

**PE1452/D**

**Business Directorate**

John Mason, Director

T: 0131-244 0779

E: john.mason@scotland.gsi.gov.uk

Mr Andrew Howlett  
Assistant Clerk to the Public Petitions Committee  
Public Petitions Committee  
Scottish Parliament  
T3.40  
Edinburgh  
EH 99 1SP

Your ref: PE1452  
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Dear Mr Howlett,

In response to your request dated 19 December 2012, I attach background information on the substantive discussion points which were considered on 11 December whilst debating Petition PE1452.

I hope your members will find this information useful in their future deliberations.

Yours sincerely

John Mason

## **PUBLIC PETITIONS COMMITTEE CONSIDERATION OF PE1452**

### **Scottish Government's views to specific points raised during the Committee's discussion on 11 December 2012**

#### **1. Employee participation**

There is growing evidence on the importance of strong employee engagement levels in supporting organisations achieve their goals, which encompasses employee participation within the workplace. We note the petitioners' desire to increase employee participation within the private sector, and the examples of economic democracy cited by Mr Mills in the Committee meeting in December. Addressing just one of these, the value of employee ownership is clearly demonstrated by the continuing success of the John Lewis Partnership and others. Giving employees a stake in the business can provide them with a strong motivation to increase productivity and remain loyal to the business.

As employee participation relates to Employment and/or Company Law, which are both reserved matters, the Scottish Government would not be able to legislate in these areas. A UK wide task group was established following the 'Engaging for Success' report by David McLeod and Nita Clarke in 2009. This is supporting active networks across public and private sector. The Scottish Government is taking an active role, as part of a Scottish Leaders Forum work-stream in developing these networks.

#### **2. Scottish Living Wage**

We are committed to supporting the Scottish Living Wage in our public sector pay policy for the duration of this parliament [to 2015-16] - a decisive long term commitment to those on the lowest incomes.

We fully support the principles of the living wage campaign. It aims to make a real difference to the people of Scotland, by encouraging employers to reward their staff fairly.

We are leading by example by ensuring all staff covered by the public sector pay policy are paid the Scottish Living Wage. Whilst we recognise paying the Scottish Living Wage is a matter for individual organisations, we would encourage all public, private and third sector organisations to do so likewise.

Ministerial quote: Cabinet Secretary for Finance, Employment and Sustainable Growth: "The Scottish Government is committed to the Scottish living wage and we fully support the principles of the Living Wage Campaign which encourages all employers to reward their staff fairly. That is why the commitment to pay the living wage is part of the Scottish Government's public sector pay policy for the third year running. The living wage is a positive step that all employers can take to help boost consumer confidence, strengthen

economic recovery, while helping to provide certainty for individuals and families who are already dealing with pressures on family budgets.”

### 3. Social Housing

Increasing the supply of affordable housing is vital to building a better and a fairer Scotland. We are committed to delivering 30,000 affordable homes during this Parliament of which at least two thirds will be for social rent. Our vision for housing is that everyone should have a safe, warm home which they can afford. Over the three-year period 2012-13 to 2014-15, we will invest at least £760m in affordable housing.

Through recent legislation, home owners in Scotland now have the greatest legislative protection in the UK. Our Home Owners' Support Fund helps vulnerable home owners avoid repossession, aligning with the People's Charter's public sector equity release proposal. Our strategy for the private rented sector will be published in the spring of 2013 - a key focus will be to improve management and quality of property, and support greater consumer awareness. To reduce the number of empty homes, our Empty Homes Loan Fund of more than £4.5m aims to bring more than 400 homes back into use.

In response to the specific written questions from the Committee - **Local authorities to use their borrowing powers or pension funds to increase council housing stock** : individual councils have the power to decide how much to borrow and for what purpose. Their pension fund investment decisions are taken by properly constituted pension fund committees. **Evictions/ Bedroom tax**: we have consistently opposed the bedroom tax. We have increased protection for tenants through the introduction of pre-action requirements – so that a tenant will be given advice and the opportunity to agree a repayment plan before action can be taken to evict them. **Rent regulation (private sector)**: rent levels were deregulated in 1989, allowing landlords to set rents at market rates. Capping rent levels now could have a negative impact on supply and investment in private rented housing at a time of increasing demand because of difficulties in accessing a mortgage.

### 4. Public Transport

**Scottish Government view to bus regulation and/or bus nationalisation in the context of delivering good public services**: The role of the Scottish Government is to set the national policy framework and the strategic direction for bus. The main aim is to achieve growth in a manner that supports the environment and is broad based. A Bus Stakeholder Group composed of the regulator, operators, transport authorities, users and community transport meet regularly to review the operation and regulation of the bus sector.

Local authorities are best placed to understand the needs for bus services in their area. The development of a collaborative partnership between the public and private sector is essential to the effective delivery of local services.

The government has made available a range of policy tools to local authorities to influence the standard and provision of the bus service network in their area. These include Punctuality Improvement Partnerships, statutory Quality Partnerships and Quality Contracts.

Buses provide the key sustainable mass public transport mode, moving large numbers of people for a wide range of personal needs at a reasonable cost. This contributes to the government's aims of enabling economic growth, improving social inclusion and accessibility, reducing emissions and improving air quality.

The majority of bus services in Scotland are provided by the private sector operating in an open market. This encourages innovation, which can offer substantial rewards in service delivery and vehicle investment for both operators and users. This is particularly important during a period where resources become constrained and creative solutions are most needed.

