children and Young People Committee heard recently from the chief executive of the Scottish Qualifications Authority, we learned that many existing SQA staff would be on the various programme and delivery boards that are being created to drive forward much-needed educational reform. How can we expect meaningful transformational change to take place when the people charged with designing the replacement bodies for the SQA and Education Scotland are so heavily invested in—some might say—defending current ways of working?

The First Minister: Again, there is always a tricky balance to strike between trying to reform and do things better, which is the purpose of the programme of reform that you are asking me about, and ensuring that we do not lose the expertise, skills, learning and knowledge that have often been built up over a long period of time. It is right and proper to harness all that as we take forward this reform agenda.

Of course, there will be a lot of scrutiny of this matter, not least from your committee and the Parliament as a whole, because it will require legislation. There will be a lot of scrutiny of that and the wider policy to make sure, I hope, that we are getting the balance right.

Sue Webber: As part of this reform, the Scottish Government has launched its national discussion on education, which is designed to seek the views of children and young people between the ages of three and 18. However, bodies such as the SQA have been heavily criticised in the past because the attempts to include young people in the decision-making process have led to disappointing experiences for those involved and, indeed, for our young people. What reassurance can you provide that the views of children and young people will contribute in a meaningful way to the educational reforms? How will you ensure that the experience is positive for children and young people and that they receive clear feedback on what they have fed in and how it is contributing to the reform agenda?

The First Minister: I know that I am telling you things that you already know, because your committee is intimately interested in this matter, but the national discussion is co-convened by the Scottish Government and COSLA. I think that the cabinet secretary has met the education spokespeople from all the different parties on a cross-party basis to invite input and contribution, and intends to encourage all members of the Scottish Parliament to take part in the national discussion.

The voice of children and young people is designed to be and will be at the heart of the national discussion. When Ken Muir recommended a national discussion, one of the key factors was that young people had to be at the

heart of it. In any process such as that, there will always be individuals or particular interests who understandably feel that their views are not properly being taken into account, because they perhaps disagree with the direction of travel, but this effort will ensure that those people who are essential to building the vision for the future of Scottish education have the opportunity to make a full contribution. There will be a lot of high-profile public engagement activity to try to ensure participation that is as wide ranging as possible.

Constitution

12:50

Impact of Brexit on Devolution

Clare Adamson (Convener, Constitution, Europe, External Affairs and Culture Committee): Last week, our committee published a report on our inquiry into the impact of Brexit on devolution. The committee's findings demonstrate that fundamental concerns in relation to how devolution works outside the European Union need to be addressed. One key area is regulatory divergence, and the recent introduction to the House of Commons of the Genetic Technology (Precision Breeding) Bill is an example of where divergence might occur. Given your concerns, will you reflect on the published report on that key area of divergence?

The First Minister: I welcome the report; it is a good report with lots of important things to say. I do not think that I will grab any headlines today by saying that I do not believe that the powers of the Scottish Parliament are strong or extensive enough. Although I suspect that I have Clare Adamson's agreement on that, other people will disagree.

What should concern us all, regardless of party or perspective on the constitution, is the erosion and undermining of the existing powers of the Scottish Parliament. We have seen that, and it is particularly relevant to your point about the undercutting of regulatory standards. The United Kingdom Internal Market Act 2020 is a very serious and very real concern in that regard. The EU retained law provisions are also worrying; not least because they will tie up the Scottish Parliament's energy and legislative time unnecessarily, as we try to protect and replicate standards that already exist and should not be under any question at all. As we do so, we will have the internal market act potentially preventing us from doing that.

Those are real concerns. Concerns about powers, standards and regulation often sound very abstract, but for example, you talked about genetically modified products there, and those standards are real for people; they are about the cleanliness of beaches, sewage and the quality and standard of the food that we eat. They really matter to people, and if the Parliament is not very careful and does not unite against it, we will find our ability to protect those standards increasingly undermined and eroded.

