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Scottish Parliament

Thursday 30 January 2025

[The Presiding Officer opened the meeting at 11:40]

General Question Time

The Presiding Officer (Alison Johnstone): Good morning. The first item of business is general question time.

Conservation Area Restrictions (Energy-saving Initiatives)

1. **Colin Beattie (Midlothian North and Musselburgh) (SNP):** To ask the Scottish Government what its position is on relaxing any conservation area restrictions that prevent the installation of solar panels and other energy-saving initiatives. (S6O-04266)

The Acting Minister for Climate Action (Alasdair Allan): In May last year, the Scottish Government amended permitted development rights to allow solar panels and replacement windows to be installed on domestic and non-domestic buildings in conservation areas without the need for a planning application. That important change strikes an appropriate balance between tackling climate change and protecting important historic buildings and townscapes. Those rights are subject to specific restrictions, such as allowing solar panels to the rear of buildings in conservation areas.

Colin Beattie: I am regularly contacted by my constituents who are understandably frustrated, as the restrictions mean that they are unable to install solar panels. What support does the Scottish Government have in place to help my constituents in conservation areas contribute to our journey to net zero?

Alasdair Allan: Even in circumstances in which proposals for solar are not covered by the generous permitted development rights that I have mentioned, people still have the option of applying for permission to install panels. That will be a matter for the planning authority, and such applications will be considered, taking account of and weighing up the very supportive renewable energy policy in national planning framework 4, alongside policy relating to heritage objectives and any other relevant considerations.

Paul Sweeney (Glasgow) (Lab): The recent change in permitted development rights has led to significant degradation in the country's built environment, particularly in conservation areas, due to the loose nature of the regulation. It means

that, for example, PVC windows can be installed, which have poor life-cycle performance compared with timber.

Will the minister therefore consider putting in place more codified guidance for conservation areas to ensure that people make the right decisions with best-informed practical information that is based on best practice across the country? That could bring down the unit costs of installations such as timber sash-and-case windows, as more people would be encouraged to buy them.

Alasdair Allan: I thank Paul Sweeney for his question. I know that he is very interested in built heritage.

With regard to the member's point about windows, the permitted development right for the alteration or replacement of windows in domestic or non-domestic buildings primarily means that, in most conservation areas, the front elevation of properties will continue to be under restrictions. There are different rules for listed buildings, too. However, as I say, local authorities have a degree of authority on this matter when approached by people in such situations.

Corridor Care and Temporary Escalation Spaces (NHS Boards)

2. **Carol Mochan (South Scotland) (Lab):** To ask the Scottish Government when it last discussed plans to reduce corridor care and the use of temporary escalation spaces with national health service boards. (S6O-04267)

The Cabinet Secretary for Health and Social Care (Neil Gray): Health boards operate their own escalation policy for the management of in-patient capacity, which includes well-established processes with locally agreed trigger points for maintaining a safe service and ensuring patient safety.

Capacity challenges can necessitate the provision of care in non-standard areas for some patients. That decision is not taken lightly and is made to relieve pressure on other parts of the system, in particular to prevent ambulance stacking and to allow crews to respond promptly to the most serious incidents. Every effort will be made to accommodate patients in an in-patient ward, and we are working with boards to free up capacity in acute sites.

Carol Mochan: The Royal College of Nursing's corridor care report revealed harrowing truths about the current realities of NHS patient care. For a start, the pressure of overcrowding has forced staff to care for patients in unsafe and inappropriate areas. Corridor care compromises patient privacy and dignity, and it should not be accepted as the norm. To show that the Scottish

Government recognises that staff across health and social care are at breaking point, I ask the cabinet secretary to commit today to publishing regular data on corridor care.

Neil Gray: I recognise the pressure that there has been on staff, and I thank the RCN for its report. It was a snapshot that was taken during the peak of demand over the Christmas period, when we had an exceptional level of flu prevalence, but I do recognise that staff members who worked during that period were also feeling pressure before that and outside of the period when flu was prevalent.

We recognise the link between patient safety and capacity; those questions are incredibly important, and we continue to work with health boards on them. It highlights the importance of passing the budget, as it will allow measures to be taken forward to reduce demand on the system and free up capacity.

Sandesh Gulhane (Glasgow) (Con): I declare an interest as a practising NHS general practitioner.

In the harrowing RCN report, one nurse explained that in a

“department with capacity for 13 beds, we had 40 in, with patients on chairs having treatments administered, also sitting in the waiting room on cardiac monitors, using privacy screens to put around patients to use the bedpan.”

Imagine the indignity, cabinet secretary.

The First Minister told journalists that multiple crises are “facing too many parts” of our NHS, but when he was pressed about which parts, he refused to answer. Can the cabinet secretary now be straight with us and tell us which parts of the NHS are in crisis?

Neil Gray: I absolutely recognise the points that Sandesh Gulhane makes. As I did in answer to Carol Mochan, I would just reflect that the period in question was during the peak of the winter flu spike, when we experienced the highest level of flu incidents since, I believe, records began in 2010. We are talking about a period of exceptional demand.

I also recognise the picture that Mr Gulhane has portrayed with regard to the indignity that patients in such situations have suffered. That is why passing the budget will be so important; it will ensure that we are able to relieve pressure, increase capacity and ensure better flow through our hospitals, so that our patients and staff are able to get better service. Too many people are waiting too long or are being treated in inappropriate places.

Non-residential Care (Charges)

3. Paul O’Kane (West Scotland) (Lab): To ask the Scottish Government whether it will provide an update on its stated commitment to end charges for non-residential care by the end of the current parliamentary session. (S6O-04268)

The Minister for Social Care, Mental Wellbeing and Sport (Maree Todd): The Scottish Government continues to work with the Convention of Scottish Local Authorities to identify options for the removal of non-residential care charges as part of wider work with partners on social care improvement.

Paul O’Kane: With less than 18 months of parliamentary time left in this session, it sounds to me that that is another promise made by the Scottish National Party in its manifesto that will not be met. Broken promises have consequences, particularly for people in many local authorities across Scotland who are looking at having to introduce care charges for the first time for people who have physical and learning disabilities.

It also sits on the back of a litany of promises that were made to disabled people, including access to a changing places toilet fund; annual health checks for people with learning disabilities; the proposed learning disabilities, autism and neurodivergence bill; the human rights bill; and the ditched national care service. We have also learned today that £20 million of the community living change fund has been wasted or is unaccounted for. When will the minister and her Government finally deliver on the pledge to end non-residential care charges and rectify a long list of broken promises to Scotland’s disabled community?

Maree Todd: The Scottish Government and our partners remain absolutely committed to reviewing non-residential care charges as part of the broader reform of social care. I have heard directly from disabled groups and vulnerable individuals across Scotland about the significant impact that those charges have on their lives, and I have directed my officials to continue working with COSLA and local partners to explore any possible options to achieve that objective, considering the current economic climate. I recognise the member’s interests and advocacy in this area, but I think that it is quite rich for a member of the Labour Party to lecture me about broken promises.

Battery Storage Plants (Rural Settings)

4. Willie Coffey (Kilmarnock and Irvine Valley) (SNP): To ask the Scottish Government how it protects the environment and the interests of local communities regarding the construction of battery storage plants within rural settings. (S6O-04269)

The Acting Minister for Climate Action (Alasdair Allan): Scotland's national planning framework ensures that the potential impacts of developments on communities and nature are important considerations in decision making. All applications are subject to site-specific assessments—[*Interruption.*] Are there problems with the microphone?

The Presiding Officer: Carry on speaking, minister.

Alasdair Allan: Details on the consenting process are set out in the Electricity (Applications for Consent) Regulations 1990 and the Electricity Works (Environmental Impact Assessment) (Scotland) Regulations 2017. That is United Kingdom law that is applicable in Scotland.

Developments under 50MW are determined by planning authorities in accordance with the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2013. We are considering recent advice and modelling published by the National Energy System Operator, along with the measures in the UK Government's clean power action plan, to inform our approach.

Willie Coffey: We know that the consenting process for battery storage plants falls within the UK Government's planning process under its Electricity Act 1989, which is totally inadequate. What concerns me is the lack of local consultation, the poor management of the installation of these facilities and the significant damage caused to the rural environment. Will the minister give me an assurance that the Scottish Government will act on those concerns and ensure that local communities feel that they are valued and that the place in which they live will be protected and enhanced for generations to come?

Alasdair Allan: On the member's point about maintenance, I do not know whether he is alluding to the question of safety, but the Scottish Fire and Rescue Service is informed of such applications and does have input into the process.

As for the member's wider questions about the benefit to Scotland and the community, despite the fact that powers to mandate community benefits are reserved to the UK Government, Scotland has made progress through our voluntary good practice principles framework, which encourages developers to offer community benefits as standard on all renewable energy projects. We are currently undertaking a joint review of and consultation on the Scottish Government's good practice principles for onshore and offshore energy developments, as part of which our approach to community benefits from battery storage will be considered.

Ports and Harbours

5. Karen Adam (Banffshire and Buchan Coast) (SNP): To ask the Scottish Government whether feasibility studies and development expenditure for ports and harbours will be eligible for funding as part of the investment in maintaining and improving ports and harbours that is proposed in its draft budget 2025-26. (S6O-04270)

The Cabinet Secretary for Transport (Fiona Hyslop): In the ferries budget for 2025-26, £80 million has been forecast for piers and harbours to support and enhance ports across the Clyde and Hebrides and northern isles ferry services. That includes committed projects, new works and early design and business case development. Caledonian Maritime Assets Ltd leads delivery on that and works with third-party port owners when investment is required to support new vessels and other network improvements.

Other routes to funding are available for ports outwith the lifeline ferry network. For example, I am aware of on-going dialogue between Scottish Enterprise and Fraserburgh harbour about the port's master plan and other economic opportunities.

Karen Adam: Fraserburgh harbour has ambitious plans to develop its infrastructure and be the first port of call for supporting vital Scottish industries—especially offshore wind and our fishing fleet. However, the harbour must also fund, at risk, its necessary development and feasibility works. What reassurance and advice can the cabinet secretary give the harbour? Will she meet me and the harbour board to discuss that further?

Fiona Hyslop: Karen Adam is a strong champion of Fraserburgh harbour, and I have previously met the board with her. It is an independent trust port, and it is important to reiterate that discussion is taking place between Scottish Enterprise and the harbour on the master plan and the economic opportunities, including what new port infrastructure might be required to support the economic prospects. That has included Scottish Enterprise engaging with the port's consultants to provide input on key market opportunities.

A meeting with relevant ministers can be considered at an appropriate stage but, depending on the potential funding sources, it may be more appropriate to meet economy, marine or energy ministers, as portfolio leads, when it is finally suggested what funding is best pursued.

Liam Kerr (North East Scotland) (Con): It is crucial for its master plan that Fraserburgh harbour can leverage private finance, and that will be made far easier with the Government's full support. Will the cabinet secretary confirm her Government's unequivocal support for the

Fraserburgh harbour master plan and promise to do all that she can to back it?

Fiona Hyslop: I have heard at first hand about the master plan and, as the Cabinet Secretary for Transport, I am enthusiastic about its vision and ambition. Members will be aware that there is £150 million in offshore development support, which is a tripling of the funding that has been available.

Decision making about the economic aspects of the master plan does not necessarily lie in my portfolio, but I was enthused and impressed when I met the harbour trust port board members, who do that work on a voluntary basis, and I think that they are doing a fine job.

Shawhead Flyover (Safety)

6. Fulton MacGregor (Coatbridge and Chryston) (SNP): To ask the Scottish Government what recent discussions it has had with Transport Scotland regarding safety measures at the Shawhead flyover on the A725 in Coatbridge. (S6O-04271)

The Cabinet Secretary for Transport (Fiona Hyslop): As a Government minister, I have had no specific discussions regarding Shawhead flyover with the Scottish Government's transport agency, Transport Scotland. However, I am aware that Transport Scotland officials and the maintenance contractor are in dialogue with Mr MacGregor, as the local constituency MSP, regarding the operation and safety performance of a nearby signalised junction and potential remediation or action.

Fulton MacGregor: The cabinet secretary will be aware that the road is, unfortunately, a hotspot for accidents and has been a major concern for many of my constituents. As she said, she is also aware that I have had several meetings, which are on-going, with Transport Scotland, the Scottish Roads Partnership and Amey regarding improvements at the junction.

Transport Scotland and the other agencies that I mentioned have been excellent at communicating with me and have been open to improvements. I am pleased that, at the most recent meeting, it was agreed that further reviews would take place of the implementation of a filter lane at one of the junctions and that, following the results of a recent red-light survey, there would be further discussions with the Police Scotland safety cameras team. What can the Government do to support the transport agencies to ensure that any required improvements are undertaken as soon as possible?

Fiona Hyslop: I will ask officials at Transport Scotland to conclude the review work as soon as possible and to prioritise any recommendations for

early delivery. I recognise Mr MacGregor, as the constituency MSP, for being a persistent and effective representative for his constituents in pursuing that important issue for them.

Carbon Literacy

7. Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP): To ask the Scottish Government how it is supporting the public and private sector to develop carbon literacy skills. (S6O-04272)

The Acting Minister for Climate Action (Alasdair Allan): Promoting carbon literacy is essential to achieving net zero. That is why, through the work of our enterprise agencies and Business Energy Scotland, we have ensured that support and guidance are available to help businesses to understand and reduce their carbon emissions while aiding climate resilience. That is also why we are committed to working in partnership with public bodies, including through the Sustainable Scotland Network, to help them to fulfil their climate change duties and demonstrate climate leadership. As part of that work, we are drafting new statutory guidance that will improve climate literacy across the public sector.

Elena Whitham: Scotland was one of the first countries in the world to acknowledge that we face a climate emergency. Does the minister agree that, to inspire changes in behaviour and improve our environment and the quality of people's lives and wellbeing, as well as the places that they care for, it is crucial that we take every step possible to support the upskilling of businesses and organisations, such as through the carbon literacy courses that The Way Forward 2045 delivered in my constituency?

Alasdair Allan: I agree whole-heartedly with Ms Whitham about the need to support the upskilling of businesses and organisations across our economy. That is vital if we are to deliver the changes that are needed for net zero and if we are to realise the significant benefits of adopting more efficient and sustainable practices.

As I have said, the Scottish Government continues to provide support for carbon literacy through our enterprise agencies and our work across the public sector, but we also need to see action from outwith Government. That is why I welcome the efforts of businesses such as The Way Forward 2045, which Elena Whitham highlighted and which she has mentioned in parliamentary motions.

In the past year, that business has been shortlisted for a VIBES Scottish environment business award in the just transition category. That kind of recognition is a further way in which

we are encouraging positive change and greater carbon literacy across our economy.

Grangemouth Chemical Cluster (Falkirk Council)

8. Michelle Thomson (Falkirk East) (SNP): To ask the Scottish Government what its response is to reports that Falkirk Council is to consider a motion calling for immediate action by the Scottish Government to support the Grangemouth chemical cluster and the future of its industry. (S6O-04273)

The Acting Minister for Climate Action (Alasdair Allan): I recognise the criticality of the Grangemouth cluster and its contribution to Scotland's economy. We are committed to playing our part to secure a sustainable and long-term future for the complex.

We have jointly funded the project willow study, which seeks to develop a set of commercial propositions for the site, and we have committed £50 million to the Falkirk and Grangemouth growth deal. I am also working closely with Scottish Enterprise and Scottish Development International to identify and work with partners with an interest in investing in the cluster.

In the draft budget, £8.75 million is directly attributed to Grangemouth. I am committed to working with industry and the community through the Grangemouth future industry board to identify interventions and projects that maximise outcomes. I also call on the United Kingdom Government to go further in ensuring that it leaves no stone unturned in achieving our shared ambitions for Grangemouth.

Michelle Thomson: A motion that has been lodged today by the Scottish National Party group calls, critically, for the Grangemouth future industry board to expand its scope to focus on the here and now. The workers in Grangemouth do not just want jam tomorrow; they want bread and butter today. Is the Scottish Government hearing the call for real action to protect the skills base and the vital chemical cluster? The UK Government is doing nothing. I implore the Scottish Government to do as much as it possibly can.

Alasdair Allan: A number of the interventions that I just mentioned are very much about the here and now. The Falkirk Council motion and Michelle Thomson have highlighted the tension that is at the heart of what the partners are doing to ensure that Grangemouth has a key role to play in Scotland's net zero future. However, as Michelle Thomson said, we must also consider the here and now. It was disappointing to hear nothing at all from the chancellor yesterday—not a single commitment or comment—that would either help to avoid an abrupt and unnecessary closure of the

refinery or support Grangemouth's transition to play its part in Scotland's green economy.

We need all the partners on the Grangemouth future industry board to work together constructively and with real urgency to do all that they can to progress the project willow recommendations when the report is produced. Given that it will fall to the UK Government to use its reserved powers to progress many of those recommendations, and given that the UK Government co-chairs the board, we will need the Labour Government to do what it has said it will do.

The Presiding Officer: That concludes general question time.

First Minister's Question Time

12:02

National Health Service Recovery Plan

1. Russell Findlay (West Scotland) (Con):

From day 1, we told the Scottish National Party that Humza Yousaf's national health service recovery plan would not help patients. That was back in 2021, but only now are Humza Yousaf's big promises finally in the bin. All those years were wasted while patients suffered and John Swinney insisted that everything was going great. He has now grandly announced all the same ideas that the SNP has already failed to deliver, but still with absolutely no credible explanation as to how any of it will actually be achieved. How can John Swinney expect anyone to believe that he will ever deliver his recycled promises?

The First Minister (John Swinney): At the start of the week, I set out the Government's focus, which will be on three key areas: ensuring that the resources are used to the greatest effect and have an impact in driving down waiting times and clearing treatment backlogs; reforming the system to deliver the right care in the right place; and making a long-term shift to prevention. We will accomplish that by providing the necessary policy direction, which I have just set out, and the resources, which will be included in the Government's budget, with the biggest settlement for the health service. I am very pleased that we have parliamentary support for the budget, but it is well shown that the Conservatives are not part of the agreement to move the health service forward in any way, shape or form.

Russell Findlay: I hope that John Swinney heard what the British Medical Association had to say about his speech. Dr Iain Kennedy of the BMA said:

"we still lack the detail and comprehensive vision needed to make any plan a reality."

In a classic case of Government by press release, all that matters to John Swinney is an easy headline; he has no interest in the difficult job of delivery. I will give an example of that. Six years ago, all NHS patients south of the border were given an app through which to access information. They can make appointments, order prescriptions, view medical records and more. Two years later, in 2021, the SNP announced plans for a Scottish NHS app, but there is no app, and John Swinney has had the audacity to announce it all over again. The SNP has kept Scotland's NHS trapped in the analogue age. When exactly will Scottish patients get access to that vital technology?

The First Minister: What I set out on Monday and what have been followed up in regular engagements between me, the health secretary and health service leadership around the country are practical steps to improve the health service and to secure delivery.