In 2009/10 the number of vehicle kilometres run in the commercial sector in Scotland amounted to about 285 million, which is about 80% of the total distance for local services. The balance is made up of socially necessary services subsidised by local authorities.

The bus industry is appropriately regulated by the Scottish Traffic Commissioner, who has powers to ensure that bus operators meet the requirements of their operating license that vehicles operated fully meet service standards and that bus services satisfy their registration criteria.

The current structure of the bus sector enables the development of affordable, innovative, good-quality bus services and a competitive marketplace that delivers such services, with appropriate but not burdensome regulation

**Scottish Government view to rail nationalisation in the context of delivering good public services:** As the Minister for Transport and Veterans made clear in his statement to the Scottish Parliament on 21 June 2012, the Scottish Government's view is that there is too much fragmentation and additional costs in the rail industry as a consequence of its structure. Although the Scottish rail network is funded by the Scottish Ministers the structure of rail remains a reserved matter. The Scottish Ministers would like to be in a position to consider a wider range of structural options but are prevented from so doing by the prevailing legislation which provides for the delivery of rail services by private operators or non-UK public concerns. The latter is seen as being particularly anomalous. The Scottish Ministers have consistently stated and indeed have made representations to UK ministers that they could achieve better outcomes if Scotland had full responsibility for rail. Within the prevailing legislative constraints the Scottish Ministers have stated publicly that they would also welcome bids for the forthcoming Scottish rail franchises from not for profit operators.

**Scottish Government view to ferry services public ownership in the context of delivering good public services:** Ferries are an essential part of Scotland's transport network. The quality of our ferry services impacts on all of us, affecting both island and mainland communities. It is in recognition of this that the Scottish Government has recently carried out the first ever comprehensive review of ferry services in Scotland.

The Scottish Government is very clear about the significant contribution that our ferry services can make to the social, cultural and economic wellbeing of our nation. A great deal of importance has therefore quite rightly been placed on carrying out the recently completed Scottish Ferries Review. It is with this in mind, Transport Scotland, the government transport agency, recently published the Scottish Ferry Services – Ferries Plan (2013-2022). This Ferries Plan sets out the way forward for the next 10 years.

The Scottish Government is fully committed to delivering first class sustainable ferry services to our communities, stimulating social and economic growth across Scotland. We believe that the planned improvements set out in the Ferries Plan will enable our rural and remote communities to thrive, and continue to make a significant contribution to Scotland's economy. Our aim is to maximise the economic and social potential of our remote rural and island communities. To achieve this we understand that the quality, reliability and affordability of transport links, along with other measures, are vital for successful social and economic growth.

The Ferries Plan focuses on the things that matter most to our communities: how much they pay for their services; the level and type of services provided; who is responsible for providing these services, and how we ensure that no community feels vulnerable about the future of their ferry service; whether ferry services are accessible to all and whether services are provided in the most environmentally friendly way. We recognise that given the continued financial pressures faced, that it was important to ensure that we have sufficient resource in place to fund our ferry services and that the money available is targeted most effectively.

The Ferries Plan includes specific details of how the Scottish Government will improve and strengthen the ferry services provided to communities. While there is much that can be achieved in the very short term but there are some proposals that will take a bit longer to deliver. There can be no doubt however that the proposals presented in this Ferries Plan have the potential to greatly improve ferry services for many of our fragile communities.

The Scottish Government will continue to review our approach to providing ferry services, and continue to reassess the needs of our communities. Our intention is to do this every 5-6 years or before the tendering of each set of ferry services. We want to ensure that communities continue to receive ferry services that meet their changing needs. We also want to ensure that fares

levels remain consistent and that communities and island economies can grow in the knowledge that there is continued certainty over their vital ferry services.

In relation to the future procurements for our subsidised ferry services, the Scottish Government's approach will emphasise the need to deliver sustainability and value for money. In addition, public service contractors will be encouraged to pursue innovation and growth as they carry out these services, benefitting the people and the economies of the communities they serve. Having examined the evidence, Scottish Ministers have decided, and made clear in the Ferries Plan, that there is no compelling case to unbundle the Clyde & Hebrides (CHFS) routes in the tender exercise due to begin in 2014.

## **5. Local Authority budgets**

The Scottish Government funding to local authorities is distributed using a formula based on each individual local authority's relative need compared to all other authorities. The vast majority of the funding is provided by means of a block grant. It is the responsibility of each local authority to allocate the total financial resources available to it on the basis of local needs and priorities having first fulfilled its statutory obligations and the jointly agreed set of national and local priorities including the Scottish Government's key strategic objectives. All local authorities submit their budget details to the Scottish Government and these are published on the Scottish Government's website.

## **6. Credit Unions**

The Scottish Government recognises the valuable role played by credit unions in providing financial services and products to a wide range of customers, including those facing financial exclusion. We continue to engage with credit union representatives to ensure we are doing as much as possible to support and promote them. For many people, credit unions may be able to offer alternative solutions to high cost pay-day loans. Credit unions have recently provided valuable feedback to our Bankruptcy Bill consultation, and their views will be taken into account as the Bill goes forward.

Credit Unions also provide valuable financial education to their members, and, through partnership approaches with schools and local authorities, many are reaching out to young people in schools.

As part of the wider third sector, we encourage credit unions to seek support from our third sector capacity building and business development programmes.