Clare Adamson: One feature of our report is the work that we have undertaken through the interparliamentary forum. We have also taken

evidence from the Welsh Parliament, and those concerns are being voiced not just by committees of the Scottish Parliament. The same is true of the Welsh Parliament, and when Stormont was working it had similar concerns. As you said, it is a very abstract thing, and until people get a hook into something that will affect them, it is difficult to understand the issue. What work have you done with the other devolved legislatures on how we can resolve those fundamental concerns? I think that Professor Nicola McEwen said that the Sewel convention was fine until it was tested, and now we are being tested.

The First Minister: The Sewel convention has just been broken; I have lost count of how many times it has been completely disregarded. The strength or otherwise of such conventions is never tested when there is agreement; it is tested when there is disagreement, which is when you see whether there is respect, and we have seen that there is no respect.

On your question about work with other devolved Administrations, I may be exaggerating slightly to say that that happens on a daily basis, but it is not much less than that. Given the issues with Stormont, we co-ordinate more regularly just now with the Senedd and the Welsh Government. In fact, I discussed the Retained EU Law (Revocation and Reform) Bill with the First Minister of Wales in Bute house just yesterday. Key issues that we discussed included the impact that the bill will have on our respective Administrations, how we mitigate that impact and how we work together to find ways of protecting standards and protecting our Parliaments against what will otherwise be a very serious erosion of our ability to insist on the highest standards.

The Deputy Presiding Officer: I am conscious of time pressing on and of the number of issues that we need to cover, so we will move to budget questions. I invite Audrey Nicoll to kick off.

Budget

12:55

Pressures on Criminal Justice Sector

Audrey Nicoll (Convener, Criminal Justice Committee): I apologise for arriving late—I have just come out of a committee meeting.

In May, the Cabinet Secretary for Finance and the Economy set out her proposals for spending over the next five financial years. Broadly speaking, the criminal justice sector will receive a flat-cash settlement, which will, given the high level of inflation at the moment, place significant pressures on the budgets for our prisons, courts and police and fire services. Do you recognise those pressures? Have you any proposals to ameliorate the effect on the sector, given that prisons have no option but to receive convicted persons from courts and that police officers and fire service personnel cannot just stop turning up to calls?

The First Minister: First of all, I absolutely recognise the pressures on the justice sector and on the various organisations and agencies within it. That pressure is felt right across our public services and is very real, so we seek to respond as much as we can within our budgetary constraints.

Budgetary pressures are not the only reason for this, but they reinforce the need for sensible reform in the delivery of public services. In the justice sector, those pressures reinforce the need for greater focus on prevention, on community outcomes and disposals, and on some of the reforms that we have seen relating to digital and online access to justice. The work that we are doing on community justice, on the reform of bail and remand and on digital solutions is important for other reasons, but it is even more important given the budgetary constraints that are faced.

Audrey Nicoll: I will pick up on the point about reform. Do you agree that this challenging time presents an opportunity for a radical rethink of the criminal justice system? Such a rethink could allow us to tackle long-standing problems such as the number of people who are held in prison, particularly on remand, the backlog of court cases and the expectations that we place on emergency services personnel. For example, in relation to developing trends such as the policing of mental health incidents in communities, there is a role for other sectors to play, too.

The First Minister: There is lots in that question. Lots is being done, and lots is planned to be done around some of that.

Over the past decade and a half that we have been in government, there has been a lot of reform that has had a positive impact on, for example, prevention and rehabilitation. We have some of the lowest crime rates that we have seen in decades, and we have lower rates of reoffending, which suggests that that work is having an impact.

We have also been trying to support as much multi-agency working as possible on some of those issues. There are lots of examples of that. One example is having mental health counsellors in police stations, and we want to do more of that. Another relates to the fire service having defibrillators in rural areas in particular. That is all really important.