We will concentrate on steps such as expanding the NHS Scotland pharmacy first service to improve access to healthcare and increasing general practice capacity in the country through a £10.5 million investment to expand its activity. We will deliver a new acute interior eye condition service, which will free up a combined 40,000 hospital appointments per year in Scotland. We will expand the capacity of hospital at home to create at least 2,000 beds by 2026. We will expand capacity at national treatment centres, and a number of other centres—Gartnavel general hospital, Inverclyde royal hospital, Stracathro hospital, Perth royal infirmary, Queen Margaret hospital and the Golden Jubilee hospital in Clydebank—will deliver extra cataract procedures. We will also reduce the radiology backlog. I hope that that is enough detail to show that, while—*[Interruption.]* I am very happy to go on, Presiding Officer.

The Presiding Officer: I am content that your response is complete, First Minister. However, before I call Mr Findlay again, I remind members that the purpose of this session is scrutiny. If we have on-going noise in the chamber, all that is happening is that fewer members will have an opportunity to put a question. I ask all members to bear that in mind.

Russell Findlay: I was not making a single noise. I was just smiling in incredulity, because I asked the First Minister about an app and he went off and read from a different script. That answer tells patients that the Government has no idea when the app will appear—if it does.

That is not the only reheated promise that John Swinney made this week. A decade ago, the SNP announced plans to create a network of national treatment centres. They were supposed to be all over the country—*[Interruption.]*—if Shona Robison would care to listen. But here we are: the centre in Livingston is not open, Ayrshire is not open, Perth is not open, Lanarkshire is not open, Edinburgh is not open, and—*[Interruption.]*

The Presiding Officer: Thank you, members.

Russell Findlay: —Aberdeen is not open. Now, John Swinney is again making the same old promises to deliver national treatment centres. Can he please tell the truth to the thousands of Scottish patients who are waiting in agony: when will those centres actually open?

The First Minister: Here is some truth for Parliament. *[Interruption.]* In the years of austerity

under the Conservative Government, the capital budgets of the devolved Governments and the United Kingdom Government were slashed. Why? Because of economic and fiscal incompetence by the Conservatives. That is what happened.

I am now going to deliver the national treatment centres. What has certainly not helped me—*[Interruption.]*

The Presiding Officer: Members!

The First Minister: What has not helped me has been Mr Findlay's support for the economics of the madhouse, which was brought forward by Liz Truss, whom he wanted me to follow. *[Interruption.]* Mr Findlay wanted me to do exactly what Liz Truss had done. Thank goodness I never followed the stupid ideas of Liz Truss and Russell Findlay.

Russell Findlay: I only asked the man when he is opening those treatment centres. What we heard back is the populist party's disease of blaming someone else for its failings. The SNP Government gets record funding and it is continuing to pick the pockets of taxpayers. The state of the NHS in Scotland is entirely on that lot over there. The SNP needs to stop chasing headlines and start doing some hard work. We need a health secretary who is focused on the job. The projects that are in the press releases need to be delivered, and taxpayers' money should be spent much more effectively.

Right now, across Scotland's health service, more than £850 million is being spent on communications, human resources and other departments. That is almost £1 billion a year spent on backroom corporate functions, not front-line medical services. If the SNP attempted to cut that bloated bureaucracy and kept its countless promises, waiting lists could come down. Would it not be better to spend less money on back-office staff and more money on doctors and nurses?

The First Minister: It would not be possible to spend more money on doctors and nurses if I followed Mr Findlay's tax plans, which would cut £1 billion from public expenditure. That would be stupidity on stilts from the Conservative Party, to add to all the other economic chaos that it has created.

The Parliament will face a very simple choice in a few weeks. Mr Findlay wants me to prioritise the health service and make sure that investment is in place. Investment is in place, but the Parliament has to vote for it. What will the Conservatives do? They will vote against a record funding settlement for the health service. That tells us all that we need to know. For all that posturing from the Conservatives, they do not care about the national health service.

National Health Service Recovery Plan

2. Anas Sarwar (Glasgow) (Lab): This week, the Scottish National Party attempted to launch yet another NHS recovery plan. Having been in charge of Scotland's NHS for 18 years, it has lost touch with reality and all credibility.

The Royal College of Nursing has said:

"Many nursing staff will not recognise the first minister's description of a resilient and robust NHS in Scotland. Their current experience is of a service struggling to meet the needs of patients and leaving them to carry the burden of not being able to deliver the care and treatment required."

The British Medical Association Scotland has said that the plan lacks

"the detail and comprehensive vision needed to make any plan a reality."

Unison has said that the First Minister's hollow promises of "jam tomorrow" will not solve the critical problems facing the NHS in Scotland.

Why does John Swinney think that he is right and that Scotland's nurses, doctors and patients are wrong?

The First Minister (John Swinney): As Mr Sarwar knows, because I told him last week, I am engaging directly with all the interested parties in the health service to make sure that we create cohesive leadership and a focused agenda to improve and strengthen the national health service. That is what is occupying my time, and it is what is occupying the time of the Cabinet Secretary for Health and Social Care. We are getting on with doing that.

We are not promising jam tomorrow; we are promising the largest budget settlement for the national health service in a few weeks, and the folk who are not going to vote for it are that lot, Labour, and that lot, the Conservatives.

Anas Sarwar: John Swinney has been passing budgets for 17 years and things are still getting worse in Scotland—I just remind him of that.

We have had five NHS recovery plans in less than four years. Of plan 1, in August 2021, the SNP First Minister said:

"This plan will drive the recovery of our NHS—not just to its pre-pandemic level, but beyond."

Instead, we are doing 50,000 fewer operations compared with pre-pandemic levels.

In launching plan 2 in July 2022, the SNP health secretary said:

"I am announcing some of the most ambitious targets in the UK."

The SNP Government did not meet a single one of them.

In October 2023, the SNP First Minister said that plan 3 would cut waiting lists by 100,000. Instead, waiting lists went up by 20,000.

Of plan 4, in June 2024, the SNP health secretary said:

“I am not looking to publish another strategy. ... Our task now centres on listening and delivery.”—[*Official Report*, 4 June 2024; c 56.]

This week, we have a new plan and a new strategy. After such a record of failure, why should anyone believe John Swinney and the SNP?

The First Minister: Mr Sarwar has made the same mistake that Jackie Baillie made last week of saying that things are getting worse week by week. I go back to the same information that I put on the record last week. On accident and emergency waiting times, four-hour performance has increased week on week since the week ending 22 December. Jackie Baillie and Anas Sarwar are once again saying—[*Interruption.*]

The Presiding Officer: Members, let us hear the First Minister.

The First Minister: —things that are not true.

In my speech on Monday, the Government set out a series of interventions to strengthen the national health service and its capacity by delivering extra procedures at a number of centres around the country, by improving referrals through radiology services and expanding the rapid cancer diagnostic service, and by making sure that we expand capacity in a range of different disciplines through eye condition care and the NHS Scotland pharmacy service.

Those are the practical steps that will make a difference, but they will happen only if the Government’s budget passes. Who stands in the way of the Government’s budget passing? Who is not going to lift a finger to support and endorse that investment? The Labour Party in Scotland—Labour members should be ashamed of themselves.

Anas Sarwar: That answer proves why John Swinney cannot fix the problems in our NHS. Scotland’s NHS is in desperate need of reform, but the brutal truth is that John Swinney cannot see the damage that his party has done. He cannot see it, but I will tell you who can: the 863,000 people who are stuck on NHS waiting lists, the 100,000 Scots who have been waiting for more than a year for treatment, the record number of people who have been forced to pay to go private and the staff who his Government is failing every single day.

We need a Scottish Government that will do whatever it takes to clear the NHS backlogs and make sure that the NHS is there when Scots need

it—always free at the point of need and fit for the future. After 18 years, why can John Swinney not see that Scotland does not need another failed SNP First Minister, another failed SNP health secretary or another failed SNP plan? It needs a new Government and a new direction.

The First Minister: There was not a single solution offered by Anas Sarwar—not one. [*Interruption.*]

The Presiding Officer: Let us hear the First Minister.

The First Minister: Listen—we will be here for as long as it takes for me to explain my point to the Parliament. [*Interruption.*] I see that Mr Sarwar’s allies have come to the rescue!

The Presiding Officer: From the screen in front of me, I am aware that a huge number of members would really like to put a question today. I am very keen that our constituents have an opportunity to hear this session. I ask all members to bear that in mind.

The First Minister: Presiding Officer, I see that Mr Sarwar’s allies in the Conservative Party have come to his rescue once again. There was not a single solution offered by Anas Sarwar in all of that long diatribe to Parliament, because he is high on rhetoric and low on delivery. [*Interruption.*]

The Presiding Officer: Thank you, members.

The First Minister: Mr Sarwar promised the WASPI women—women against state pension inequality—in Scotland that he would be at their side. At the first whiff of change, the Labour Government came in and shut the door on the WASPI women. That is why Mr Sarwar is high on rhetoric and low on delivery, and why Scotland does not take him seriously.

Cabinet (Meetings)

3. **Alex Cole-Hamilton (Edinburgh Western) (LD):** To ask the First Minister when the Cabinet will next meet. (S6F-03751)

The First Minister (John Swinney): The Cabinet will meet next Tuesday and ministers will have the opportunity to consider the implications for the Scottish budget of the welcome agreement that has been reached with the Scottish Liberal Democrats, the Scottish Green Party and Alba. All that we are waiting for is some common sense to break out in the Labour Party and the Conservatives.

Alex Cole-Hamilton: It is because of the Liberal Democrats that the Scottish budget now includes a new Belford hospital in Fort William; a replacement eye pavilion for Edinburgh; support services for babies born addicted to drugs; investment to make it easier for people to see their

general practitioner or a national health service dentist; long Covid care pathways; backing for hospices; new skills pipelines for care and for offshore wind power; business rates relief for hospitality; more affordable homes; a better future for young people at Corseford College; the right for family carers to earn more; and more money for councils, ferries and social care. Our priorities will now be backed by hundreds of millions of pounds of Government investment. That is Liberal Democrats acting responsibly, setting aside differences and getting things done.

We also fought for a winter fuel payment for Scotland's pensioners, and it is happening. That matters, because we learned this week that a third of households are in fuel poverty. After 18 years of Scottish National Party Government, why are so many people still freezing in cold homes?

The First Minister: First of all, this is the first time that I have formally had the opportunity to welcome, in Parliament, the support that the Liberal Democrats have expressed for the Government's budget and for the agreements that we have reached on policy priorities—which we have also reached with members of the Green Party and with the member from Alba. That is an indication of how Parliament should work.

Over the course of Mr Cole-Hamilton's question, he was subjected to yah-boo behaviour, principally of the Conservatives, who have contributed absolutely nothing to, and have achieved absolutely nothing out of, the budget process. Those are their actions and conduct. The Labour Party is in exactly the same place—it has achieved nothing out of the budget process to date.

I say to Mr Cole-Hamilton that parties have to work together in the common interests of the people of Scotland. I welcome the collaboration that has taken place, because the Government is interested in delivering solutions for the people of Scotland, and not in coming here to posture, as the Labour and Conservative parties are doing. We are interested in doing the hard work to deliver for the people of Scotland. We will deliver a winter fuel payment for pensioners, and the Labour Party and the Tories will not support it when the budget comes to Parliament.

Confederation of British Industry Report

4. Kevin Stewart (Aberdeen Central) (SNP): To ask the First Minister what the Scottish Government's response is to the recent CBI report, which reportedly suggests that businesses are preparing to "cut staff and raise prices". (S6F-03764)

The First Minister (John Swinney): I was deeply concerned by what I read in the CBI report

on business confidence in the United Kingdom. In my regular engagement with Scottish business, I hear directly that the impact of the recent employer national insurance contribution increases at a UK level is a significant factor.

The Scottish budget for 2025-26 includes a raft of measures to support business and economic growth, as well as enhanced measures to attract private investment.

Kevin Stewart: The CBI's monthly survey highlights weak hiring intentions, with business and professional services expecting a 20 per cent reduction in head count, while consumer services anticipate a sharper 44 per cent fall. Labour's employer national insurance hike is a tax on jobs, and the decisions relating to it are already beginning to bite. What engagement has the First Minister's Government had with the UK Government to get it to see sense and to rethink its daft decision to tax jobs, so that we can protect the Scottish economy?

The First Minister: I have raised the impact of the planned increase in reserved taxation with the UK Government and I wrote to the Chancellor of the Exchequer earlier this month. The Cabinet Secretary for Finance and Local Government has also raised the issue with the Treasury.

We have made clear the wide-ranging concerns about the impact that the change—which was introduced with no consultation—will have on Scotland. The UK Government seems determined to ignore those concerns, but we will continue to raise the issue and the impact that it will have on the Scottish economy. The Cabinet Secretary for Finance and Local Government will raise the issue with the Chief Secretary to the Treasury next month.

It seems to me that that particular decision is having a damaging effect on the UK Government's growth agenda. Although I am wholly supportive of that agenda, that measure is counterproductive to trying to deliver growth in the economy.

Murdo Fraser (Mid Scotland and Fife) (Con): The First Minister is entirely right to raise concerns about Labour's tax on jobs, but the Scottish Government's budget for the coming year, which he encourages us to support, does little or nothing to support businesses in Scotland. According to the Scottish Parliament information centre, spending on three key areas to help to grow the economy—the enterprise agencies, VisitScotland and employability schemes—has been cut compared with the past financial year, while the Barnett consequentials from rates relief that is available south of the border for retail, hospitality and leisure businesses are not being passed on in this budget, which short-changes Scottish

business. Why is the Government not doing more to support Scottish business?

The First Minister: I know that Mr Fraser was a contender for the leadership of the Scottish Conservatives, but he has just given an answer that is directly contradictory to the position of his party leader. His party leader wants us to cut the budgets of agencies—he said that he wants us to get rid of them. However, Mr Fraser has just argued for an expansion of the budgets of economic development agencies.

For the record, I happen to think that Scotland today is extremely well served by our economic development agencies: Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, VisitScotland and Skills Development Scotland. They work very well for Scotland, in that they attract significant investment and visitor numbers. We could add to that the capital investment for offshore wind, which we are increasing to £150 million; the £100 million for digital connectivity programmes that we are rolling out; the investment that we are putting into planning services; and the support that we have put in place for non-domestic rates relief, which is worth an estimated £731 million. All those measures show that this Government is on the side of business, as is demonstrated by business's endorsement of our budget. I think that the Conservatives should support it.

80th Anniversary of the Liberation of Auschwitz

5. **Jackson Carlaw (Eastwood) (Con):** To ask the First Minister whether he will join His Majesty the King and other world leaders in commemorating the 80th anniversary of the liberation of Auschwitz extermination camp and offer his reflections on the theme of this year's Holocaust memorial day, "For a Better Future". (S6F-03762)

The First Minister (John Swinney): On Holocaust memorial day, we honour the 6 million Jews who were murdered by the Nazis in one of the darkest chapters in human history. As we proclaim, "Never again", we also reflect on the subsequent genocides in Cambodia, Rwanda, Bosnia and Darfur.

This year, we commemorate the 80th anniversary of the liberation of Auschwitz. I welcome the decision of His Majesty the King to travel to Auschwitz to represent us all at the commemoration. This evening, alongside Mr Carlaw and the Minister for Victims and Community Safety, I will participate in the Scottish ceremony for Holocaust memorial day. At that event, we will stand united against hatred and for building one Scotland, together, for a better future.

Jackson Carlaw: I welcome the First Minister's participation in tonight's event, which I will co-host with my Labour colleague Paul O'Kane.

I commend the First Minister and the Scottish Government on their work to ensure that Holocaust education schemes across Scotland are second to none in comparison with those available in the rest of the United Kingdom. It is a real tribute to the efforts of the Scottish Parliament, and the various Governments that have presided within it, that Holocaust education in Scotland is as remarkable as it is. If this year's theme is "For a Better Future", we must surely realise that that future depends not on us but on the generation that follows. Fundamentally, such education programmes are critical to the understanding of the next generation. Will the First Minister commit to ensuring that the funding of such programmes continues in perpetuity?

The First Minister: First, I associate myself with Mr Carlaw's comments about Paul O'Kane's hosting of tonight's event. I welcome cross-party co-operation on this question.

In his members' business debate last night—in which, as ever, Mr Carlaw gave the deep and solemn commitment that he has always given to the issue—he generously referred to the fact that I had taken part in one of the visits to Auschwitz by Scottish school pupils that are supported by the Scottish Government. He correctly indicated that the experience that I had that day will never leave me. I saw, too, the profound impact on the young people who travelled with me on that occasion. For me, that was an indication of the value of the investment that the Government makes in ensuring that future generations understand and appreciate the awfulness of what happened in the Holocaust, and of why those generations must be reminded of it.

Mr Carlaw has my unequivocal commitment that, for as long as I am First Minister, this Government will be a firm funder of Holocaust memorial education in Scotland. I see that as part of our obligations to the past and the future, and it will have my unreserved support as First Minister.

"UK Poverty 2025"

6. **Collette Stevenson (East Kilbride) (SNP):** To ask the First Minister, in light of the Joseph Rowntree Foundation report, "UK Poverty 2025", whether he will provide an update on the Scottish Government's actions to tackle poverty in Scotland, including in relation to any potential impact of planned United Kingdom Government welfare reforms. (S6F-03773)

The First Minister (John Swinney): I welcome the Joseph Rowntree Foundation's report and its analysis, which finds that Scotland is the only part

of the United Kingdom that will see child poverty rates declining, thanks to policies such as the Scottish child payment.

Through the Scottish budget for 2025-26, we will go further by committing resources to develop the systems that are required to mitigate the impact of the two-child limit. The Child Poverty Action Group estimates that scrapping the two-child limit could lift a further 15,000 children in Scotland out of poverty.

Collette Stevenson: In its report, the Joseph Rowntree Foundation confirms that

“Child poverty rates in Scotland ... remain much lower than those in England ... and Wales ... due, at least in part, to the Scottish Child Payment.”

Although that is very welcome, the Labour UK Government is doubling down on austerity measures such as the two-child limit, the bedroom tax and the benefit cap, and it is now pursuing welfare reforms that could slash benefits for hundreds of thousands of long-term ill and disabled people.

Will the First Minister offer an assessment of the potential impact of UK welfare reforms on poverty levels in Scotland and outline how the draft Scottish budget for 2025-26 will expand anti-poverty work here?

The First Minister: In its analysis, the Joseph Rowntree Foundation says that it expects the gap between the child poverty rate in Scotland and rates in the rest of the UK to widen because of the action that we are taking to tackle the issue through measures such as the Scottish child payment.

I encourage the Labour Government to take a different course from the one that has been advertised. It is maintaining the two-child limit. Although the Scottish Government will act to remove that in Scotland, our task would be made easier if the issue was remedied at UK level.

We will take every measure that we can. In the budget, we are taking further measures on the two-child limit and the expansion of free school meals in an effort to address child poverty, which is the overriding priority of my Government.

Paul O’Kane (West Scotland) (Lab): The Joseph Rowntree Foundation’s report is, of course, serious and sobering, as it is every year. It shows that the child poverty rate in Scotland is static at 24 per cent, which means that 250,000 children are in poverty. The First Minister and I have previously had constructive debates on the matter, and it will not be lost on him or members across the chamber that the current rate means that we are seriously off course with regard to meeting the statutory child poverty targets that are set by the Parliament.

The report also highlights that a higher than average proportion of working-age adults are unemployed or economically inactive and that households in Scotland in which someone is in work took home a lower level of earnings than the UK average.

Does the First Minister recognise the importance of supporting people into secure, well-paid work? Given the cuts to employability services over recent years, what is his Government doing to reverse the trends that are outlined in the report?

The First Minister: Those are important questions. As the Government’s “Bright Start, Best Futures” strategy indicates, the way to tackle child poverty is through a combination of measures, such as the provision of direct payments, as in the case of the Scottish child payment, or through the provision of employability support, childcare support or transport support, all of which are part of the Government’s budget proposals.

On economic inactivity, the Government is safeguarding funding for employability schemes. Given our confidence that the budget will be passed by the Parliament, as a consequence of our agreement with partners in the Parliament, we are able to give early certainty to employability schemes in Scotland, which they did not have last year, given the financial challenges that we faced. There will be much more certainty about the roll-out of employability programmes from 1 April, and the Deputy First Minister and the Cabinet Secretary for Finance and Local Government are giving such assurances to organisations around the country.

I know that Mr O’Kane is deadly serious about tackling child poverty, and he knows that I am, too. That is where I get a bit concerned about where parliamentary discourse has got to, because there is a budget to be voted for. Mr O’Kane wants employability support to be put in place for members of the public in Scotland, and so do I. I am going to vote for it, and I hope that he and his colleagues will, too.

The Presiding Officer: I have received 25 requests from members who wish to ask constituency and general supplementary questions. If members are concise, we will be able to get through more questions and involve more members.

Disability Benefits

Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP): Recent research from Pro Bono Economics has found that disability benefits improve people’s health and wellbeing and are more positive than costly for the economy. Meanwhile, the United Kingdom Labour

Government has proposed cutting UK disability payments, as we have heard from my colleague Collette Stevenson, which has caused widespread concern among stakeholders. What assessment has the Scottish Government made of that new research? Can the First Minister provide assurances that, unlike the UK Government, the Scottish National Party Government in Scotland will continue to deliver social security that is based on the principles of dignity and respect?

The First Minister (John Swinney): Those principles are enshrined in law because this Government put them into law. We intend to follow that through consistently; my colleague Elena Whitham has my absolute assurance on that.

The Government is investing about £1.3 billion more than the funding that we are forecast to receive from the UK Government through the social security block grant adjustment, because we want to invest in supporting people to be able to make as much of an economic contribution as they can. That will be the ethos of this Government.

Data Breaches (NHS Tayside)

Liz Smith (Mid Scotland and Fife) (Con): Will the First Minister join me in condemning what has been the third data breach by NHS Tayside of patient confidentiality in the Sam Eljamel case, which has further undermined the trust of former patients? The matter is now, rightly, in the hands of the Information Commissioner, but what action can the Scottish Government take to stop such data breaches ever happening again?

The First Minister (John Swinney): The law on freedom of information is absolutely crystal clear, and all organisations should comply with it and follow its provisions. If the matter is being looked at by the Information Commissioner, I will leave him to undertake his statutory duty.

Demi Hannaway (Review of Investigation)

Claire Baker (Mid Scotland and Fife) (Lab): The First Minister will be aware of reports regarding the sudden death of Demi Hannaway in May 2021. Demi's parents are calling for an examination into her death, which was recorded as suicide, and have lodged a formal complaint about the police response, saying that there was absolutely no investigation.

Demi was subject to physical and mental abuse at the hands of her partner, who was jailed last year after admitting to threatening and abusive behaviour. Her family believes that obvious lines of inquiry regarding her death were not pursued. It has also emerged that the pathologist in the case was not informed by the police that Demi's partner had a history of strangling her.

Will the Scottish Government consider ordering a review of the investigation of Demi's death?

The First Minister (John Swinney): I am familiar with those details and extend my sympathies to the family of Demi Hannaway. I understand the family's concerns about the information that has been put in the public domain and am familiar with the fact that a complaint has been made and is being handled by the professional standards channel of Police Scotland.

The Crown reserves the right in all circumstances to review any new evidence in a particular case. It does that independently of the Government, so it would be wrong for me to prejudge any of that information. However, I will raise with the Lord Advocate the point that Claire Baker has made to me about the family's desire for further investigation of the case, because taking that forward would have to be a matter for the Crown, given the circumstances. I give Claire Baker the assurance that I will do that as a consequence of our exchange today.

Brexit (Economic Impacts)

Clare Adamson (Motherwell and Wishaw) (SNP): This week marks the fifth anniversary of the United Kingdom's exit from the European Union. A recent report by the Institute for Public Policy Research highlighted the slump in trade with the EU and said that trade policy had been "muddled" and "rudderless" since the 2016 vote on Brexit. Will the First Minister give his response to that report, and does he agree that Brexit has been an economic disaster for Scotland and that it would be in Scotland's best interests to return to the EU as an independent nation?

The First Minister (John Swinney): I agree with Clare Adamson on both points: that Scotland would be best served by being an independent member of the EU, and that Brexit has been an economic disaster for Scotland as part of the United Kingdom. It is as a consequence of our membership of the United Kingdom that we have lost our EU membership.

The economic damage done is obvious. That is what is undermining living standards in this country. I accept and acknowledge that and have a solution to it, which is that we should repair our relationship with the European Union and ensure that our businesses and organisations can trade and that we can benefit from freedom of movement.

I assure Parliament that we are encouraging the United Kingdom Government to repair the damage that has been done to our economy and to our relationship with Europe. The living standards of our population depend on that, and it must be

given greater priority than it has been given since the change of Government in July last year.

Shoplifting

Sharon Dowey (South Scotland) (Con): The Scottish Retail Consortium reports that theft has reached record levels, costing businesses £170 million last year, and that violence towards shop workers is on the rise, with an average of 170 incidents every day over the year 2023-24. The situation is spiralling out of control as perpetrators are becoming more brazen. It is clear that thieves simply do not fear committing their crimes. What is the Scottish Government's plan to ensure that shoplifters, many of whom are violent, are made to pay for their actions and know that their actions will have consequences?

The First Minister (John Swinney): The Minister for Employment and Investment, Tom Arthur, met the industry leadership group, which involves the many retail interests, on this subject this morning. In the budget, subject to parliamentary approval, we will make £3 million available to tackle retail crime, and we commit ourselves to supporting some of the innovative work that has been taken forward by the Scottish partnership against acquisitive crime, which is led by Police Scotland and the retailers. The partnership is taking a collaborative approach to preventing and deterring crimes such as shoplifting, and we will work constructively to ensure that that happens, using the resources that I mentioned, which I hope Parliament will support in the budget process.

Social Housing (Waiting Lists)

Foyso Choudhury (Lothian) (Lab): I was recently contacted by a constituent who is on the waiting list for social housing with her 13-year-old daughter. They have been sharing a room and a bed for nine months, and by the time they are allocated housing, her daughter will be 16 years old. Does the First Minister think that that is in any way positive for their wellbeing? Will his Government finally step up with real action to end the housing emergency and unacceptable waiting times for social homes?

The First Minister (John Swinney): I sympathise with the circumstances of Mr Choudhury's constituent. I of course want individuals in our country to be adequately and properly housed.

As Mr Choudhury knows, because I have told Parliament this on many occasions, the Scottish Government has presided over an affordable housing building programme that has built more houses per head of population in Scotland than have been built in any other part of the United Kingdom. Crucially, in the budget that will be

before Parliament in a few weeks' time, there is an increase in that budget to £768 million. Mr Choudhury is quite entitled—indeed, it is his duty—to bring his constituents' concerns here and represent them. I contend that it is also Mr Choudhury's duty to try to make solutions happen by voting for the budget and helping to build more houses and ensure that we can get more void houses being used by people. *[Interruption.]*

There is no point in Labour members shouting at me, as they have done all the time today. That is the solution. If we want to build houses, how do we pay for them if we do not have the votes for the budget? I encourage Labour members to stop being observers on the sidelines, sitting there with their Tory allies. They should vote for the budget and do something constructive for Scotland.

Heathrow (Third Runway)

Fergus Ewing (Inverness and Nairn) (SNP): Given the vital importance to the Highlands and Islands of access in order to export our fine malt whiskies, our high-quality salmon and shellfish and many other products, will the Scottish Government provide its full-throated and unequivocal support for the third runway at Heathrow, which is the future gateway for Scottish Highlands and Islands exports to the willing world?

The First Minister (John Swinney): The decision to allow expansion at Heathrow airport lies exclusively with the United Kingdom Government. The Scottish Government will engage closely with the UK Government and Heathrow airport to understand any potential impact of its expansion on Scotland, particularly on our climate targets and connectivity.

I share Mr Ewing's aspiration that Scottish goods should be able to get to market as quickly as possible, but I am reminded that, when I was in Shetland a few months ago, the fish sector explained to me the obstacles that are in its way to get its products to market because of the stupid procedures that are involved in Brexit, which are deeply damaging to our economy.

If we want to get Scottish produce more quickly from the Shetland Islands and other communities in Scotland to European markets, the immediate priority of my Government would be to get agreements in place with the European Union that would allow freer trade to be undertaken. What I say to people in Scotland is that they have to understand the colossal damage that was done to our country's economy by Brexit, which was inflicted on us by a bad deal by the Conservatives. I hope that the Labour Government will do something to rectify that, because it is undermining the Scottish economy.

Car Usage Reduction (2030 Target)

Sue Webber (Lothian) (Con): Today, the Auditor General and the Accounts Commission have said that the Scottish Government has made “minimal progress” on its target to reduce car usage by 2030 and that the target has no clear delivery plan—that always sounds familiar. To reduce car usage, it is essential to have affordable public transport, yet, under the Scottish National Party, Scots seem to be turning away from those services in droves. Does the First Minister believe that the 2030 target is still achievable, or is it another headline-grabbing deadline that was never going to be delivered?

The First Minister (John Swinney): The Government has made a range of interventions to improve access to public transport. For example, more than 2 million children, young people, disabled people and older people in Scotland are now benefiting from free bus travel. Throughout Scotland, more than 150 million bus journeys have been made by children and young people under 22, using their free entitlement. We have been working to expand the opportunities for people to safely walk, wheel and cycle, with the expansion of the network to around 450 miles of routes for walking, wheeling and cycling.

The Government will do that as part of its plans, but it is, frankly, laughable for Sue Webber to take me to task on the issue. Every time that a measure is presented to Parliament that might change any of those patterns of behaviour, who opposes it? The Conservatives do—every single one of them, and then they come here every week and posture with empty rhetoric about such issues. If Sue Webber wants investment in public transport, I gently and respectfully encourage her to vote for the budget that will pay for it, instead of wasting her time coming here and posturing on a weekly basis.

The Presiding Officer: That concludes First Minister’s question time. There will now be a short suspension to allow those leaving the chamber and the public gallery to do so.

12:47

Meeting suspended.

12:49

On resuming—

Engineering Skills Gap Analysis for Scotland

The Deputy Presiding Officer (Liam McArthur): I encourage people who are leaving the public gallery to do so as quickly and as quietly as possible.

The next item of business is a members’ business debate on motion S6M-16148, in the name of Alex Rowley, on Scottish Engineering’s “Engineering Skills Gap Analysis for Scotland”. The debate will be concluded without any questions being put, and I invite members who wish to participate to press their request-to-speak buttons now or as soon as possible. I also advise members that we are a little tight for time, so I would welcome it if speeches were around the time limit.

Motion debated,

That the Parliament notes the publication of Scottish Engineering’s report, *Engineering Skills Gap Analysis for Scotland*; is concerned by the findings of the report, the production of which aims to allow industry and government to work in partnership to maximise the opportunities for Scotland’s economy, and its society as a result; notes that the results in the report are derived from the output of a survey of 70 engineering companies based on their operations in Scotland; is concerned with the findings of the report that skills pipeline gaps for existing industry are “an immediately stark situation” with “no allowance for the additional demands” of offshore wind, grid infrastructure investment, decarbonising heat energy or green hydrogen production; notes the view from the survey that “unless there is a rapid change in the required skills investment there is a considerable risk of damage to incumbent industry [and a] risk to inward investors of failure to reach the skilled staffing levels they require, with negative impact on their projects, and reputational risk to Scotland’s ability to accommodate such opportunity”; further notes the view that the Scottish and UK governments must encourage the next generation of skilled workers and make the funding and resources needed available to provide the apprenticeships of today for the jobs of tomorrow, and notes the calls in the Mid Scotland and Fife region and across the country for the Scottish Government to take action to foster a new partnership between schools, colleges, universities and industry to ensure that young people are aware and able to take advantage of the opportunities available in Scotland’s industrial sector, and that the future of Scottish industry is secured for the benefit of people across Scotland.

12:50

Alex Rowley (Mid Scotland and Fife) (Lab): I thank members who signed my motion for debate and my business manager for allowing the time for it.

I have been consistent in my view that if we are to secure the future of Scotland’s economy, we must be laser focused on ensuring access to

education and training in the skills that we need for the future. As policy continues in the direction of a just transition towards a greener economy, investing in the skills and education of the future has never been more relevant.

Scottish Engineering chief executive Paul Sheerin recently described the current outlook for the Scottish economy as an “industrial revolution-sized opportunity”. I agree, but that description came with a stark warning that Scotland was at risk of missing out on the opportunity due to a lack of a skills pipeline.

The comments came after the publication at the start of the month of Scottish Engineering’s “Engineering Skills Gap Analysis for Scotland”. I believe that we need to seriously consider the report’s findings and the implications for the future of engineering and its impact on our economy.

The results are the output of a survey of 70 engineering companies from a broad range of sectors, based on their operations in Scotland. Scottish Engineering reported that

“The skills pipeline gaps for these roles are an immediately stark situation”.

Indeed, a look at the average demand across 31 engineering roles showed that industry will require an additional 33 per cent of the volume that is currently in role by the end of 2025, rising to 46 per cent by the end of 2026 and again to 58 per cent by the end of 2027.

If those figures are concerning, the conclusions are cause for further concern, as it should be noted that the gaps are only for existing industry. That means that there is “no allowance” for the additional demand of offshore wind, grid infrastructure investment, decarbonising heat energy or green hydrogen production—sectors that are essential to Scotland’s stated aims of achieving net zero. The report concludes:

“Where that demand is for the opportunity for inward investment, unless there is a rapid change in the required skills investment there is a considerable risk of damage to incumbent industry.”

Scottish Engineering also estimates that 20 per cent of demand for apprentice training programmes has

“been unmet due to real terms funding cuts to apprenticeships in Scotland.”

When I speak to employers of skilled workers across the Mid Scotland and Fife region, one issue that comes up time and again is that due to a lack of the skilled workers that are needed to meet industry demand, the whole of the United Kingdom is having to share pools of workers for each skill. An example of that is the Hinkley Point nuclear power station project in Somerset, England, which

is attracting workers from Scotland, due to the high demand for skills and the higher pay on offer.

That is why it is crucial that we look at this issue from a UK-wide point of view. The Open University’s “Business Barometer 2024” found that,

“Despite tiny green shoots of improvement, the skills gap in the UK remains stubbornly high across sectors, regions and all four nations.”

Across the UK, 62 per cent of organisations are facing skills shortages; in Scotland, the figure is 56 per cent; and a concerning 52 per cent of organisations do not have specific recruitment, retention or training initiatives for targeted groups.

As a result, my motion calls for two things. First, the Scottish and UK Governments must work together to encourage the next generation of skilled workers by making available the funding and resources that are needed

“to provide the apprenticeships of today for the jobs of tomorrow”.

There is a clear and desperate need for that. I urge both of Scotland’s Governments to recognise the urgency of the situation that we are in and act accordingly.

Furthermore, I believe that the Scottish Government must

“take action to foster a new partnership between schools, colleges, universities and industry to ensure that young people are aware and able to take advantage of the opportunities available in Scotland’s industrial sector”.

An academic to whom I spoke recently told me that we must do more to build the relationships between schools, colleges and industry. He was very clear that that should start in primary 6 and primary 7, not in secondary 3 and secondary 4.

I know that there is a lot of on-going work by the Scottish Government and its agencies, and I do not want to undermine any of that, but much more has to be done if we are to give every child the chance to gain the education and skills for the jobs of today and tomorrow. We need a revolution in skills from primary schools to secondary schools and colleges, all working in partnership with industry. We need a regional skills strategy for every region of Scotland, along with regional funding to deliver a regional workforce plan.

Government at every level must work in partnership with industry. We must listen to the concerns of industry on the apprenticeship levy and the calls for reform, the concerns at the intention to wind up the Scottish apprenticeship advisory board, and the concerns expressed by business about the decision to remove Skills Development Scotland from post-school funding.

The future for jobs in Scotland can, and should, be very bright, but it requires a stronger partnership and a new approach that puts education, training and skills at its very heart, and it should be driven by education and industry working together in partnership. Scotland deserves nothing less.

The Deputy Presiding Officer: We now move to the open debate.

12:57

Fergus Ewing (Inverness and Nairn) (SNP): I congratulate Mr Rowley on securing the motion for debate in the chamber and for his contribution, which I thought set the scene extremely well. I am grateful for the opportunity to debate the key issue.

Governments should do what they promise, but they should not promise what they cannot do. I say with some regret that it seems that the UK and Scottish targets to achieve net zero—by 2030, in the case of the UK—are simply unachievable. I submit that we should not be setting targets that are unachievable. I am thinking of, for example, the target to install a million heat pumps by 2030, and, indeed, the target for installing renewable heating systems in the 170,000 houses that are off the gas grid and 1.2 million homes overall, when we are actually installing only a few thousand a year. Those targets are simply green pie in the sky—they are just stupid.

What do we need to do, and what should we do in order to be able to do it? Many do not appreciate that the renewables opportunity, which is a form of industrial revolution for this century in Scotland, will create a volume of civil engineering projects of a like that is completely without precedent. Those projects include pumped storage facilities; grid schemes; Global Energy Group's work at the Inverness and Cromarty Firth green freeport; electrification of the east coast line; hospitals; housing; schools; and schemes associated with Scottish Water and its £1 billion a year investment. When we tot all that up, it amounts to around £50 billion or £60 billion over the next 10 or 15 years. That is without precedent.

As Mr Rowley has argued, the skills challenge that arises from being able to do that work is simply on a scale that we cannot begin to comprehend. I am no expert in the area—I await what the minister has to say with interest—but I know that a lot of good work is being done by industry in schools and colleges around Scotland. However, we need to multiply that considerably. Along with the other capacity problems that we face in achieving our aspirations—ambitions that are all desirable—it should be a big focus of what we do.

Paul Sweeney (Glasgow) (Lab): The member has made a powerful series of points. Does he agree that, with the change in early recruitment in the shipbuilding industry necessitated by recent difficulties that it has faced—I am thinking of the trade assistant role that it has introduced, which removes academic entry qualifications—a great pathway is being offered to those who do not have traditional skills to enter the industry and build their skills in a practical way, and that that has been compounded by the creation of the applied shipbuilding skills academy in Glasgow?

The Deputy Presiding Officer: Fergus Ewing, I can give you the time back.

Fergus Ewing: I do not have the knowledge of shipbuilding that the member might have, but I sympathise with his point.