There is more to be done. “The Vision for Justice in Scotland” sets out a lot of the steps that we want to take. Some of the things that I have talked about, such as community justice disposals, are often controversial, because some people paint that as the Government being weak on crime, when it is not. I think that Scotland still has the highest prison population proportionately of any country in the western world. We are not weak on crime; what we need to get even better at is preventing crime, rehabilitating offenders and reducing reoffending. That goes to some of the current proposals around how we use bail—more electronic monitoring of bail, for example—that are being looked at.

There is a huge reform agenda in that space that focuses on justice, but it brings in other agencies if we are to make it work overall.

Public Sector Pay

Kenneth Gibson: The central scenario in the Scottish Government’s medium-term financial strategy, which was published in May this year—that seems like a lifetime ago now—factors in a 2 per cent annual pay award for public sector workers. The Bank of England expects inflation to reach 13 per cent by the end of this year. Given the chaos imposed by the chancellor last Friday, how will the Scottish Government find the money to ensure that public sector workers receive the pay increases that are necessary to meet rising living costs?

The First Minister: That is, in large part, what the emergency budget review seeks to deal with. I have mentioned the inflation erosion of our budget—the £1.7 billion—which is really significant. Significant pay negotiations are, of course, still under way, but I think that, to date, pay deals are costing in the region of £700 million more than was budgeted for when we passed the budget. We do not have to spend too long thinking

about the impact of that to realise that it is substantial.

To be very clear, I think that it is right and proper at a time of soaring inflation that we do everything that we can to give public sector workers a decent pay rise. I do not think that we should be trying to bear down on public sector pay for the sake of it. I want to give public sector workers a decent pay rise, but we have to be able to pay for that. That is why some of the difficult decisions that we have already talked about are inescapable for us. The emergency budget review seeks to ensure that we can free up resources in our budget to fund exactly that and other ways of supporting people.

Income Tax

Kenneth Gibson: Scotland’s income tax receipts continue to grow more slowly than those of the rest of the UK. Because of fiscal framework arrangements for block grant adjustments, that has significant implications for further Scottish budgets. What action is the Scottish Government taking to grow the tax base and fully utilise other devolved tax powers to ensure the sustainability of Scotland’s public finances?

The First Minister: I think that the latest outturn for Scottish income tax indicated that revenue exceeded the block grant adjustment in 2020-21. That has the effect of meaning more money for us to invest in public services, but there are challenging projections for future years.

That question relates back to your previous question to me. In large part, that action is the work that we are doing principally through the strategy for economic transformation to sustainably grow our economy, create and support high-skilled jobs, and widen and deepen Scotland’s tax base. All of that work is critical to ensuring that our revenues for investment in public services stay strong.

The review of the fiscal framework is also under way. Some inherent aspects of the fiscal framework are particularly challenging for devolved Administrations and work against us. In the context of that review, even putting aside the argument that we would make for greater fiscal flexibilities, I hope that we will be able to address some of those particular problems.

Equalities

13:03

Conversion Therapy

Joe FitzPatrick (Convener, Equalities, Human Rights and Civil Justice Committee):

One of the first pieces of work that the newly formed Equalities, Human Rights and Civil Justice Committee undertook was consideration of a petition to end conversion therapy. The committee's unanimous view was that conversion practices are abhorrent and are not acceptable in Scotland, and we concluded that they should be banned. Therefore, I was very pleased to see the commitment in the programme for government to introducing a bill to end such practices.

Can the First Minister provide an update on the Scottish Government's work in that area? Can she confirm that the legislation will cover conversion practices that seek to change people's gender identity as well as their sexual orientation, given the U-turn on that issue by the UK Government?

The First Minister: First, I take this opportunity to say again that conversion practices are abhorrent and have no place in a civilised society. Instead, we should support people to be happy as they are and celebrate them for who they are. We should not seek to deploy abhorrent practices to change who they are, which often leads to deep damage to their mental health.