A lot has been done by colleges and by, for example, the University of the Highlands and Islands. A recent report by Statkraft, the second biggest company in Norway and Europe's largest generator of renewable energy, has found that a "transformational" pumped storage project, according to UHI, offers "significant" opportunities with up to 500 workers needed at the peak of the construction period. That is just one of a very large number of projects; not all of them will go ahead, but many will.

I also want to praise the efforts of industry in this respect. For example, the Civil Engineers Contractors Association has created its own scheme, which provides an 18-week course for young people with the opportunity of a guaranteed job interview at the end. It has a success rate of more than 50 per cent going into engineering.

I do not have the time to elucidate further, so I will close by saying that I know that a lot is being done—I am not here to criticise—but should we not focus much more on this issue and far less on the high-level rhetoric about unachievable targets? Such targets take up so much of our discourse and, frankly, they conceal the real problems that lurk beneath the surface, problems that it is our duty to tackle and solve.

13:02

Brian Whittle (South Scotland) (Con): I am delighted to have the opportunity to speak in this debate and I thank Alex Rowley for bringing to the chamber an important subject that I have discussed many times.

We are a nation that is synonymous with innovation and engineering know-how—even the miracle-working chief engineer on the Starship Enterprise was a Scot. However, no matter how strong our reputation is, we cannot afford to rest on our laurels. Yesterday's successes are no

guarantee of tomorrow's. That is why it is important that we give the next generation of young engineers the opportunity and the pathway that they need to develop their talents and become the skilled workforce that Scotland's engineering sector needs.

As Alex Rowley's motion and the Scottish Engineering report point out, there is a widening gap between the workforce demands of engineering businesses and the supply of available staff. In the south of Scotland, that gap is nowhere more acute than in Ayrshire, which has a well-established engineering sector that is desperate to grow. Recently, we have seen the arrival of subsea cable manufacturer XLCC, whose multibillion-pound investment at Hunterston is expected to need as many as 3,500 skilled workers over the coming years. Indeed, XLCC and some other businesses are so concerned about securing a skilled workforce that they are investing significant sums of money in developing their own in-house training schemes, often in collaboration with Ayrshire College.

Although Alex Rowley's motion highlights the growing demand for engineers in the renewables sector and energy sectors, we should recognise that there is enormous potential for growth in other parts of the engineering sector. Ayrshire is also home to Prestwick airport and the cluster of international aerospace businesses that surround it. It comes as a surprise to far too many people that more than 50 per cent of Scotland's entire aerospace workforce—more than 4,000 jobs—is based in and around Prestwick.

In my time as an MSP, I have been fortunate to visit many of those businesses and see at first hand the time and money that they have committed to creating sophisticated world-class facilities in Scotland. Those global businesses have put faith in Scotland's engineering workforce to deliver, and they have ambitions to invest more. The Ayrshire growth deal can be a catalyst for that investment, supporting businesses, including Ryanair, Woodward and GE Caledonian, to take forward their plans for growth. Taken together, those plans are expected to create 1,500 new jobs within the aerospace cluster in the next three years.

However, all those investments can succeed only with the right workforce behind them. A significant number of those jobs are aimed not at graduates but at apprentices, giving young people a valuable opportunity to earn and learn at the same time. Most, if not all, of those apprenticeships depend on local colleges having both the funding and the capacity to deliver them. However, as with many colleges across Scotland, Ayrshire College is having to fight an uphill battle to balance its books. The Scottish Government's

latest budget looks set to deliver a below-inflation increase and continue a trend that has meant that funding has fallen by 17 per cent since 2021-22, according to Audit Scotland. The college is perfectly placed to facilitate millions, if not billions, of pounds of inward investment into its local area, but instead of getting additional funding to make the most of that opportunity, it is being asked to find at least £1.5 million in savings.

I appreciate that, in every budget, difficult choices have to be made, but cutting college funding is not a difficult choice—it is a nonsensical choice. Ayrshire has one of the lowest workforce productivity rates in Scotland, but the potential in the area is enormous—nowhere more so than in the engineering sector.

If both the SNP and Labour Governments are serious about delivering economic growth, the greatest opportunities lie in places such as Ayrshire's engineering sector.

I have no doubt that, across the chamber this afternoon, we will have unanimous agreement on the importance of the engineering sector, apprenticeships and creating the skills pathway to grow the workforce. However, we urgently need a willingness from both the UK and Scottish Governments to make the choice to back the sector, prioritise funding for engineering apprenticeships and focus that investment where there is greatest demand.

13:07

Richard Leonard (Central Scotland) (Lab): I remind members of my voluntary entry regarding trade union interests in the register of members' interests.

I begin by thanking Alex Rowley for not just leading this afternoon's debate, but acting with such speed to get this report on the agenda of Parliament.

It is a pity that the Government does not display the same sense of urgency because, for all the independent reviews, the Government reports, the ministerial statements, the surveys of the landscape and the creation of strategic boards, what we are witnessing is a catastrophic skills crisis and a Government that is not part of the solution but part of the problem.

Public investment in skills and training is not going up—it is coming down. Skills Development Scotland is about to be abolished. For all the talk of a just transition in our economy and of reforms in our public services, there is no leadership, no strategy and no plan for either.

So this report by Scottish Engineering should serve as a wake-up call. It lays bare what is going on out there in the real world on the factory floor.

Because of the demographics of the current workforce and because of expectations of business growth, employers estimate that a third more engineers will be needed in Scotland by the end of this year, that 46 per cent more will be needed by the end of next year, and that 58 per cent more will be needed by the end of the year after that. In some trades, it is even higher: in electrical and electronic engineering, the skills gap and the replacement and recruitment rate will be nearly 100 per cent.

The horizon for this analysis is the next three years. The problem is that an engineering apprenticeship takes four years to complete, and it takes six years to be fully competent. As the report concludes,

“unless the company has started training already, that resource will not be ready at the time of need.”

Workforce skills are central to the economy. They are too important to be left to market forces, to free enterprise or to employers alone. They cry out for Government leadership. That is why I have long argued that we need to establish not only sectoral collective bargaining with the trade unions, which we do, but sectoral industrial and economic planning with the trade unions, including effective planning for skills. We need a minister for labour in the Cabinet. We need an end to cheap labour. We need to open up apprenticeship opportunities to all—including to those from areas of multiple deprivation, and to women as well as to men—with a guarantee of an apprenticeship, useful work or a vocational training place for every school leaver by incentivising small and medium-sized enterprises, boosting numbers and putting the funding in place.

The challenge here is dimensional—it is one of scale—but it is also systematic and it is ideological. We cannot rely on the logic of capitalism to decide our future. We need workforce planning, we need an industrial strategy and, above all, we need economic democracy. To some, this will be seen as idealistic, socialistic—as impractical, unworkable or undesirable. Yet there is nothing more impractical, unworkable or undesirable than the notion that we can continue to run our economy the way that we do at the present.

I make no apology. It is time for radical change. People should have the right to slot in and out of education and work with income protection—the right to liberation within work, but liberation from work, too. If ever we are going to win the skills revolution, a just transition, useful work in place of useless toil and transformational economic change, it must be driven by a vision, forged on a plan and inspired by authentic, principled political leadership, but it will only be delivered with the support of the people.

13:12

Lorna Slater (Lothian) (Green): I am very concerned by the report on the engineering skills gap. I recognise that this is now a very acute issue as we transition Scotland’s economy to a green one and invest in the opportunities ahead in that green transition—specifically in renewable energy, but also in heat networks and all the other engineering infrastructure that we will need.

The shortage of engineers in Scotland, and in the UK as a whole, is a long-standing issue. Two decades ago, when I arrived in the UK, I knew that there was a shortage of engineers here. That is one reason why I chose to come here. I had Canadian student loans to pay off and, at that time, getting \$3 to the pound seemed like a good way to pay that off. I had heard that there was a shortage of engineers, so I bought a one-way ticket and rocked up. I was offered two jobs in my first week.

That is how acute the shortage of engineers is and has been for the past 20 years in the UK, including in Scotland. My colleagues and I experienced that daily as we tried to build ambitious projects in various parts of the UK, including for renewable energy in Scotland. We were trying to find electrical engineers, electrical technicians and mechanical engineers, but there were just not enough of them. Many of my colleagues were immigrants like me.

When we were members of the European Union, we were able to draw on the talents of EU citizens under the freedom of movement. The acute skills shortage in the UK due to a lack of home-grown engineers was previously supplemented by immigrants like me. However, Brexit cut us off at our knees by restricting the ability of a particular pool of talented individuals to come here smoothly to work. We have an acute situation, which is set against the needs that we have for our transition.

Whether through an apprenticeship, a higher national certificate, a higher national diploma or a degree programme, a career in engineering is exciting. The recruitment of more young people into engineering in Scotland and the rest of the UK is a long-standing issue. I have always thought that part of the problem was because engineering is framed as if it were all about maths and sitting at a computer staring at a screen, watching numbers scroll by like in “The Matrix”.

Engineering is very hands on. It is teamworking; it is being creative; it is solving problems that nobody has ever had before. Right now, it is problem-solving that will save our planet—that will change our future and mean that humanity can survive and thrive. Engineers are right on the edge of that.

For me, there is nothing more rewarding than working as part of a team to build something real that you can point at and say, “We created this thing that had not existed before. We have tried something new, maybe we have failed a few times, but we have learned a lot and here is this thing that we have built.” Presenting that exciting vision around engineering has to be the way to encourage more young people into this space, by emphasising the creativity, teamwork and rewards that come from solving the problems that our world desperately needs solutions to.

The Withers review of the role of Skills Development Scotland is a timely opportunity to look into this space. I challenge some of my colleagues’ assertions that Skills Development Scotland is not in need of significant review. I think that it is, particularly around careers advice and the way that skills are taught and made available to people at different ages. More young people need to be encouraged to take up maths and physics, but also career changers, upskillers and career returners need to have access to engineering skills and the pathways into engineering, whether that is through apprenticeships for all ages or being able to access university and college courses at older ages.

I want more people to consider learning the basic engineering skills, whether in mechanical, electrical, civil or computer engineering, because all of those areas lead to exciting careers. You do not need to have a fancy master’s degree in environmental engineering to work in renewable energy and the environment. Get those basic degrees behind you—they are what we need, and I absolutely encourage anyone who might be interested to take those up.

13:16

Ben Macpherson (Edinburgh Northern and Leith) (SNP): Coincidentally, on Monday, I was in the offices of Arup in Edinburgh. Colleagues will be aware of that firm’s significant impact on engineering across countries, including Scotland and the UK. There I was reminded of what Lorna Slater has talked about. I had the privilege of working for an engineering firm for some time in my 20s, and I know that people who work in engineering are solution-focused and creative and a really inspiring bunch to be around.

They are also an integral part of our economy now and certainly will be into the future. That is why it is commendable that Alex Rowley has brought the motion to Parliament so that we can discuss the importance of having a reliable pipeline of new engineers coming into the Scottish market and future proofing our systems. We must ensure that a growing number of people go into

that area of our economy, which is necessary for our nation’s future as well as for our wellbeing, productivity and gross domestic product. We must also ensure that we create a system that meets our needs, with regards to not just the net zero transition that is in front of us and the huge opportunities that will emerge in the decade ahead and the one after that, but to how we build the future of the Scottish economy in the 21st century.

We are considering this issue in a time when the Scotland’s opportunities and potential are buoyant and wide, when it comes to net zero but also in other industries. However, we also face a global scenario of significant challenges because of what is likely to come from US economic policy and its effects on the stability of the global economy. Within the UK economic framework, we are still uncertain and very worried about what the effect of the national insurance increase will be.

We cannot take for granted the opportunities that are related to net zero and engineering in Scotland. We must be strategic and proactive in how we plan for what is ahead. I commend the Government for instigating the Withers review and taking the time to consider it. I look forward to the minister’s summing up today as well as to the statement next week to learn more about what the Government will do in this area.

Some of those decisions will be quite difficult, and change may be required. Collectively, we need to make sure that we consider what is in the best interests of young people and of the future needs of the economy. We also must be brave when it comes to the disruption that might be needed.

When I speak to people in the industry, whether they are involved in the mass growth at the port of Leith or in other sectors of engineering that operate in Edinburgh Northern and Leith and in Edinburgh as a whole, they are not shy about saying to me that they want industry to be more involved and that they want us to make change and progress. I am interested to hear what the minister will say on that today and in the coming weeks.

I will raise two points that we need to consider. One is about awareness. Organisations such as Edinburgh Science, which is based in my constituency, and local networks do a lot to raise awareness of the opportunities that exist for young people, but it seemed to me when I was on the Education, Children and Young People Committee that we lacked consistency across the country in how we let people know about opportunities. That feeds into our collective ambitions to address poverty and to ensure that we encourage our young people towards positive destinations. Unfortunately, we know what effect a small

minority of people going in a bad direction can have on our community and on them.

The second point is about retention. We are losing a lot of skilled people who have been trained in Scotland, including in engineering, to other countries. We need to consider whether we need systemic change to encourage more people to stay here, and we need to think about the finance that we are spending on training other people's workforces.

13:21

Sharon Dowey (South Scotland) (Con): The debate rightly centres on the nationwide skills gap in engineering and the impact that that has on growth, opportunities, education and Scotland's broader economy. Although it is a Scotland-wide problem, all the failures are in evidence at local level, too.

The challenges that are being imposed on Ayrshire College are a perfect example. The institution continues to thrive in spite of the near-impossible environment in which it is expected to work. There is a record number of student enrolments in partnership developments, and the college expects to play a key role in preparing a workforce for future projects in the area that will lead to the creation of 5,000 jobs in the Prestwick aerospace cluster and at Hunterston.

However, there is a problem. For years, the Scottish Government's funding settlement has meant that the college has had to cut its cloth. Staffing and non-staffing budgets have continued to reduce. Even with the below-inflation increase that is planned in the upcoming budget, the money does not go far enough. In fact, once pay deals and other rising costs are catered for, further cuts might have to be identified. The UK Labour Party's national insurance changes will also hit the college for a further £1 million.

At Ayrshire College, without further funding, a staggering £2.5 million-worth of savings will need to be made in 2025-26. There is simply no way that the college can feasibly be expected to make those savings without there being serious implications for people and businesses in Ayrshire.

Our economy needs colleges more than ever to train up enough people for emerging economies, to staff the renewable energy revolution and to ensure that we have the supply chain to facilitate projects that lead us to net zero. If anything, the Government should pump money into those institutions now in order to reap the results later. Doing so would also bolster opportunities for young people, ease concerns about job losses coming down the tracks in other sectors and guarantee that, when jobs emerge in the energy

and engineering sectors, we have enough home-grown workers to fill them.

The success of colleges also attracts people to live in communities that are at risk of rural depopulation. Without funding, there will be lost opportunities. Ayrshire College and others like it are anchor institutions with broad-reaching arms. They provide not only qualifications that can bring people into gainful employment but social and practical skills that can be a catalyst for helping people to lift themselves out of poverty.

The skills gap report highlights a concerning skills deficit, and it is vital that more support, not less, is provided to our further education institutes. The Scottish Government should stand by to work with colleges to offer additional capital investment and greater funding for projects and courses that are tailored to meet the regional needs of sectors and employers across the country.

Ayrshire College is just one example of an institution that has, for too long, been undervalued, underfunded and underestimated. Fortunately, as a result of its dedicated and proactive leadership team, it continues to defy the odds.

It is time for the Government to listen to colleges and to the industry—by doing so, we would get the benefit now and in the future. We cannot continue to expect the colleges of Scotland to make the impossible happen year after year.

13:25

The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey): I genuinely thank Alex Rowley for bringing this important debate to the chamber. Not only do I welcome the opportunity to explore the topic, but he has framed his motion in such a way that, had it been introduced to the chamber as Labour Party business, I think that the Government might well have pretty much accepted it. At the very least, we would have had a constructive debate about it. Just as I acknowledge Mr Rowley's motivation and his passion for the topic, I think that he knows my commitment to moving things forward in this space.

The Government shares Scottish Engineering's desire to realise the huge opportunities for Scotland in emerging sectors. However, I recognise the concern of the organisation's members with regard to being able to access support as smaller, already-established businesses, not just as part of inward investment initiatives or in relation to the additional demands to which Mr Rowley referred in his motion and in his opening speech.

We recognise that the manufacturing sector is key to the delivery of our broader ambitions for

Scotland's economy. That is why, in recent years, we have invested extensively in infrastructure for the sector—notably, £75 million of investment in the National Manufacturing Institute Scotland.

In recognising the significance of the sector, my ministerial colleagues and our officials have held several meetings with Scottish Engineering to discuss its report, to which the motion refers, because we understand the challenges and the opportunities that it highlights. Solutions to some of those challenges are not simple or necessarily quick to deliver, but there are opportunities to make progress now. I will return to those later.

Engineering apprenticeships are already a priority for Skills Development Scotland, and the demand for new starts with contracted providers and employers for engineering apprenticeships has been met for this year, albeit through SDS's in-year reallocation process. Between 2021-22 and 2023-24, the number of engineering modern apprenticeships increased from 1,264 to 1,826, and the figures for 2024-25 have totalled 2,255 for the engineering and energy-related occupations grouping. There is investment in apprenticeships.

However, the report suggests that there is still unmet demand on top of those who are already in training and that there might be a number of factors for that, such as the capacity of the system, including college capacity. We are exploring that further to ensure that we better meet the needs of the economy from the outset of the allocations process. As I said, the number of engineering modern apprenticeship starts has increased year on year, as has been the case with graduate apprenticeships.

With regard to “the additional demands” of other sectors, to which the motion refers, it is important to note that having the necessary education and skills provisions in place is only one aspect of meeting workforce demand. A range of other interconnected factors—for example, demographic changes, migration policies, housing and accommodation, employer pay and conditions and, as the report notes, competition from other sectors—also have a direct impact.

The answers to the issue of wider labour shortages often lie outside the post-school education system. For example, they sometimes lie with employers in attracting and retaining staff.

The motion refers to a “risk” to inward investment and the level of investment in skills. Scotland has a strong track record on attracting inward investment—for the ninth successive year, we have remained the top-performing part of the UK for inward investment projects outside London, which highlights the continued success of our approach. Nevertheless, we are alive to the need

to ensure that the trained individuals whom inward investment projects require are available to them.

On funding, the draft budget provides more than £2 billion for colleges, universities and the wider skills system. I say gently to Mr Whittle and to Sharon Dowe that we would be unable to sustain that level of funding if their party had got its way on the budget. A total of £1 billion of tax cuts can be achieved only by cutting public spending.

Brian Whittle: The minister has highlighted exactly why you keep getting this wrong. If he had invested in the college sector continually, we would have grown the economy, and your tax take would be much bigger.

The Deputy Presiding Officer: Speak through the chair.

Brian Whittle: That, sir, is why we are having problems.

Graeme Dey: [*Inaudible.*]—investment in the sector at the same time as they are, I presume, supporting their party's policy on tax cuts. They cannot square that circle.

In order to best use the on-going substantial investment in the sector, we need to drive agility and efficiency in the system. We need employers to think creatively and work together to, in some instances, build the critical mass of students that the training providers will require to deliver the asks that are being made of them.

As members have alluded to, we need to do more in our school system. Developing the Young Workforce groups across Scotland do fantastic work, and we need to encourage that incredibly valuable activity across the system. On Ben Macpherson's point, improving the participation levels of employers in order that they can shape the outputs of our training offering is a particular focus of all the reform work, because that is essential.

Over the next few years, we will undertake a programme of reform of the post-school education and skills system. That will include improving career support so that there is better information available on career choices, potential job prospects and earnings; connecting students, schools and employers, as Alex Rowley is looking for; reforming apprenticeships by reducing the system's complexity and getting the focus right; and building an improved understanding of the post-school qualifications system.

In order to meet our economic, social and environmental aims, our skills planning work will involve putting in place a mechanism to collectively agree and prioritise Scotland's strategic skills needs, with a specific focus on regional needs. I fully anticipate that engineering skills will be central to addressing many, if not all,

of those needs, but we need a robust and objective method in order to gather data and influence provision accordingly.

As well as enacting longer-term reforms to the skills system, we recognise that more immediate action is needed to address engineering shortages. That is why we are actively introducing a project to identify specific actions that could be taken to address skills shortages in the short term. Officials will be engaging with the sector in the coming weeks to assess options and agree potential solutions.

The debate has highlighted challenges that the engineering sector faces. In responding to Mr Rowley, I hope that I have made it clear that we are alive to the challenges and seeking to respond to them. We are committed to working together with the sector on short-term and longer-term changes to address those challenges and realise investment opportunities for Scotland. I look forward to working with Scottish Engineering, colleagues across the chamber, employers, colleges, other training providers and universities in order to take that work forward.

The Deputy Presiding Officer: That concludes the debate, and I suspend this meeting of the Parliament until 2 pm.

13:24

Meeting suspended.

14:00

On resuming—

Portfolio Question Time

Education and Skills

The Deputy Presiding Officer (Annabelle Ewing): Good afternoon. The next item of business this afternoon is portfolio question time, and the portfolio today is education and skills. As ever, I would appreciate succinct questions, with responses to match, to get in as many members as possible.

Supply Teachers

1. **Ben Macpherson (Edinburgh Northern and Leith) (SNP):** To ask the Scottish Government how it is engaging with local authorities to enable supply teachers to work in and across a number of different local authority areas. (S6O-04274)

The Cabinet Secretary for Education and Skills (Jenny Gilruth): Supply teachers have flexibility over the work that they choose to do, in line with the Scottish Negotiating Committee for Teachers' code of practice on short-term supply, and they may add themselves to multiple local authority supply lists, as they see fit. Supply teaching is an important way for teachers to work flexibly and according to their individual needs, when they choose to do so.

The Scottish Government is also providing local authorities with £186.5 million next year to restore overall teacher numbers across the country to 2023 levels.

Ben Macpherson: I am grateful for that answer, and I appreciate that much of the matter is for local authorities.

Some of the casework that I have received from constituents who are supply teachers indicates that they are struggling to access opportunities in neighbouring local authorities. Schools also sometimes struggle to get supply teachers from other local authorities, including across the various Lothians local authorities. That has made it challenging for schools to get supply teachers, on occasion. Would there be any convening power or other engagement that the Scottish Government could have to improve systems and co-ordination in order to better marry supply with demand, in particular between neighbouring and nearby local authorities?

Jenny Gilruth: Ben Macpherson has raised an interesting point. He outlined that responsibility as the employer rests with local authorities, but there is a role for the Government in terms of a convening power. I am pleased that, through our new agreement with local government through the

budget process, we have been able to get agreement with the Convention of Scottish Local Authorities on a new education assurance board. I will be keen to raise the issue there.

More broadly, the differing approaches to employment that are taken by local authorities can create challenges for teachers who are looking to obtain employment via the supply list. I will certainly take that matter to the education assurance board, because it is worth considering at national level.

Pam Duncan-Glancy (Glasgow) (Lab): The reality is that teachers are being left somewhat in limbo. I have said much about that in the Parliament, so I will not repeat it.

However, I will explain what teachers are saying. One has said that they are now

“stuck on supply and have lost hope of ever getting another temp contract”.

Another, with five to eight years of experience, has said:

“I have worked in 3 councils in Scotland and have never had anything more than a Fixed Term Contract ... In this session 24/25 I didn't get anything until the 3rd week of the term”

and

“I would love to have a bit of security, even just for a year again so I can save some money”.

Those are the experiences of teachers who are working in supply today. Will the cabinet secretary now admit that workforce planning in education is not working? What will she do to turn that around?

Jenny Gilruth: I thank Pam Duncan-Glancy for her interest in the matter. The workforce planning is informed by modelling by our universities, which give advice to the Government and local authorities. That is undertaken every year at the national level.

It is also worth recounting that, in 2023, we reduced the numbers in teacher training. I have on my desk advice to that end for the next financial year. I am not going to give that confirmation today in the Parliament, but it is important that we train the right number of teachers.

The other thing to be mindful of is that some teachers opt to take supply roles, and we need to be mindful of the choice that is inherent in that. For example, some teachers want to stay in the central belt, where there are fewer permanent posts than there might be in other parts of the country. That might be because they are not, for good reason, able to move for those posts. Since 2014, the number of permanent posts has remained relatively stable, at approximately 80 per cent.

I accept that there is a challenge here, and I am keen to work with local authority partners on how we resolve it. Pam Duncan-Glancy will recognise the additionality that the Government has provided in the budget, which will go some way towards giving local authorities certainty to create more permanent posts, and I look forward to working with them on the assurance group that I mentioned in my earlier response to the previous question.

Willie Rennie (North East Fife) (LD): The workforce planning has been dreadful for years, and the result is that there are thousands of teachers out there who just cannot get permanent work. Sometimes they are waiting on short-term contracts for up to seven years.

When will the Government get on top of workforce planning to ensure that the current situation is not repeated, so that we get the right teachers in the right places? There are some places that have shortages in key subjects. When will we get the balance and the workforce planning right?

Jenny Gilruth: I do not necessarily agree with Mr Rennie's assertions about workforce planning. It is not the responsibility only of the Government, but of local authorities. Every year, we undertake consultation in partnership with key stakeholders—including universities, as I mentioned—through the teacher workforce planning advisory group.

I talked about the reduction in intake measures in recent years. I am currently considering advice on that. However, it is hugely important that we work with local authorities on areas where there are gaps.

I remind Willie Rennie of a point that I have made in the chamber previously. Since the pandemic, we have seen far fewer teachers opting to tick the preference waiver payment box, which incentivises teachers to go anywhere in the country by giving them an up-front payment of £8,000. Fewer teachers are opting to move around the country—that creates challenges. Such challenges exist not only in education but in health and other parts of our public services. We need to work with local authorities to solve them, and the new assurance group gives us an opportunity to do that.

Reading and Access to Books (Children and Young People)

2. **Miles Briggs (Lothian) (Con):** To ask the Scottish Government what discussions the education secretary has had with ministerial colleagues regarding action to improve access to books for, and encourage reading by, children and young people. (S6O-04275)

The Cabinet Secretary for Education and Skills (Jenny Gilruth): I engage with ministerial colleagues on a wide range of matters. In relation to access to books and support for reading, we have a shared interest and responsibility across the education, local government and culture portfolios.

Thanks to that joint working, the Government has funded a large number of initiatives, of which Mr Briggs will be aware, including “Every child a library member”, “Bookbug”, “Read, write, count with the First Minister”, the “Reading schools” initiative and national schemes to promote both public and school libraries in partnership with the Scottish Library and Information Council.

Miles Briggs: I recently visited Craiglockhart primary school to see its free school library, which operates outside the school, 365 days a year, 24 hours a day, where children can help themselves to books, parents can give used books and the whole school community can access them. It is a great example of a children’s free library.

Has the cabinet secretary had any engagement with the Convention of Scottish Local Authorities to make sure that every primary school across Scotland could have one of those built outside their school?

Jenny Gilruth: Miles Briggs has raised an important point about school library provision. In my work as education secretary, I go in and out of schools almost weekly and I see the power of strong school libraries. Mr Briggs spoke about the importance of their being open to the community. We provide funding through the school library improvement fund, which has provided additionality since 2017. In the past year, 17 schools have received shares of that investment to promote reading and to help to raise attainment.

I will take back to my officials the matter that Mr Briggs has raised about our engagement with COSLA. The new assurance board that I mentioned in my previous responses gives us an opportunity to raise that point, which I think is very worth while to pursue.

Bill Kidd (Glasgow Anniesland) (SNP): The investments that the Scottish Government has made are clearly having an impact. With that in mind, what do the newest statistics, which were released in December, show about the level of literacy in Scotland’s schools?

Jenny Gilruth: The curriculum for excellence levels that were published last year show some real improvement. They show record levels of achievement in literacy in Scotland’s primary and secondary schools, which I hope members across the Parliament will welcome. The statistics showed that 74 per cent of primary school pupils and 88 per cent of secondary school pupils achieved the

expected curriculum for excellence levels for literacy—the highest figures on record.

They also show that the poverty-related attainment gap in literacy is the lowest on record. Although we recognise that there is still work to be done, I am grateful for the opportunity to acknowledge the progress that is being made. It is a testament to the hard work that being done by our teachers, schools, pupils and families, as well to as the investments and policies of the Government.

Colleges Scotland (Budgets)

3. **Colin Smyth (South Scotland) (Lab):** To ask the Scottish Government what its response is to reported concerns raised by Colleges Scotland that the role of colleges is being damaged by relentlessly falling budgets. (S6O-04276)

The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey): The draft budget increases resource funding to colleges. Although we have not gone as far as the sector would have liked us to go, it is important to view that in the context of our other support. For example, I recently released an additional £13.4 million of resource funding into the sector to provide support with maintenance needs this financial year—which was a specific ask of the sector. Additionally, this week, we have agreed to invest a further £3.5 million in colleges through targeted support for skills in social care and offshore wind.

The Scottish Funding Council has also delivered on various asks from the sector to help to invest funds more flexibly, including by giving colleges a more flexible way to invest in vital changes to curriculums so that they can meet local and national skills needs.

Colin Smyth: Borders College recently wrote to MSPs to highlight the fact that it has had to cut student activity levels, reduce modern apprenticeships and turn away students who have applied for important subjects, such as construction and engineering, because of cuts in college funding. It has also had to reduce upskilling opportunities due to

“the ... removal of the Flexible Workforce Development Fund”

and has warned that

“in line with many other colleges, Borders College will see increased financial deficits in the coming years.”

If our college sector is being properly funded, as the minister seems to imply, why is it that Borders College, Audit Scotland and Colleges Scotland are saying something different?

Graeme Dey: I have said many times in the chamber that I wish that we were in a stronger

position to provide more funding for the colleges. The point that I am making is that there was, for example, a £50 million increase in resource provided to the colleges between 2019 and 2020 but, in that period, inflation peaked at 10 per cent, so there is a challenging situation.

As a director of the committee, I make the point that we have to view all that alongside the group's work and the considerable progress that is being made there including—just this week—agreement to the means of taking forward measures at pace to assist the sector to deliver and become more sustainable. As the First Minister has identified previously, that includes accessing budget lines that do not necessarily sit in the education portfolio.

Brian Whittle (South Scotland) (Con): The minister knows well that potentially 5,000 new highly skilled engineering jobs could come to the Prestwick cluster through XLCC. One of the deciding factors will be access to a skilled workforce, because XLCC will go elsewhere if that is not available. We have a need and we have the excellent Ayrshire College that can deliver targeted investment in apprenticeships. Will the Scottish Government support Ayrshire College to deliver those 5,000 well-paid jobs for the Scottish workforce, or would it prefer that the tax take and economic growth went outside Scotland?

Graeme Dey: I have a sense of déjà vu because we rehearsed that argument in the chamber only a few moments ago. I am very much aware of the opportunities that exist at Ayrshire College, and we will continue conversations with it. As I said a little while ago, and as I gently say again to Mr Whittle and the Conservatives, they cannot come here and call for additional investment and support in colleges specifically in their areas at the same time as they demand £1 billion in tax cuts, which would take money out of the public purse. We cannot square that circle, contrary to what Mr Whittle suggested this morning.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Does the minister agree that the UK Government's employer national insurance contribution hike is unnecessarily lumping significant additional pressure on Scotland's colleges? Can he confirm whether the UK Government is intending to cover those costs, given that colleges in England are to be supported?

Graeme Dey: I hear comments from the Labour side of the chamber. I hope that those members will listen to what I will say.

There is absolutely no doubt that the UK Government's decision is putting more pressure on colleges. The hike in employer national

insurance contributions is a significant additional burden on our colleges. I was reminded of that only yesterday in the tripartite group, where Colleges Scotland clearly expressed its concerns about the impact of the hike. It is absolutely essential that the UK Government honour its obligations to protect the public sector and ensure that there are no unintended consequences for colleges.

Forces Children Scotland

4. Martin Whitfield (South Scotland) (Lab): To ask the Scottish Government when it last met Forces Children Scotland. (S6O-04277)

The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey): The Minister for Children and Young People met Forces Children Scotland and a group of children and young people from armed forces families on 24 September. For my part, as Minister for Veterans, I recognise the important work that Forces Children Scotland does to support children and young people from families of serving personnel, reservists and veterans to reach their potential and thrive. That includes the work that Forces Children Scotland does collaboratively across sectors to drive improvements in support that reflect the unique challenges that those children and young people face.

Martin Whitfield: I am grateful to the minister for that answer, particularly for his mention of the unique challenges that forces children face. I have been approached by a constituent, who was occasioned to have to move address and general practice surgery—within the same health authority—only to discover that she had lost her place in the waiting list for treatment. I was given to understand that that would not happen. Will the minister comment on that situation and on what is being done to ensure that our forces children get the treatment that they deserve, when they deserve it, irrespective of where they are moved to, which is outwith their control?

Graeme Dey: I welcome Martin Whitfield's on-going interest in the subject, which I think he raised with me in the veterans debate that was held late last year.

It is our intention and expectation that armed forces family members should retain their relative places on waiting lists when they relocate within Scotland and from elsewhere in the United Kingdom. My officials have been working with partners, and with Scottish Government mental health leads, for example, to further understand why that might not be happening, as well as the scale of the problem, which is just as important. That will enable us to work with health boards to resolve any issues and with our service family

stakeholders to manage expectations where that is appropriate.

To offer Mr Whitfield further reassurance, my officials will utilise their regular engagement with the families federations to ensure that our understanding of what is happening is consistent with the lived experience of serving families in Scotland, whether that relates to mental health services or anything else. I will be happy to update him on that work.

Clare Haughey (Rutherglen) (SNP): It is important that the Scottish Government hears directly from armed forces and veterans families to understand the issues that children and young people in such families face. What role can the Scottish armed forces education support group play? When did the group last meet?

Graeme Dey: The group, which is chaired by the Scottish Government, is made up of a variety of stakeholders, including representatives of the navy, the army and the air force, all of whom champion the needs of services children and young people in education. The group works collaboratively to identify and mitigate issues that affect children and young people from such families, and it actively seeks out and includes the lived experiences of such children and young people in its work. In that way, the group is helping to improve the experience of services children and their families in Scottish schools.

The group last met on 4 December 2024 and is due to meet again in March 2025. If, as Mr Whitfield has said, issues have been identified to which the group might not be alive, I would like to hear about those so that we can share them.

Miles Briggs (Lothian) (Con): A high number of military families have children in the independent school sector in Scotland. What discussions has the Scottish Government had on the impact of the UK Government's introduction of VAT on school fees, and on this week's news that the UK Government will also put VAT on school meals for those children?

Graeme Dey: The member will be aware that although I have responsibility for veterans I do not have responsibility for schools. I will write to him with a detailed response.

Mental Health Support in Schools

5. Roz McCall (Mid Scotland and Fife) (Con): To ask the Scottish Government how it is collaborating with third sector organisations regarding the provision of mental health, wellbeing and emotional support in schools. (S6O-04278)

The Cabinet Secretary for Education and Skills (Jenny Gilruth): Every child and young person should be able to access support for their

mental health where and when they need it. The Scottish Government provides £16 million per year to local authorities to ensure that all pupils aged 10 and above have access to a school counsellor. It is for local authorities to determine how they deliver school counselling in their areas. For example, some authorities fund third sector organisations to deliver that service. The Scottish Government also provides pupil equity funding directly to schools. Many schools fund third sector organisations to support the mental health and wellbeing of their pupils.

Roz McCall: Next week marks children's mental health week, which is spearheaded by Place2Be. The theme is "Know yourself, grow yourself", which is about encouraging children and young people across the United Kingdom to embrace self-awareness and explore what that means for them. The Scottish Government's failure to address the child and adolescent mental health services crisis has only exacerbated the issues that our children face, with thousands now waiting long periods for treatment after diagnosis.

As has already been stated, headteachers across Scotland use PEF to provide mental health and wellbeing support in their schools. However, Place2Be is concerned that such funding has an uncertain future. Will the cabinet secretary commit to considering how best we can continue to fund wellbeing support so that we can raise attainment and deal with the mental health crisis in our schools?

Jenny Gilruth: I am happy to give that commitment today. I am somewhat surprised by the member's assertion about the organisation that she named. Place2Be has previously received significant Government funding to provide mental health support to Scotland's trainee teachers. The member might be aware of that programme, which operates through some of our universities. It has been transformational in providing mental health and wellbeing support to trainee teachers.

The member alluded to the use of PEF, which I mentioned in my first answer. However, that is additional funding that comes from the Government and goes directly to headteachers to empower them to invest, for example, in mental health treatment in their schools. A number of schools across the country do so, and there is also the funding that I alluded to in my original answer. I will be more than happy to engage with the member on the issue and with the organisation in question, but it is worth while recounting the significant investment that has come from the Government for mental health services in our schools.

Pupils with Additional Support Needs (Support)

6. Foysoil Choudhury (Lothian) (Lab): To ask the Scottish Government how it is working to improve access to support for pupils with additional support needs, including access to speech and language therapists. (S6O-04279)

The Cabinet Secretary for Education and Skills (Jenny Gilruth): Our additional support for learning action plan is being delivered in partnership with the Convention of Scottish Local Authorities, the Association of Directors of Education in Scotland and our education partners to improve access to the support that children and young people with additional support needs require in order to reach their full potential.

We recognise the importance of language development and are investing to support early intervention in speech, language and communication, including through the national early language and communication team, which is made up of seven senior speech and language therapists who have been seconded to Education Scotland. That team is working locally and nationally to support improved outcomes in early language and communication development for children.

Foysoil Choudhury: Research shows that there are higher levels of disruptive behaviour among children who have been identified as having communication needs, while demand for speech and language services has increased since the pandemic. The most recent data shows that there is a 17 per cent vacancy rate for speech and language therapists, and that waiting times are reaching years.

Given the on-going issues with behaviour in schools, how is the Scottish Government increasing the supply of speech and language therapists?

Jenny Gilruth: I thank the member for his interest. He raises an important point about the role of specialists in our schools, which is why the Government's budget provides an extra £29 million to local authorities specifically for such additionality. We are looking at how we can provide more funding to local authorities for specialist provision, including for speech and language therapists.