In the programme for government, we confirmed that we would introduce a bill to end those practices; we intend to do so by the end of 2023, and the commitment that we have given is that it will cover sexual orientation and gender identity. Our very clear intention is for the bill to be as comprehensive as it can be within the devolved competence of this Parliament. Obviously, we will work very closely with your committee as we take that commitment forward. As you have indicated, the committee has already done some work on that, and that work is already informing, and will continue to inform, the detail of the approach that we take.

Joe FitzPatrick: Thank you very much for that.

Another key aspect of our committee's longer-term work programme, which again relates to the programme for government, is the proposed human rights bill. The programme for government sets out the Scottish Government's intention to continue work on developing the bill and to consult on proposals for it. As that would be a significant piece of work for our committee, it would be good to get an update on how that work is going. How will recent developments with regard to the

scrapping of the proposed UK Bill of Rights Bill impact on the Scottish Government's approach?

The First Minister: I will take those questions in reverse order. First, I welcome the shelving of the UK Government's Bill of Rights Bill. As it would have dismantled fundamental human rights protections throughout the UK, I welcome the fact that, for now, it appears to be off the table. However, I do not take the view that it is necessarily off the table for ever—we need to wait and see what replaces it. There is still a real risk that it will be replaced by something even worse, if that is possible.

This is again an issue where, across the Parliament, there is if not a unanimous view then quite a considerable degree of consensus that we are on a different trajectory. We want to embed and protect human rights within the law in Scotland and within our approaches across the spectrum of policy making.

Therefore, as an update, I can say that we intend to introduce the Scottish human rights bill later this parliamentary session. That bill, which will incorporate different—I think four—international human rights treaties, is complex and far-reaching, and it is really important that we do the work properly and get the detail right. Obviously, our experience with the incorporation of the UN Convention on the Rights of the Child is still an on-going issue and it will inform the approach that we take with the human rights bill. However, we are absolutely committed to that piece of work.

Health

13:07

The Deputy Presiding Officer: We return to the issue of health, and I invite Gillian Martin to lead the questions.

Health and Social Care Personnel (Rural Areas)

Gillian Martin: I am very grateful for a second chance to ask about a really important issue: the recruitment and retention of health and social care personnel, particularly in rural areas.

The issue comes up a lot in our committee work, and a number of petitions on it are coming our way. Yesterday, it was mentioned in our winter planning evidence session with three health boards, with the chief executive of Dumfries and Galloway referencing the challenges around Brexit, in particular, and immigration. We need more people to come into the health and social care workforce, particularly in our rural areas. Given what the First Minister has just said about a tight labour market and almost full employment, within the powers of the Scottish Government, what are the medium and long-term strategies?

The First Minister: I will deal with the issue in general and then say a word or two about remote and rural areas. First, let us not forget the overall situation: record numbers of people are working in the health service. Across most key parts of the workforce, proportionately more people are working in our NHS than in other parts of the UK. There are particular challenges in delivering healthcare in remote, rural and island communities but, nevertheless, that is a pretty strong backdrop.

The workforce is under significant pressure, because of Covid, rising demand and the pressures with which we are very familiar in the national health service, so we need to continue to grow it. We are seeking to do that in a number of ways. Briefly, though, I should say that there is a big focus on supporting the wellbeing of the existing workforce, because retention is important.

We are focusing on recruitment, too, and we are investing in international recruitment, which has been successful in recent times. We want to recruit more people internationally to augment our workforce. Brexit has clearly been a big problem for us in that regard; I will not labour the point, but it has constrained the pool of talent available to the NHS. Nevertheless, we continue to focus on broader international recruitment. I should also say that pay is an important factor in both retention and recruitment.

As well as my responsibility and experience as First Minister, I spent a number of years as health secretary, and I know that the health service would always benefit from more money, if we had more money to give it. However, the bigger challenge right now for the delivery of health and care services is people, and we must be absolutely focused on that.

As you will know, we have some incentive schemes for rural and remote areas, in particular. For example, there is a golden hello for some rural healthcare workers and, for general practice, there is the Scottish graduate entry medicine programme. Within our broader recruitment initiatives, we seek, as with other issues that I have talked about, to recognise the particular challenges that exist in remote and rural areas.

Autumn Booster Vaccination Programme

Siobhian Brown: The COVID-19 Recovery Committee has been really interested in public health communication, particularly the role that it will play in supporting the roll-out of the autumn booster programme. The programme will be important, given that we are approaching another winter and Covid is still with us. What level of uptake is the Scottish Government aiming for with the autumn booster? Do the figures so far suggest that we are on track to reach the target?

The First Minister: We had very high uptake of the previous rounds of Covid vaccination; in fact, we had by some measures the highest uptake rates in the UK, and we seek to achieve the same level of vaccination this time. Inevitably, as we go through the pandemic—and, perhaps, as people's perception of the risk changes—we need to work even harder to ensure a broad-based understanding of the vital importance of Covid vaccination. Anybody who is eligible for a booster this autumn should get it—and they should get the flu vaccination, too, if they are eligible, as flu is also a risk over the winter season.

Public Health Scotland is publishing the first performance data to date today. I hope that I am not about to get myself into horrible trouble, but I think that the winter vaccination campaign data was to be published at midday. Please remember that these are very early statistics, but as of the start of this week, just short of 600,000 autumn-winter vaccinations had been administered, which breaks down to just over 288,000 Covid vaccinations and just over 300,000 adult flu vaccinations. Of older adult care home residents, 69.5 per cent have already received their Covid booster, which is important as it means that the most clinically vulnerable people are getting protected first. Appointments for people over 65 started at the beginning of last week and, according to the figures being published today,

17.4 per cent of over-65s have received the Covid winter booster so far.

I will blame you, Deputy Presiding Officer, if I have just given out those statistics ahead of publication. However, I am doing so in the interests of transparency.

The Deputy Presiding Officer: I will add it to my rap sheet, First Minister. Appropriately, we now move on to questions on justice.

Justice

13:14

Sexual Crime Reform

Audrey Nicoll: Earlier this month, the Lord Justice Clerk spoke at an event with Rape Crisis Scotland on the progress that has been made to improve the prosecution of sexual offences and violence against women and girls. She said that, although good progress was being made in some areas, wholesale reform was recommended to address the scale of the problem. Does the First Minister support that view? Would she encourage all those who are involved to take forward a suite of major reforms and to make the issue a priority?

The First Minister: Yes. First, I think that Lady Dorrian's work in this regard is really important. Lots of the recommendations that she made are basically common sense and need to be taken forward, but there are some that are clearly much more controversial and that would require legislation. She is right to say that we have made some progress, but she is probably even more right to say that we still face a significant journey in introducing reforms to the justice sector—and I mean that in its widest sense—that will allow us to consider and pursue some of the wider societal changes that are needed to reduce that kind of crime as well as improve the experience of those who find themselves in the criminal justice system as victims of sexual violence or sexual abuse.

There is a lot of work to be done. As I have said, some of it is legislative work that will be controversial. For example, we have announced the abolition of the not proven verdict, but that will come with a package of different reforms to ensure that our criminal justice system continues to have the required safeguards.

I am a convert on the not proven issue. As a law student, I was told that the verdict was one of the criminal justice system's key and unique aspects. It took a long time and a lot of convincing, but I am now a convert to the importance of this move to improve access to justice for victims of sexual crime, in particular. Of course, that is not the only reason for doing it.

Lady Dorrian also made some recommendations on certain types of trials not having juries, which is a much more controversial matter. However, we are taking forward a number of potential changes in a consultation, and we will consider all of these things carefully.

Ukraine

13:17

Supersponsor Scheme and Capital Programmes

Clare Adamson: I believe that the supersponsor scheme is now supporting more than 18,000 Ukrainians in Scotland, which is far more than we originally committed to. What progress has been made on some of the capital programmes that are aimed at bringing into use buildings to provide homes for temporarily displaced Ukrainians? Moreover, are there any views on when the supersponsor scheme might be able to reopen?