The member asked about the national picture in relation to speech and language therapists. NHS Scotland's speech and language therapist workforce has increased by 6.7 per cent over the past decade. I hope that he welcomes that improvement.

However, I recognise the on-going challenge. It is worth recounting, again, the changes that we

have seen in some of our youngest citizens post the pandemic. I have engaged with a number of early learning and childcare facilities on the issue, and I know that the Minister for Children, Young People and The Promise does so regularly.

A number of different approaches are being taken at local level. I recently visited Balmullo nursery in Fife, where the local authority is using a variety of approaches to upskill the nursery staff in relation to speech and language. Therefore, the support that is provided need not necessarily involve the provision of speech and language therapists; it can include the provision of support to upskill staff in our ELC facilities.

The extra investment in the budget will help to support that work, and I hope that the member will reconsider his party's position on backing the budget.

The Deputy Presiding Officer: Question 7 comes from Bob Doris, who joins us remotely.

Religious Diversity (Schools)

7. Bob Doris (Glasgow Maryhill and Springburn) (SNP): To ask the Scottish Government how schools promote an understanding of, and respect for, religious diversity. (S6O-04280)

The Cabinet Secretary for Education and Skills (Jenny Gilruth): The Scottish Government is committed to eradicating intolerance, including through our education system. That is why diversity and equality are at the heart of policies that underpin education in Scotland, such as the national guidance on uniform, and on religious and moral education.

In particular, I highlight the role that is played by our curriculum, which places a strong emphasis on supporting pupils to be responsible citizens in a tolerant and inclusive Scotland. A key example of that is the religious and moral education curriculum area, which helps pupils to understand their own beliefs, values and traditions, as well as those of others.

Bob Doris: I recently held a round-table event in Parliament with the Scottish Hindu Foundation, which has been active in raising awareness of Hinduphobia in society. The foundation rightly believes that the education of our young people has a key preventative role to play in ensuring that future generations are tolerant and understanding of, and have respect for, all faiths, including Hinduism.

It would be helpful to know how best practice in that area is shared and delivered in Scotland's schools. More specifically, how could the Scottish Hindu Foundation engage with our education system in a structured and constructive way to

offer its insights, skills and lived experience and thereby play its part in contributing to the development of the tolerant, understanding and respectful society that we all wish to promote?

Jenny Gilruth: I know that Education Scotland has regular meetings with the Scottish Hindu Foundation. It also provides professional learning for teachers, which is sometimes delivered in partnership with faith and belief groups. I think that that answers the member's question about how good practice is shared.

However, I am more than happy to ask my officials to engage further with the foundation and to consider, in particular, whether any further opportunities exist to link the foundation with work in relation to our anti-racism in education programme, as well as the package of curriculum reforms that are now well under way.

The Deputy Presiding Officer: We can squeeze in question 8, as long as we have succinct questions and answers.

Borders College

8. Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): To ask the Scottish Government when it last met with Borders College. (S6O-04281)

The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey): I last met with the principal of Borders College a week ago today.

Rachael Hamilton: I am very glad to hear it. However, I hope that the minister was given the information that Scottish National Party cuts will mean that colleges such as Borders College will have to make very stark choices. They will have to narrow their curriculum, reduce student support or close some of the subject areas, the result of which will be fewer opportunities and poorer outcomes for learners. What message can I take when I visit Borders College tomorrow to reassure it that the Scottish Government will support it so that it does not have to make those stark choices?

Graeme Dey: The purpose of last week's meeting was to engage closely with that college and many others in looking at the most practical way forward to achieve sustainability for those colleges in the long term.

I hope that, when the member goes back to that college, she will go there wanting to be open and honest and that she will fess up and say that her party wanted to take £1 billion from public funds for tax cuts—a circle that cannot be squared, as I have twice said to Brian Whittle.

I hope the member will also recognise that the college is looking to focus on land-based courses and on hospitality, and that one of the principal

reasons why we have a skills shortage in the Borders, and elsewhere in Scotland, is because of the hard Brexit that her party gave birth to.

The Deputy Presiding Officer: That concludes portfolio questions on education and skills. There will be a short pause before we move on to the next item of business to allow those on the front benches to change position.

Creative Scotland (Multiyear Funding)

The Deputy Presiding Officer (Annabelle Ewing): The next item of business is a statement by Angus Robertson on Creative Scotland multiyear funding. The cabinet secretary will take questions at the end of his statement, so there should be no interventions or interruptions.

14:26

The Cabinet Secretary for Constitution, External Affairs and Culture (Angus Robertson): Thank you for the opportunity to address Parliament regarding Creative Scotland's multiyear funding programme and today's announcement of the successful applicants.

We spoke here on 14 January about the importance of the culture sector and why it is such a vital asset to Scotland, our society and our economy. I am always heartened by the strong consensus here about the centrality of culture to our prosperity as a nation.

Recent years have been turbulent for the sector. The effects of the pandemic, leaving the European Union and the cost of living crisis and the impact of United Kingdom Government financial austerity need not be rehearsed again now, but have put many cultural organisations in a perilous position. During that period, our role and that of our public bodies has been, as far as possible, to protect the sector against the worst of the challenges.

Today's announcement has been keenly anticipated and definitively moves us beyond simply sustaining the sector, returning our focus to where it should be, on long-term development. The Scottish Government's commitment to increase culture budgets by £100 million annually by 2028-29 sits firmly in that space and demonstrates our commitment to the sector's future.

Multiyear funding is important because, by providing long-term certainty, it lays the foundations on which a diverse range of Scotland's key cultural organisations can build. It will allow the organisations that have secured support to pursue their core work and to move on from a difficult period, while also supporting Scotland's wider cultural ecosystem. Artists and venues will benefit from the work commissioned by funded organisations and through the use of their spaces by touring artists who will bring performances and exhibitions to communities across the country. The funding will also provide opportunities for people across Scotland to engage in culture, providing experiences that, for many, may be the first step towards a life-long and

life-enriching interest or even towards the beginning of a career in the arts.

The way in which multiyear funding is being delivered will have a practical impact on the levels of support available to the sector. The increase in the number of organisations in receipt of core funding will free up Creative Scotland's wider resources by reducing the number of organisations competing for those. Today's announcement is the beginning of a new period in which the sector can look to the future.

Scotland's culture sector is one of our most important assets. Our artists and cultural organisations are innovative and internationally respected, while being grounded in our local communities, and they have an authenticity that gives them their unique character. This funding package will provide stability and allow the sector to get back to what it does best—creating interesting, innovative and challenging output that enriches our lives.

I take this opportunity to formally thank Robert Wilson, Iain Munro and everyone at Creative Scotland who has been involved in the multiyear funding process. I also thank all the culture sector supporters who have played a role in delivering that transformational change.

In her statement on 4 December, the Cabinet Secretary for Finance and Local Government outlined an increase of £34 million in the culture budget for 2025-26. The largest element of that increase is £20 million for multiyear funding. Subject to budgetary processes, we will increase the culture budget by a further £20 million in 2026-27. That additional funding will go in whole towards multiyear funding, taking the budget for the programme to £74 million and more than doubling it from current levels. That level of funding will allow Creative Scotland to make awards to all applicants that have met the criteria for the fund. It will mean that more organisations than ever before are supported with core funding.

I confirm that 251 organisations will receive funding from 2025-26. A number of applicants that narrowly missed out will join a development stream in which they will receive advice and financial support to adapt plans with the aim that they will receive multiyear funding from 2026-27. Creative Scotland currently supports 119 organisations with regular funding, so that represents a dramatic increase. It means that 95 per cent of organisations that reached stage 2 of the multiyear funding process will either receive grants or have the opportunity to do so from 2026-27.

Not only will the numbers of organisations that are supported increase, but so will the levels of grant. When we compare multiyear awards with

grants to current regularly funded organisations, we see that average grant levels will increase by 33 per cent in year 1 of multiyear funding and by 54 per cent in year 2. The delivery of funding in that way will ensure that as many organisations as possible are supported in the coming year and that all funded organisations can see a path ahead of them to build their work and unleash their potential. Organisations across the whole of Scotland will be supported, across diverse art forms and with diverse impacts.

I hope that that addresses the concern, which I have heard, that resource would be spread too thinly. The approach represents a significant increase in both the number of funded organisations and the level of grants. It has the potential to be truly transformational, securing the future of cultural organisations of all sizes across the whole country.

For those organisations whose applications have not been successful, transition support will be available. That will be in the form of funding for organisations that previously received a significant level of funding from Creative Scotland. All organisations that have been unsuccessful at this stage of the process, whether they were previously funded or not, will be able to access transition advice. Those measures will support adaptation and business planning.

The foundations that the delivery of multiyear funding puts in place provide an opportunity to look to the wider needs of the sector. Through the funding that is proposed in the budget, we will increase support across a range of other programmes. A £4 million culture and heritage capacity fund will build resilience in museums and galleries. The festivals expo fund will be more than doubled in value and will expand its reach beyond Edinburgh and Glasgow. Screen Scotland's production growth fund will receive an additional £2 million to attract investment in Scotland's screen sector. The Culture Collective programme will restart with an increased budget of £4 million, providing opportunities for communities across Scotland. We will also undertake groundwork on the establishment of a cultural export and exchange service to enhance the role that international activity can play in the sector's development.

Taken together, those measures create a comprehensive package of support that is focused on the diverse impacts that the culture sector has. Multiyear funding will allow us to look beyond the immediate and focus on new, innovative and transformational interventions.

It is important that, as part of that foundational shift, the infrastructure that supports the sector is considered. I am delighted that Dame Sue Bruce will lead an independent review of Creative

Scotland's remit and functions, which will aim to publish recommendations by the end of the summer this year. That will be part of a wider review of how the culture sector is supported as a whole. The scope of the work will be informed by responses to a public survey that closes tomorrow. Together, those pieces of work will ensure that the increased resources that we are committing to the sector will achieve the greatest possible impact.

I was pleased to note earlier this week that, following constructive engagement and discussion, Scottish Green Party and Scottish Liberal Democrat members will support the Government's budget for 2025-26. By passing the proposed budget, we will lay the foundations for Scotland's artists and cultural organisations to create, innovate, develop and engage locally and internationally. It will uphold the vital role of the sector in our society, communities and the economy.

I hope that this statement has provided members with assurance that Creative Scotland's multiyear funding awards will begin a foundational shift in how Scotland's culture sector is supported. The scale of awards, in both their number and their financial value, represents one of the most significant and positive developments in the sector for many, many years. Alongside a range of other interventions, they provide a basis for Scotland's culture sector as a whole to look to the future with optimism and excitement about the opportunities that it will create.

The Deputy Presiding Officer: The cabinet secretary will now take questions on the issues raised in the statement. I intend to allow around 20 minutes for that, after which we will move on to the next item of business.

Murdo Fraser (Mid Scotland and Fife) (Con): I thank the cabinet secretary for his statement and for advance sight of it.

The culture sector is vitally important to Scotland, not just as an enrichment of our national identity but because, by attracting visitors from around the world, its economic importance is worth billions to the Scottish economy. There has been a turbulent time in the culture sector in Scotland. That is down not just to the reasons that were mentioned in the cabinet secretary's statement but to the choices that were made by his Government, with cuts in projects, uncertainty over future funding and questions about the credibility of Creative Scotland. Against that backdrop, the announcement of multiyear funding, which was long called for by the sector, will provide some certainty and security for arts organisations and is welcome.

Let me ask the cabinet secretary three questions in relation to his budget choices. First,

we know that arts organisations across Scotland, including theatre companies, are struggling as a result of the increase in costs resulting from Labour's jobs tax. To what extent will the increased funding that was announced today offset those increases?

Secondly, as the cabinet secretary knows, I have previously raised the issue of financial support for larger music venues. In Scotland, such venues are not getting the benefit of rates relief that is available south of the border, because the Scottish Government has chosen to spend the Barnett consequential in a different way. Will the cabinet secretary reconsider that position of the Government, even at this late hour?

Thirdly, as we know, a huge proportion of the arts scene, including theatres and other venues, are supported by local authorities. Those local arts facilities are telling us that they face funding cuts and, in some cases, even closure, due to the very difficult position that local authorities are in. Will the extra funding ensure that we will not see closures in local arts facilities that are funded through local authorities? Will the cabinet secretary reassure them that none of them face closure?

Angus Robertson: First, I take the opportunity to welcome Murdo Fraser's welcome. It took a while, but he got there, so I congratulate him. I genuinely do not want to be churlish, because I hope that colleagues across the chamber understand that what has been announced by Creative Scotland, funded through the Scottish Government, is absolutely transformational for the arts. I know that because the feedback from people elsewhere in the United Kingdom who do not have multiyear funding is a testament to how significant a change that is. It is very welcome, and I genuinely appreciate the support of colleagues in other parties.

Murdo Fraser asked three questions. On offsetting the UK Labour Government's jobs tax, I would observe that the applications for funding to the multiyear funding process took place before the announcement of the additional costs foisted on arts organisations by the Labour chancellor. Mr Fraser asked me to give an impression of what impact that might have. I will have to get back to him on that. However, we already know from conversations with cultural organisations that the impact is problematic. We have asked the UK Government to reimburse the Scottish Government so that we can deal with those things. We know that we are not getting all the money, so it is a problem.

Murdo Fraser's second question was about larger music venues. I have said that I am keen to support venues as much as we possibly can. This is not the first time that I have asked Murdo Fraser

to show me his workings on the issue—I am sure that he has just forgotten it, or it is in the post. I ask him to please let me know how he would wish us to do that in the budget, and what we would have to cut to make that happen. I look forward to getting the details from him.

The point on local authorities is slightly different. I am sure that the Presiding Officer would wish to remind me that the statement is in relation to the announcements of Creative Scotland's multiyear funding. Yes, there is an impact in some places, because the use of local facilities by funded organisations and so on is a longer conversation, which I am happy to continue having with Murdo Fraser. As I think that I said to him in portfolio questions yesterday, I met the Convention of Scottish Local Authorities this week to work out how we can better co-ordinate and support one another in working between the Scottish Government and local authorities, and I am committed to doing that. We want to maintain as much of our cultural infrastructure as possible.

This is my final thought for Murdo Fraser and his colleagues: if they are so keen on all those changes, I invite them to vote for them in the budget.

The Deputy Presiding Officer: I remind everybody that we have limited time for the statement. I am keen to get in as many members as possible, so that they, too, have a chance to ask their questions.

Neil Bibby (West Scotland) (Lab): Scottish Labour welcomes the increase in funding for the culture sector, which, of course, has been helped by the new United Kingdom Labour Government's record budget settlement for Scotland. We have consistently called on the Scottish Government to keep its commitments to the sector and to end the constant cycle of promises followed by cuts under the Scottish National Party, which has left the sector in crisis for far too long.

After lengthy delays, we are now finally seeing a step in the right direction, but claims that it will be truly transformational are questionable, given the effects of years of standstill funding and inflationary pressures. The cabinet secretary said that a number of organisations narrowly missed out. How many organisations missed out, and what does transition support for them mean in practice?

The cabinet secretary also stated the average uplift in grants. Will he tell us what the range of those uplifts is, how many organisations received what they asked for in full and what other support will be provided, or is being considered by the Government, to organisations that are not in receipt of Government funding or those that have not been funded in full?

Angus Robertson: First, I take the opportunity to welcome Neil Bibby's welcome, which came straight out of the trap, and I thank him for that. We all have a stake in the issue. When we make speeches committing to the culture sector, it contributes to a more general understanding of how important culture and the arts are. The Opposition and the Government play a role in that, so I commend him for his support in that endeavour.

He says that the increase in funding is a step in the right direction, which it is. It is a massive step in the right direction, and I know that arts organisations in the rest of the UK, among others, would wish the Labour UK Government to introduce what we are doing in Scotland.

Neil Bibby asks me a number of technical questions about Creative Scotland's decisions, but I am here to announce in general terms the Government's reaction to the decisions made by Creative Scotland. I will make sure that Creative Scotland directly answers those technical questions, in the same way that similar questions are answered by the likes of Historic Environment Scotland. I look forward to seeing those answers from Creative Scotland, which is an arm's-length organisation.

I wish to assure Neil Bibby that this is much more than a step in the right direction. He pointed out the issue of organisations not receiving support or receiving transitional support. I am satisfied that that will put applicants as a whole to work in the right direction on a firmer financial footing, but I will make sure that Creative Scotland answers directly to him.

The Deputy Presiding Officer: Thank you, cabinet secretary. I reiterate that we have limited time. I am keen to get everybody who wishes to pose a question to do so, but that now looks less likely, I have to say. Succinct questions and answers are always helpful.

Clare Adamson (Motherwell and Wishaw) (SNP): The delivery of multiyear funding is a significant development. It was called for by stakeholders who gave evidence to the Constitution, Europe, External Affairs and Culture Committee and it has been welcomed widely by the sector. Creative Scotland's plan will see the largest ever number of cultural organisations securing regular funding. I am delighted that Reeltime Music, which is in my constituency, is one of the 13 development organisations that will benefit from the £3.2 million development fund.

Will the cabinet secretary outline the Scottish Government's engagement with Creative Scotland regarding the number and range of organisations that may benefit from the grants?

Angus Robertson: I assure Clare Adamson that I and my officials have had regular meetings with Creative Scotland. The process has been run by Creative Scotland, which is an arms-length organisation. As the sponsoring organisation that funds Creative Scotland, we have the responsibility to satisfy ourselves about the process, and I am satisfied. I encourage members and people who are watching the proceedings that, if they want to have a better understanding of the results, they should visit the Creative Scotland website and download the list of all the successful applicants. At this stage, I congratulate every one of them.

Alexander Stewart (Mid Scotland and Fife) (Con): It is commendable and to be welcomed that Creative Scotland has been awarded the multiyear funding, which will provide more stability for future planning for the arts and creative sector. However, what safeguards have been put in place to ensure that funding is correctly allocated going forward, and that it is never again distributed to inappropriate projects such as the infamous Rein project?

Angus Robertson: I welcome the fact that the development is commendable. The member sits on the Constitution, Europe, External Affairs and Culture Committee, which has heard evidence from Creative Scotland about the safeguards that it has introduced. As a member of the committee, the member also has the opportunity to ask Creative Scotland directly about that, which I am sure that he will do, and that he will satisfy himself, as I have, that the likes of the project that he referenced will not be repeated in future.

George Adam (Paisley) (SNP): I welcome the support of the Scottish Greens and the Liberal Democrats for the Scottish Government's draft budget. Given that it appears that the Tories will vote against the budget and that Labour will abstain, can the cabinet secretary outline the consequences for the culture sector should multiyear funding not be supported?

Angus Robertson: If the budget is not passed, multiyear funding will not happen. It is not a theoretical question, which is why, even at this stage, I appeal for those who say they support culture but will vote against the budget, or those members who say that they support culture but are going to abstain on the question, to reconsider. I think that the support for culture is reason enough to support the budget, which will bring transitional change for the culture sector.

Foysoil Choudhury (Lothian) (Lab): I welcome the funding for culture organisations that has been made possible by the UK Labour Government's record budget settlement. I particularly welcome the funding of Edinburgh's festivals, which attract millions of people to Scotland each year.