The First Minister: Let me try to break that question down. First, I should say that the figures for the numbers of displaced Ukrainian people here come out on a Thursday morning, so the approximate figures that I am about to give will be updated tomorrow. There are around 18,000 displaced Ukrainians in Scotland, about 15,000 of whom are here under the Scottish Government's supersponsor scheme. For context, our initial commitment was for 3,000. We are therefore significantly ahead of that, which I think is absolutely right and proper.

Scotland also accounts for 19.5 per cent of the total number of displaced Ukrainians in the UK; in other words, close to a fifth of all the Ukrainians in the UK are in Scotland. That is important. It is a credit to our public agencies and the population as a whole, and it underlines the determination in Scotland to do everything we can to help Ukraine in its hour of need.

There are lots of challenges involved in all this—I am not going to pretend otherwise. We have paused the scheme—Wales paused its equivalent scheme a bit before us—and we are carefully considering when it can be restarted. Neil Gray will update Parliament when decisions on that are taken.

However, I will just highlight part of the challenge involved in enabling that to happen. It is important to understand—as, I am sure, you do—that, although 18,000 people are here, more than that already have their visas and can therefore still travel. Even though the scheme has been paused, they got their visas before that happened, and that means that there might be many more yet to come. We need to understand the flow of that and be sure of our ability to accommodate them temporarily as we try to move them on into sustainable accommodation.

Finally, on the longer-term aspect, it is important to stress that not everybody who comes here

under any of the schemes needs help with accommodation—some people will access their own accommodation. For those who need help, we have extensive temporary accommodation, but, clearly, we are focused on trying to move people out of temporary accommodation and into longer-term accommodation.

That has different elements. There is the private sponsorship and the matching process. The matching process has taken longer and has been more cumbersome than I think anybody wanted it to be, but local authorities as well as Neil Gray and Government officials have done a lot of work to speed that up. There is also the work that we are doing to support bringing accommodation into use. We have supported an initiative to bring flats into use. Last week, I announced to Parliament a capital fund of £50 million to support more of that.

That is hugely challenging, but it is one of the main ways that we can support Ukraine. We have an absolute obligation to do that, and we will continue to do our best to meet the challenges so that we can support as many Ukrainians as possible and, crucially, do so for as long as possible. We hope that that is not for much longer because they will be able to go back to their own country sooner rather than later, but the focus on permanent accommodation is to ensure that we can give that support for as long as it is necessary.

Deliberative Democracy

13:21

Participatory and Deliberative Democracy

Jackson Carlaw (Convener, Citizen Participation and Public Petitions Committee):

My questions are on a slightly more abstract issue than all the specific issues that we have been discussing until now. The Citizen Participation and Public Petitions Committee is carrying out a substantial inquiry into participatory and deliberative democracy, which builds on the recommendations from the commission on parliamentary reform in the previous session of Parliament and commitments in your party's manifesto, First Minister, and the programme for government. There is an encouraging response. Two significant residential events will take place here in October and November, and there has been an encouraging response from members of the public who wish to participate in them.

I have two questions—one specific and one discursive—and I hope that you will not answer one at the expense of the other. It would be helpful to know what the Scottish Government's response is to the report of its working group on institutionalising participatory and deliberative democracy. In June, your party's business manager promised us that there would be an early publication of the response. It would be helpful to have a clearer definition of what "early publication" means, now that we are about to go into October. That response will help to inform the work that the committee is doing.

Secondly, on the discursive bit, do you have in your mind an idea of where the balance should finally rest in all this? Clearly, our inquiry raises expectations, but there is a sense that to achieve the profound change to the political architecture of Scotland that could be achieved requires some of the institutions that currently hold power to be prepared to trade that power or decision-making process along the way. We are slightly concerned that that might end up being an obstacle to the kind of progress that everybody was initially enthusiastic about achieving.