The culture sector should not be fighting for its survival. Festivals have struggled with standstill Government funding for years, which has stunted their growth. How is the Scottish Government supporting organisations to attract private or other sources of funding? How will the cabinet secretary ensure that the delays to multiyear funding, which caused so much uncertainty in the sector, will not be repeated?

Angus Robertson: I take the opportunity to welcome the member's welcome of the funding. He is absolutely right about the importance of the funding to the Edinburgh international festival. I declare an interest, as I am the member of the Scottish Parliament for Edinburgh Central, which is home to the Edinburgh international festival, as well as the Edinburgh art festival, the Edinburgh international book festival and the Edinburgh jazz and blues festival—and I could go on.

Many organisations that are based in Scotland's capital, and across the country, have been successful as part of the process, which is a good thing. On the wider point about funding that could be raised through philanthropy, there is an on-going process that I would be happy to speak to Foysol Choudhury about.

I end on a point that I have made a number of times, which is that we cannot just wish the means; we have to make decisions to support things to happen. Even at this late stage, Foysol Choudhury might want to vote for the budget, rather than just saying that he supports culture.

Kevin Stewart (Aberdeen Central) (SNP): The funding boost to Aberdeen Performing Arts, Citymoves Dance Agency and peacock & the worm, among others, will not only sustain existing institutions but support new voices and emerging talent from Aberdeen. I am particularly pleased to see new funding being allocated to the much-loved Belmont Community Cinema. Will the cabinet secretary assure the Parliament that cultural funding will continue to benefit all of Scotland? Will he join me in celebrating the cultural offering that Aberdeen and the north-east gifts to our nation?

Angus Robertson: Organisations across the whole of Scotland will benefit from the awards. Thirty-five per cent of all organisations that have been awarded funding work nationally, no matter where their base is. I assure Kevin Stewart that organisations that are based in Aberdeen and north-east Scotland will receive support. In Aberdeen and Aberdeenshire, 13 organisations—including six that have not received core funding from Creative Scotland previously—have been successful. That includes Belmont Community Cinema, which pleases me particularly.

Gillian Mackay (Central Scotland) (Green): In recent weeks, the Constitution, Europe, External Affairs and Culture Committee has highlighted how it is all too easy for some production companies to bring crews to Scotland to film projects and then just return to London. Will the cabinet secretary outline how the funding to Screen Scotland will help to strengthen and diversify the range of screen professionals and careers in Scotland?

Angus Robertson: In the budget, significant additional resources are allocated for Screen Scotland, and the production growth fund will help it to attract and develop more screen projects that are from Scotland or are intended to take place in Scotland.

I share the member's concerns about the full value of productions in Scotland not being received in Scotland, as has recently been highlighted. I remain seized of that issue and have discussed it with the BBC, and I am in on-going dialogue with Ofcom to make sure that those concerns can be assuaged, because it is in everybody's interests for the screen sector to go from strength to strength. Its gross value added is currently valued at £635 million per annum. We all hope that it can become a billion-pound industry by 2030. We all have a stake in that.

Alex Cole-Hamilton (Edinburgh Western) (LD): With Scottish Liberal Democrat backing, the budget will deliver tens of millions more for dance, music, theatre, literature, screen and more. After the past few years of uncertainty, with people being messed around by the Government, that extra funding will go a long way.

I congratulate those who have been successfully awarded grants. It is a huge amount of work to apply for any such funds, which involves a burden of tens and tens of pages of application forms that often falls on tiny companies. It must take ages for the people who are sifting and analysing applications to go through them. Will the on-going review of Creative Scotland examine how that can be streamlined? The more time Creative Scotland spends on admin, the less time it has to spend doing good in our communities.

Angus Robertson: First, I commend Alex Cole-Hamilton for supporting the budget, which is able to deliver progress for the cultural sector. It is good to be working collectively on that.

Alex Cole-Hamilton highlights one of the great advantages of multiyear funding. Of course we have to ensure that funds are properly applied for—there are processes and there is no way round that. However, doing applications on a multiyear basis means that one does not have to do them every year, because one receives funding two to three years down the road, which reduces

the burden. Should the review look at that? Yes, absolutely, and there is no doubt that it will, but multiyear funding will change things significantly and its introduction is a game changer for Scotland. I know that the culture sector elsewhere in the UK is keen to follow suit with that.

Clare Haughey (Rutherglen) (SNP): My Rutherglen constituency is home to many talented musicians, actors and other creative sector professionals. Will the cabinet secretary outline what organisations in the South Lanarkshire Council area will benefit from the very welcome announcement of multiyear funding?

Angus Robertson: In South Lanarkshire, the Scottish Music Industry Association and Soundplay Projects have been successful in securing funding, and I congratulate them. Soundplay Projects has not previously received core funding from Creative Scotland. More than a third of all successful applicants, including those organisations, operate nationally, which benefits South Lanarkshire and the whole country.

Stephen Kerr (Central Scotland) (Con): The cabinet secretary will know that we in the Conservatives are greatly exercised about value for taxpayers' money and the measurement of outcomes. Will he expand on how this public expenditure fits with the national performance framework? How can we have assurance that the money is being spent appropriately and transparently by the organisations that are receiving the multiyear funding settlements?

Angus Robertson: I repeat the point that I made about the screen sector. We are able to evidence the growth in that sector and show that relatively small interventions of public funding help to lever in private sector support, which I know that the member is in favour of, as am I.

I am confident that this injection of support into the arts and culture sector will have a significant and positive impact. I assure Mr Kerr that I am confident that there will be knock-on benefits for the wider economy. We will monitor that, as will Creative Scotland, and I have no doubt that—as someone who has described himself as being greatly exercised about the matter—Mr Kerr will, too.

Emma Harper (South Scotland) (SNP): I have worked with the organisers of many festivals in Galloway, such as the Big Burns Supper, Stranraer oyster festival, Kirkcudbright festival of light and Wigtown book festival. One thing that they raise is the need for festivals in rural areas to receive the same recognition and funding as those in the central belt do. The cabinet secretary mentioned the festivals expo fund. Will he describe further that fund and how it will support

festivals beyond Edinburgh and Glasgow, including in Galloway and the Borders?

Angus Robertson: First, I am delighted that a number of organisations in Dumfries and Galloway will receive awards, including four that have not previously received core funding from Creative Scotland.

Emma Harper is absolutely correct to suggest that we should recognise the impact of festivals beyond the central belt, which is why, separately from multiyear funding, we are more than doubling support for the festivals expo fund and expanding its reach beyond Edinburgh and Glasgow. That is an example of how the strategic partnership for Scotland's festivals will provide further opportunities to explore how best to support festivals in rural areas.

The Deputy Presiding Officer: I can squeeze in a question from Mr Smyth if he is brief.

Colin Smyth (South Scotland) (Lab): Given that we have lost a lot of festivals in Dumfries and Galloway and that there is a clear inequality when it comes to funding such festivals, will the cabinet secretary guarantee that today's announcement will tackle that regional inequality of support for festivals, particularly in Dumfries and Galloway?

Angus Robertson: I will make sure that Mr Smyth receives the link to the funding announcement, so that he can satisfy himself that there is a significant improvement throughout the country.

Mr Smyth draws attention to the work of the strategic partnership for festivals and festival support, which I am personally chairing. I am so invested in that because I want to make sure that festivals across the country go from strength to strength. I am happy to work with him and other colleagues to make sure that that happens.

The Deputy Presiding Officer: That concludes the ministerial statement on Creative Scotland multiyear funding. Before we move to the next item of business, there will be a short pause to allow front-bench teams to switch over. I ask members who are leaving the chamber to do so without having lots of discussions with other members.

Scottish Budget 2025-26

The Deputy Presiding Officer (Annabelle Ewing): The next item of business is a debate on motion S6M-16239, in the name of Kenneth Gibson, on behalf of the Finance and Public Administration Committee, on the Scottish budget 2025-26. I invite members who wish to speak in the debate to press their request-to-speak button. I call Kenneth Gibson to speak to and move the motion on behalf of the committee.

14:57

Kenneth Gibson (Cunninghame North) (SNP): I am pleased to open the debate on behalf of the Finance and Public Administration Committee. I thank my parliamentary colleagues, our excellent clerking team and all of the witnesses who gave evidence to the committee to aid our deliberations.

Today's debate provides a welcome opportunity to discuss pre-budget findings from Parliament's committees and how their reports have influenced the Scottish budget 2025-26.

This year's context for pre-budget scrutiny was one of uncertainty, with no medium-term financial strategy in 2024, due to the imminent United Kingdom general election and emergency in-year budget controls that were in place for a third year running. Key strategic documents, including the infrastructure investment plan pipeline reset and multiyear plans that were expected in late 2023, were again delayed in view of the forthcoming UK Government spending review. In late July, the UK Government announced £8.1 billion of spending cuts and warned of a difficult UK autumn budget ahead.

Most committees reported their findings before or just after the UK budget was published on 30 October and were therefore unable to fully consider ways in which the consequential increases in resource and capital spending for the Scottish budget should be spent, or the potential impact of UK-wide decisions on the Scottish budget, including increases to employer national insurance contributions and how those were funded—an issue that still remains unclear.

Nevertheless, there was much for committees to consider. Before I focus my remarks on the Finance and Public Administration Committee's findings, I again touch on the common themes across our pre-budget work, as identified by the Scottish Parliament information centre.

Perhaps unsurprisingly, many of the same overarching themes that we explored last year continued throughout our scrutiny this year. Those include: transparency and accountability; the need

for multiyear plans and preventative spend; calls for a more strategic, long-term outlook; clearer links between spending decisions and Scottish Government priorities; and properly evidenced decision making. However, this year, SPICe also notes:

“The increasingly strong language used by committees in their pre-Budget reports may reflect their impatience and frustration at seeing little progress in some areas, and the overwhelming message was that committees are looking to the Scottish Government to show leadership and a clear strategic direction.”

Both the Finance and Public Administration Committee's pre-budget report and our budget report that was published yesterday included elements of frustration, particularly regarding: the lack of medium and long-term financial planning, notwithstanding external factors; repeated delays to publishing key strategic documents; and the need to reiterate recommendations before clear responses are provided.

I will point to some of our more positive reflections, including on transparency. We have encouraged and welcomed the Scottish Government's efforts to improve the transparency of budgetary information in recent years. That has included, for example, publishing more detailed information with in-year budget revisions, and providing budget data by classification of functions of government—COFOG—to enable comparisons over time, even when ministerial portfolios change.

At the committee's request, this year's Scottish budget also includes a comparison with actual spending this year, rather than a comparison with the 2024-25 budget as passed. Importantly, that allows more accurate comparisons of spend, particularly in those years where in-year changes have been substantive. Along with the committee, the Scottish Fiscal Commission and the Fraser of Allander Institute welcomed that development. Nevertheless, both organisations point to where improvements can still be made, and we continue to pursue those with the Scottish Government. For example, we have asked that significant in-year transfers that occur regularly, such as moving social care funding from health to local government, be baselined in the budget for transparency, and that public-private partnership costs included in budget lines are consistently presented across portfolios.

A key focus of our pre-budget scrutiny was the Scottish Government's approach to growing the economy with a view to increasing Scotland's overall tax base. To inform our scrutiny, last August, we visited the life sciences department at the University of Dundee, which generates £10 of gross value added for every £1 of investment from the Scottish Government. The university's regius professor, Sir Mike Ferguson, informed us that £5 million from the Scottish Government for proof of

concept investment would generate a return of £200 million.

In response to our recommendations, the Cabinet Secretary for Finance and Local Government committed to supporting research and development, recognising the important role that our universities play in attracting investment, supporting world-leading sectors and building a highly skilled workforce.

We note that the Scottish Government recently set up a Cabinet sub-committee on investment and the economy that will

“help create a business environment that drives investment and growth.”

We have therefore requested regular updates on progress and outcomes of the sub-committee’s new strands of work.

Building on that scrutiny, our budget report repeats our disappointment that the Scottish Government

“continues to hold back from publishing its Infrastructure Investment Plan pipeline refresh until after the UK spending review.”

We strongly agree with the Scottish Fiscal Commission’s position that the 12 per cent increase in capital spending in 2025-26 allows the Scottish Government to

“restart paused capital projects and make some new commitments.”

Although available capital will then slowly decline to 2029-30, the committee has “strongly urged” the Government to set out its priority commitments to ensure that it is in the best position to “hit the ground running” and invest in infrastructure projects at the start of the next financial year.

Next year, alongside the medium-term financial strategy in May, the Scottish Government also plans to publish a fiscal sustainability delivery plan. It would be helpful if the cabinet secretary could provide more detail on the purpose of that new document, the time period that it will cover and how it fits into the wider budget process.

The Scottish Government has also committed to publishing a new public service reform strategy. In light of the announcement of those additional documents, we asked for a progress update regarding the First Minister’s intention to provide

“more concrete actions and fewer strategy documents”,

including any reduction in numbers achieved to date. Disappointingly, the Scottish Government responded that

“There is no central information held on reporting of the number of strategy documents, as decisions of this nature are made by individual cabinet secretaries.”

We therefore ask the Government to conduct an exercise across portfolios to identify the number of live strategies in place, to provide a baseline for numbers to be monitored and reduced wherever possible. Outcomes of that work should be reported back to the committee by the end of June 2025.

More broadly, the committee has also repeatedly asked that the Scottish Government take a longer-term approach to financial planning. We were therefore disappointed at its decision not to publish an MTFS in 2024. Regardless of the context that I mentioned earlier, that made it more difficult for committees to consider how budget priorities sit within the longer-term context.

The Scottish Government’s fiscal update last September, although welcome, focused primarily on the current budget and did not provide the anticipated long-term outlook. We seek assurances that that situation will not be repeated in future years.

The Scottish Fiscal Commission’s first fiscal update, which was published in August 2024, filled in some of the blanks and provided welcome longer-term context for our pre-budget scrutiny. We have asked the SFC to consider publishing a similar update in future years to provide an up-to-date Government funding position and commentary on in-year spending changes. Those have been substantial in recent years.

Another area of our focus in both our pre-budget and budget reports is the sustainability of spending on social security payments and public sector pay. I will focus on social security spending, and the deputy convener of the Finance and Public Administration Committee will return to public sector pay in his closing speech on behalf of the committee.

SPICe explained that

“Scottish Government decisions on social security have cumulatively added significant cost pressures to its budget.”

That is largely because of the introduction of benefits that are unavailable in the rest of the UK, such as the Scottish child payment. Therefore, the Scottish Government is spending more on benefits than it would have done if those benefits had not been devolved. The SFC forecasts that social security payments in 2025-26 will cost £1,334 million more than they would be if benefits remained at UK levels. That figure will rise to £1,463 million in 2029-30, not accounting for inflation.

The rising social security bill reduces the funding that is available for other spending priorities in the Scottish budget, so the committee previously asked the Scottish Government how it would

“assess the long-term affordability and sustainability of its social security policies and their impact on other areas of spend”.

In response, the Scottish Government said that it will

“continue to take a responsible and capable approach to Scotland’s finances as new budget pressures emerge”,

including by

“monitoring all areas of expenditure during the year, prioritising spend, and maximising efficiencies.”

The committee did not consider that to be an adequate response. It asked the Scottish Government to carry out that full assessment, with outcomes included in the MTFS 2025 to inform future budget planning.

The committee considers that more certainty around the timing of UK fiscal events and of the UK spending review that is on the horizon brings welcome opportunities for the Scottish Government to adopt a much-needed strategic approach to budget planning. It would therefore be helpful if the cabinet secretary could update Parliament on when we might expect the next Scottish spending review.

I commend the Parliament’s collective pre-budget work. SPICe has noted that it is growing in strength and involves more engagement activities, more evidence received and fewer but more targeted recommendations.

I move,

That the Parliament notes the pre-budget scrutiny undertaken by the Finance and Public Administration Committee, and other parliamentary committees.

The Deputy Presiding Officer: I remind members who wish to speak but have not yet pressed their request-to-speak buttons to press them now.

15:07

The Cabinet Secretary for Finance and Local Government (Shona Robison): I begin by recognising the importance of the role of Parliament’s committees in scrutinising the Scottish budget. I thank the Finance and Public Administration Committee for its budget report, which was published yesterday. I will respond to it in detail formally ahead of stage 2.

In my statement to Parliament on 4 December 2024, I spoke of how we can deliver progress for the people of Scotland only if there is a willingness to work together across the chamber. That is how Parliament is designed to work: as a Parliament of minorities improving the budget, as the people of Scotland would expect. The agreements that were reached with the Scottish Liberal Democrats and the Scottish Green Party demonstrate what can be

achieved in that collaborative space, and I welcome that constructive engagement.

The Government recognises the importance of longer-term financial planning and fiscal sustainability. In looking ahead to the new financial year, and given the clear view of the Finance and Public Administration Committee, I have instructed officials to begin planning for a Scottish spending review that will identify opportunities to optimise the use of Scottish Government funding over the longer term. I will engage with the committee and the Scottish Fiscal Commission on those plans.

On the infrastructure investment plan pipeline refresh, multiyear certainty on capital budgets is essential to determine what projects and programmes can be delivered over the medium term. For that reason, the UK spending review is essential to support that process.

John Mason (Glasgow Shettleston) (Ind): Even without knowing the detailed finances, would it not be possible to prioritise projects so that there would be high-priority ones that would be our first choice, then medium and lower ones, or something like that?

Shona Robison: We have already set out a number of priority projects in the budget. A number of capital projects were identified and named, giving a clear sense of priority to those projects. However, I will set out the longer pipeline as soon as I can after the UK spending review is concluded.

I thank the committee for its recognition that the Scottish Government has taken steps to improve the transparency of the new budget, and I appreciate the point that the committee has raised on the new approach on budget comparators and in-year budget revisions. There are complexities in the Scottish budget, where policy responsibility can sit in one area with delivery elsewhere. However, I will reflect on that to consider whether we can do more to simplify the presentation of the next budget beyond what we have already done.

I appreciate the committee’s support for the Government’s tax strategy, including our commitment to further develop evidence and evaluate tax policy. We will continue to closely monitor the impact of our tax policy decisions using a range of evidence, and we will publish further research on the impacts of that later this year.

On council tax reform, the joint working group met yesterday and agreed to begin a process of engagement and consultation this year. As part of that process, the Scottish Government and the Convention of Scottish Local Authorities will jointly seek to build consensus across local government and the Scottish Parliament on potential areas of reform. Together, we will engage with Opposition

spokespeople and council leaders. I also welcome the Local Government, Housing and Planning Committee's inquiry into council tax reform.

The Minister for Public Finance will speak more about public service reform during the debate, but I can confirm to the committee that the Government will continue to report progress to the Parliament at six-monthly intervals.

Liz Smith (Mid Scotland and Fife) (Con): I am grateful to the cabinet secretary, and I am sure that the committee members are, too. One of the fundamental points that the convener raised in his opening speech was the fact that, time and again, the committee is having to repeat its request for important information about public sector reform. This is not the first year that we have had that—it is probably the fourth year that we have been asking for it. One of the committee's disappointments is that it takes such a long time to get answers. Does the cabinet secretary accept that?

Shona Robison: We take any issues that are raised by the committee seriously, and we will seek to respond to them in as positive a way as we can. However, I am aware that the Minister for Public Finance has had quite deep engagement with the committee on his work on public service reform, and I know that he is keen to continue that engagement on the detail of that work.