The Deputy Presiding Officer: First Minister, I remind you that some of us need to be in the chamber at 2 o'clock.

The First Minister: It is a brave man, or person, who asks me to answer a discursive question with the clock ticking, Mr Carlaw, so well done for that—you might live to regret it.

I will first rise to the challenge of dealing with the detailed point before I go into the long-winded, rambling and discursive bit of my answer. We

have welcomed the IPDD working group report and have given a commitment to come back with a detailed response as soon as possible. A process is under way right now of our considering the IPDD recommendations, the extent to which we think that they are appropriate for the general ambitions that we have set out in the area and how we can best use them to build on the work that has already been done on participatory and deliberative democracy.

This is the bit of the answer that I will try to make sound specific, although it is perhaps not as specific as you would want it to be, Mr Carlaw. We certainly hope and intend to publish that detailed response before the end of this year, but the specific date is not yet available. That is getting close to a detailed answer, but I suspect that you will think that I still have work to do on that.

I will move on to the discursive answer. As an aside on participatory and deliberative democracy, I think that referendums have an important role to play in that landscape, so we should perhaps not allow that issue to go by the wayside.

As to whether I have a fixed view on where the right balance is, I do not think that I do, and I am not sure that it would be right for anybody to have a fixed view on that. Some of the issues here are quite profound, for the reasons that Jackson Carlaw set out. If we increase general participation in democracy in a way that we would all like to do—as a Government, we have already made some use of citizens assemblies, for example—and we go beyond that to the deliberative part of the process, which at least implies decision making or decision influencing, that immediately has an impact on this institution. Where does that come up against the role of a parliamentary committee or the decision-making role of a Government or a Parliament? I think that those are really exciting and invigorating questions to consider, but it is important that politicians—governing politicians, in particular—do not try to become too prescriptive too early on where the right balance should be struck.

Secondly—I promise that this will be my last point, Deputy Presiding Officer—if we are genuine about deepening participative and deliberative democracy, do we ever get to a point at which we think, "Well, that's it—there's no further development and progress that can be made"? Maybe we do not; maybe it is a process that is always, in a sense, evolving.

There you go—that was me at my discursive best or worst, depending on what your perspective is.

Jackson Carlaw: An "early" response from the Government was not quite what the business manager meant in June. The only thing that I

would encourage, given that there is a substantial inquiry into the matter under way, is that, if we can avoid having a response that might be defined as “late”, that would be very helpful.

The First Minister: Without going into too much of a diversion about the expanding nature of seasons that is sometimes an issue when we are talking about Government responses to things, I will feed that back and see whether we can ensure that “before the end of this year” is closer to the autumn than to the start of winter.

Future Practices and Procedures

13:27

Hybrid Proceedings and Proxy Voting

Martin Whitfield (Convener, Standards, Procedures and Public Appointments Committee): Good afternoon, First Minister. In the light of the previous question, I very much welcome your comments about our never getting to a point at which there will be no further development, because my questions are about the institution of the Parliament itself. It is important that, during your answers, you have talked about the importance of debate, of questioning in front of Parliament and of the protection of Parliament.

I know—I say this carefully—that you will have had an opportunity to look at our recent report, which looks at proceedings of a hybrid nature, the use of which was forced on the Parliament. The people who work in the Parliament, and those who were here in the previous session, stepped up to ensure that parliamentarians in Scotland could participate during the Covid pandemic in more ways, I think, than members of any other Parliament around the world, which is much to the Parliament’s credit. However, we must look forward to the next 10 years.

In the spirit of allowing you to give a discursive answer, how do you view the changes that are being proposed for the Parliament? In particular, are you content that, with observation and oversight, the hybrid nature of parliamentary proceedings should continue, to allow not just people here but those away from this place to feel that they can participate?

You are also welcome to comment on the issue of proxy voting. What are your thoughts on the importance of allowing all members of the Parliament to put aside the responsibilities of being an MSP at some stage, for good reason—when it is necessary, for the good of themselves and their family—while ensuring that the people who elected them can still see their vote counting?

The First Minister: Thank you. I will preface my answer, which I will try to keep as succinct as I can, by making some remarks that will make it sound as though I am dodging the question—but, as you will find out, I am not going to do that. I think that it is really important that Parliament, not Government, decides how Parliament operates. A significant part of Parliament’s job is to hold Government to account, and the way in which it chooses to do that, and the format that it uses for that, should be up to Parliament. Therefore, I will hold back from being too definitive on what I think should happen.

13:30

Generally, I think that the experience of hybrid working has been positive and good, and I think that it should continue in some form—I am expressing my view; it is not for me to decide. Whether it continues in exactly the forms that were used during the pandemic is another question altogether, and I note that we have already seen changes and developments. For example, if I was a member trying to hold a minister to account, I would not want that to happen only with the minister on a screen, where I could not interact with them properly or try to intervene on them. I know that there have been changes to try to facilitate a more interactive form of debate, even when someone is participating remotely.

We have to ensure that we do not erode the quite intense scrutiny and holding to account of a minister—which I often experience uncomfortably—who is physically in the parliamentary chamber.

On online voting, I am more strongly of the view that we should continue to allow it to some extent. The question of whether it is completely unrestricted or whether there are certain conditions around it is one for more detailed discussion. I also think that there should be provision for proxy voting when people are in particular circumstances relating to family illness, childcare and so on that mean that they cannot physically be present in the chamber. We live in the modern world, and Parliament has to operate in a way that reflects that.

Those are my views in general. However, the decision maker with regard to the issues of the detail of all of that and where the lines are drawn around it should definitely be the Parliament rather than the Government.

Transparency (Parliamentary Scrutiny)

Kenneth Gibson: With our public administration hat on, the Finance and Public Administration Committee explored with the permanent secretary recent criticism of the Scottish Government's approach to the recording of decisions responding to freedom of information requests, ministerial correspondence and written questions, the provision of information to parliamentary committees and transparency over spending. How will you ensure that the Scottish Government enhances transparency, particularly with regard to key policy decisions, to enable full and proper parliamentary scrutiny?

The First Minister: I will seek to preside over a Government that is as transparent as possible in what it does and that records decisions and stores information to the standards that would be expected. You have heard from the permanent

secretary his determination to ensure that those standards are met.

I am also realistic enough to know that, in the heat of political debate, no matter how transparent I think that the Government is being, there will be people who think that we are not being transparent enough. On occasion, they will be right, and we will need to reflect on that and learn from it.

Without going into the detail of the issue—although this goes to the detail of what, I am sure, I will be speaking to Richard Leonard and his committee about in the not-too-distant future—it is, believe it or not, as frustrating for me as it is for others in Parliament if, for example, we are unable to locate a particular piece of paper that evidences a decision and can locate it only later. That is not in my interests—it makes the life of ministers who are trying to navigate issues and defend policies harder. Opposition members might raise a wry eyebrow at that, but it is true. For a sensible Government—my Government is sensible—transparency, good record keeping and the ability to demonstrate the basis on which decisions are taken are as much in the interests of the Government as they are in the interests of those who are holding the Government to account.

Are we ever going to get to a stage where we do not get some things wrong sometimes or we are not subject to legitimate criticism? No, because nobody is perfect. However, are we absolutely determined to ensure that we are meeting the standards that are expected? Without a shadow of a doubt, yes.

The Deputy Presiding Officer: Thank you. I cannot believe that I allowed a couple of discursive questions at the end of the session. We will review that in the post-match analysis.

Thank you for your attendance and participation, First Minister. Hopefully, we can repeat this exercise in six months' time.

That concludes the meeting. The next meeting will be on Wednesday 26 October. I thank you all for your attendance.

Meeting closed at 13:34.