On the PSR invest to save fund, I am pleased to confirm that we have written to public bodies to provide guidance and an application form to invite funding bids. I am happy to write separately to the committee to share that information.

I want to move on to recognise some key points that were raised by the other committees in their budget scrutiny. Eradicating child poverty, which is the Government's top priority, has been of interest to a number of committees. The Joseph Rowntree Foundation's report "UK Poverty 2025" is clear that only Scotland is expected to see child poverty rates fall by 2029, with rates forecast to rise in England, Wales and Northern Ireland. That is recognition that the action that is being taken in Scotland is reducing child poverty, but more work has to be done.

The budget invests significantly to reduce the pressure on household budgets by allocating more than £3 billion a year to policies that tackle poverty and the cost of living. The Government is going further to prioritise action to develop the systems to mitigate the two-child limit, which could lift 15,000 children out of poverty. More widely, the new budget will invest £768 million in the affordable housing supply programme next year, an investment that was welcomed by the Economy and Fair Work Committee, which highlighted the lack of affordable housing supply.

It is a sad fact that poverty leads to lower achievement at school and beyond. That is why the Government will invest more than £1 billion in high-quality funded early learning and childcare as part of the budget. The new budget also includes £186.5 million for local authorities to maintain teacher numbers and £29 million for additional support needs to support the recruitment and retention of the ASN workforce, the latter of which is of particular interest to the Education, Children and Young People Committee.

Growing the economy and delivering on our net zero ambition are strategic priorities for the Government and are of interest to multiple committees. We are almost tripling our investment in offshore wind to £150 million, which will support the economy and help to deliver on our net zero ambitions.

To deliver our programme of support for Scotland's businesses, the 2025-26 budget provides £321 million for our enterprise agencies, which is an increase of £14 million from 2024-25.

More broadly, in 2025-26, the budget commits £4.9 billion of investment with a positive benefit for climate. Our strong focus on sustainable transport means that nearly £2.9 billion will be invested in public transport infrastructure and green initiatives.

Delivering and supporting high-quality sustainable public services is a priority for all of us across the chamber, which is why the budget provides a record £21.7 billion for health and social care. That investment will increase capacity as well as focusing on driving productivity and optimising existing resources.

The budget recognises the importance of local government and will provide local authorities with a funding package of more than £15 billion in 2025-26. The Local Government, Housing and Planning Committee has called for a reduction in ring-fenced funding, and I am pleased to say that the 2025-26 budget baselines a further £524.9 million of local government funding.

I appreciate that all budgets in the public sector are under pressure. I intend to give guidance on employer national insurance contributions to all public sector organisations, including local government, as soon as possible.

Craig Hoy (South Scotland) (Con): Will the cabinet secretary take an intervention?

Shona Robison: I am sorry, but I do not have time.

The Deputy Presiding Officer (Liam McArthur): The cabinet secretary is concluding.

Shona Robison: As committees will be aware, the Government has called on the UK Treasury to fully fund those additional costs. On 24 January,

the Treasury advised that Scotland will receive only a Barnett share of the available funding, which is deeply concerning because it will create a shortfall of £300 million.

The Deputy Presiding Officer: Cabinet secretary, you need to conclude.

Shona Robison: The Treasury's decision fails to take into account Scotland's larger public sector per person than those in the rest of the UK.

This is a balanced and fair budget package for Scotland and I encourage all members in the chamber to support it.

The Deputy Presiding Officer: We are a little tight for time—there is a bit of leeway, but not much.

I call Clare Adamson to speak on behalf of the Constitution, Europe, External Affairs and Culture Committee.

15:17

Clare Adamson (Motherwell and Wishaw) (SNP): As convener of the Constitution, Europe, External Affairs and Culture Committee, I am pleased to speak on its behalf today. As always, I thank our committee clerks and the Scottish Parliament information centre for their support of the committee's budget scrutiny.

At the start of this session, the committee set its priority for budget scrutiny as being the culture sector spend. I thank those in the sector who spoke to us, including Culture Counts, Historic Environment Scotland, Wigtown Festival Company, and the National Galleries of Scotland.

In evidence, the National Galleries reported that "going to visit an art gallery for 30 minutes once a month can extend a person's lifespan by 10 years"

and that

"Art is not a luxury; art is essential to our culture thriving and surviving."—[*Official Report, Constitution, Europe, External Affairs and Culture Committee*, 9 January 2025; c 14.]

I have spoken many times in the chamber about how culture is integral to who we are as individuals, as communities and as a country. Just as the incoming artistic director of Pitlochry Festival Theatre was inspired by its motto to

"share Pitlochry with the world and the world with Pitlochry",

we should all be inspired that culture allows us to share Scotland with the world and the world with Scotland.

The committee welcomes the commitment to increase investment in culture by £100 million annually by 2028-29, as well as the additional funding that is the first step towards the £100

million increase. That is good news and it is warmly welcomed by the sector.

This has not been an easy time for the sector. Confidence was knocked by the regrettable temporary closure last August of Creative Scotland's open fund for individuals. It would be helpful for the cabinet secretary to update us on the lessons that were learned from that and on how such a scenario might be avoided in future, particularly because the funding was confirmed after the pre-budget fiscal update, a fortnight after Creative Scotland had announced the closure of the fund.

The committee's view is that we need to substantially improve the relationship between Creative Scotland and the Scottish Government. It is regrettable that the multiyear funding programme announcements were postponed, although I note the statement of the Cabinet Secretary for Constitution, External Affairs and Culture today on the outcomes of the application process for multiyear funding. It is important to strengthen the relationship between the Government and Creative Scotland to prevent further uncertainty in the sector.

We agree with the culture secretary that Creative Scotland's budgetary process, and that of the wider sector, might benefit from being in sync with the Scottish budget timetable—I would welcome the finance secretary's thoughts on that point.

The culture secretary has just updated the Parliament on the results of the £20 million multiyear funding awards. We strongly encourage Creative Scotland to listen to those applying for the multiyear funding programme, who commented that the process

"drew major resources across many months"

and that it was

"onerous and took considerable time away from core activity",

and who outlined

"a level of needless bureaucratic complexity".

The challenge remains as to how the sector maximises the impact of multiyear and increased funding. The committee welcomes the forthcoming independent review of how the culture sector is supported and the review of Creative Scotland, under the leadership of Dame Sue Bruce. It is timely that we should ensure the effective distribution and investment of that additional spend.

The committee has undertaken a good deal of work in session 6 on funding for the sector, and the review could benefit by taking account of the substantial evidence base and of our report

recommendations over the session, which include working on innovative funding solutions. We need much greater urgency if we are to make progress in the areas of cross-portfolio funding—some of the many possible options include a percentage for the arts scheme and the possible leveraging of private investment.

We need to engage with those delivering community-based activities as well as the bigger cultural organisations. We welcome last week's publication of the survey on how culture and the arts are currently supported, which will inform the scope of the sectoral review that the Government has announced. As the sectoral review and the review of Creative Scotland are happening in parallel, it would be interesting to understand how the two reviews will interact and address the concerns that the committee has had over this session, such as the handling of the Rein project after the funding decision was publicly challenged and the extent to which Creative Scotland was open and transparent in addressing that matter.

More generally, and as I have mentioned, we heard from the sector that Creative Scotland's funding process is very difficult to complete. It would be helpful if the independent chair could quickly lay out the scope of the independent review of Creative Scotland, so that we could avoid some of those concerns. The committee's view is that we should consider operational issues as well as Creative Scotland in general.

Our culture is our lifeblood, and we look forward to seeing how those things develop. We note that the sector is very welcoming of the developments in this area.

The Deputy Presiding Officer: I call Audrey Nicoll, on behalf of the Criminal Justice Committee, to speak for around six minutes.

15:23

Audrey Nicoll (Aberdeen South and North Kincardine) (SNP): I am pleased to speak in this budget debate on behalf of the Criminal Justice Committee. I thank committee members, the clerking team and SPICe and comms colleagues for their support in our budget scrutiny, as well as the many stakeholders who provided evidence to the committee.

This year, our focus was again a broad one as we scrutinised the financial pressures that policing, fire and rescue services, prisons, prosecution services and courts, community justice, criminal justice social work and the third sector face. Without exception, every organisation that gave evidence told us the same story—that there was no scope for further cuts and that meaningful investment was long overdue.

We heard stark evidence from the Scottish Fire and Rescue Service that a lack of capital and resource budget was preventing important work from happening in response to firefighters' exposure to fire contaminants and also preventing the provision of dignified facilities from progressing. That concerned many members, who saw that as essential provision, given that the role of the Scottish Fire and Rescue Service continues to evolve.

Similarly, we heard from Police Scotland that the situation was "critical" and that it was vital that the organisation moved towards new funding arrangements, namely

"multi-year funding commitments from Scottish Government, the exercise of statutory borrowing powers and the establishment of a facility to enable the carry forward of financial reserves."

The Scottish Police Authority said that the impact of the United Kingdom Government's national insurance increase, which was announced during our scrutiny, was that an additional £25.3 million of revenue would be required next year.

The Scottish Prison Service told the committee that a significant proportion of its budget is

"exposed to inflation and to public sector pay policy",—
[*Official Report, Criminal Justice Committee*, 6 November 2024; c 30.]

which limits its options for mitigating cost pressures from emerging challenges such as a population that has grown by around 10 per cent and that is far more complex, thereby creating significant additional budgetary challenges. We also heard of the pressures arising from the ageing prison estate—in particular, the urgent need to replace HMP Barlinnie with a new facility at HMP Glasgow. The committee welcomes the fact that HMP Glasgow is a key priority for major infrastructure improvements in the prison estate.

That is just a flavour of the evidence that the committee took; more is set out in our report, which was unanimously agreed.

Of particular interest to the committee was the pressure on capital budgets and investment right across the sector, and the ways in which relatively small sums of money invested using a spend-to-save approach in individual parts of the sector can bring wider benefits elsewhere across it. One example was the investment in the summary case management system, which has seen the number of police witness citations fall to around half in some areas of Scotland, thereby releasing officers for front-line duties. Other examples that should result in budget savings over the longer term are the investments in body-worn video cameras for police and the new digital evidence-sharing capability, or DESC. The benefits of DESC include

fewer victims and witnesses having to attend court, which reduces the time it takes for cases to come to court and reach a conclusion, and, importantly, saves police time. During a pilot of the programme in Dundee, around 19,500 pieces of evidence were handled through DESC, which freed up almost 550 hours of police officers' time.

As the committee said last year, it also wants to see reform of the criminal justice sector continue. It urges the Scottish Government and others to invest in relatively low-cost schemes in which investments have clear cost savings but significant benefit. In short, the spend-to-invest approach is one that we want to see adopted further.

I welcome the response of the Cabinet Secretary for Justice and Home Affairs to the committee that she had been able to secure an increase of £400 million, or 10.5 per cent, compared with the opening 2024-25 budget that was presented to Parliament in December 2023. It is important to note, however, that that increase does not account for the in-year adjustments to budgets that were made in 2024-25. The committee considers that in-year payments should be more transparent in order to provide the committee with a more accurate picture of the funding situation of the organisations that it holds to account—not just the sums provided at the start of each financial year. We also said that the financial memoranda that are presented to the Parliament on Government bills must be as accurate as possible and that proposed legislation must be accompanied by appropriate resources. As members will know, in this session our committee has scrutinised several significant bills, all of which have significant associated costs outlined in their financial memoranda.

I welcome the resource and capital increases for the criminal justice sector for 2025-26. The committee looks forward to scrutinising whether those extra sums have been invested wisely using a spend-to-save approach. We will continue to keep the pressure on and will work with the cabinet secretary to improve the way in which our criminal justice sector works.

The Deputy Presiding Officer: I call Douglas Ross, on behalf of the Education, Children and Young People Committee. You have around six minutes, Mr Ross.

15:29

Douglas Ross (Highlands and Islands) (Con): I welcome the opportunity to speak in today's debate on behalf of the Education, Children and Young People Committee. For our budget scrutiny, we focused on the long-term sustainability of funding for colleges and universities.

First, I turn to the college sector, which has been a considerable focus for the committee throughout this session. We have repeatedly raised concerns about the extent and impact of the financial challenges that our colleges face.

In gathering evidence ahead of this year's budget, the committee heard more about the on-going pressures on colleges. Following flat cash settlements in 2021-22 and 2022-23, the resource budget decreased from £675.7 million to £643 million between 2023-24 and 2024-25. Although the net capital budget for colleges increased from £82.4 million to £84.9 million, that was set against the existence of a considerable maintenance backlog at Scottish colleges.

In its 2022 report on Scotland's colleges, Audit Scotland identified a £321 million shortfall in funding for lifestyle and backlog maintenance. In its 2023 report, it stated that the £4.7 million fund that was available in 2023-24 from the Scottish Funding Council for urgent repairs was in high demand—bids with a total value of £20 million were received from the sector for that £4.7 million fund.

In its 2024 report, Audit Scotland said that the financial health of the sector had deteriorated and that there had been a 17 per cent real-terms reduction in resource funding since 2021-22.

In June, the Scottish Funding Council told the committee that four colleges were experiencing significant cash-flow issues and that the SFC was supporting recovery plans, which included options such as rescheduling grants, funding voluntary exit schemes and deferring loan repayments.

In the 2025-26 budget, the resource budget for colleges has remained largely static. It has increased in cash terms by £13 million, but, according to SPICe's budget day calculations, that represents a decrease of 0.33 per cent in real terms. The capital budget has decreased in cash terms by £20 million, to £65 million.

The director of the Fraser of Allander Institute, Mairi Spowage, warned that cutting the funding for colleges was likely to affect the generation in the economy of long-term productivity benefits from upskilling the population; the economic activity that is generated by the goods and services that are bought by colleges; and the contribution that colleges make to the goals that are set out in the Scottish Government's national strategy for economic transformation.

Colleges are classified as public bodies. As such, they must balance their budgets every year, and they are restricted in the scope that they have to build up financial reserves. Their classification as public bodies also means that they are largely reliant on public funds—78 per cent of their income comes from the SFC grant.

In our pre-budget letter to the minister and the cabinet secretary, we reiterated our call for as many financial and operational flexibilities as possible to be made available to improve colleges' ability to deliver, but we acknowledged that such flexibilities alone will not address the financial issues that they face.

In his response to the committee, the minister stated that the SFC plans to revamp the college funding model for future sustainability, and when he gave evidence to the committee earlier this month, he highlighted the work that is under way to support colleges to grow their commercial income so that they can become less dependent on public sources. The committee is keen to hear more about the SFC's plans, as well as what support for colleges could look like.

In her letter to the Finance and Public Administration Committee this week, the Cabinet Secretary for Finance and Local Government announced £3.5 million for the creation of an offshore wind skills programme and a college care skills programme, as well as the provision of £700,000 to support the continuation of Corseford College. It would be helpful if we could be provided with more information about those funds and how they will be allocated.

I now turn to the university sector. The university resource budget for 2024-25 was £760.7 million, which was a decrease from £789.2 million in 2023-24. The capital budget increased from £340.7 million in 2023-24 to £356.9 million in 2024-25.

In its final allocations for universities in 2024-25, the SFC noted that, across all institutions, there was a 3.6 per cent reduction in teaching funding and a 4.2 per cent increase in research and innovation funding, that upskilling funding that had been worth £7 million in 2023-24 was being removed, and that digital poverty funding that had been worth £1.6 million in 2023-24 was being removed.

The higher education resource budget for 2025-26 has been set at £774 million, which represents a 1.7 per cent cash increase compared to 2024-25 but a 0.68 per cent decrease in real terms. The higher education budget has increased from £357 million in 2024-25 to £368 million, a rise of 3.2 per cent in cash terms but, in real terms, a 0.9 per cent decrease.

The committee will continue questioning the Government on many issues that it has heard about during its deliberations, but we welcome the support that we have had from committee members and from the cabinet secretary, the minister and their officials. Given the financial challenges that universities and colleges are facing, we hope that we can continue to look at

those and find some solutions for these important sectors.

The Deputy Presiding Officer: I call Colin Smyth to speak on behalf of the Economy and Fair Work Committee.

15:35

Colin Smyth (South Scotland) (Lab): I am grateful to the Deputy Presiding Officer for giving me permission to leave the debate early in order to attend a business event. I apologise to members, because that means that I will miss some contributions in this important debate.

Scotland's economy, like that in the rest of the UK, has seen a sustained period of low growth and low productivity against a backdrop of rising costs in recent years. When the First Minister assumed office in May, he said that economic growth would be a priority for his Government. Effectively supporting Scotland's businesses will be key to delivering that ambition.

The Economy and Fair Work Committee's pre-budget scrutiny had a particular focus on our enterprise agencies, the Scottish National Investment Bank and VisitScotland, which together account for the majority of the spend that our committee scrutinises.

That economic development landscape has been described as cluttered, and the committee has heard repeated calls for a more seamless and focused support mechanism for businesses that still recognises the distinctive needs of different sectors, businesses of different sizes and different parts of Scotland. We know that the Withers review recommended that enterprise agencies should take responsibility for supporting businesses with skills and workforce planning, which will require those agencies to broaden their approaches. The committee notes that that will be considered as part of the reform programme for post-school education and skills and intends to take evidence shortly that will feed into that.

In our pre-budget letter to the Government, we sought further clarity about its wider plans to reform the economic development landscape. Although the Government outlined its three broad priorities, there was no detail about reform, such as progress to date, future plans, expected timelines or measurable outcomes. At a time of challenging budgets and growing demand, delivering public sector reform has never been more important.

It was also clear from the evidence that we took that concerns remain about funding for the current model, with a 30 per cent real-terms reduction in Scottish Enterprise resource budgets in the past

two years. In evidence to the committee, the agency made clear that it might have to consider

“stopping doing some things that we are legally obliged to do”.—[*Official Report, Economy and Fair Work Committee*, 25 September 2024; c 25.]

The committee also heard concerns about reductions in capital funding for our enterprise agencies and for the Scottish National Investment Bank in recent years, and about the fact that short-term funding decisions had caused uncertainty and hampered some of their work.

Funding reductions for VisitScotland in recent years led to a strategic change programme that included disposal of the iCentre network, ending the quality assurance schemes for tourism and business events, and pivoting towards a digital first approach. VisitScotland has also had to scale back activity in growth markets to focus on core markets. We know how vital tourism is to Scotland’s economy and that the Scottish Government has identified sustainable tourism as a growth sector.

Our hospitality sector is a key part of that tourism offer. The UK budget provided 40 per cent business rates relief to retail, hospitality and leisure businesses across the rest of the UK, which resulted in £147 million in consequential for Scotland. In recent years, the Scottish Government has chosen not to pass those consequential on to retail, hospitality and leisure businesses, and the Economy and Fair Work Committee has repeatedly heard that those sectors feel that they are now at a competitive disadvantage in Scotland, compared with the rest of the UK.

John Mason: Will the member give way?

Colin Smyth: Yes, if I have time.

John Mason: Is it the member’s argument that where money is being spent on one subject in England we should automatically spend the consequential on the same subject?

Colin Smyth: It is not my argument; I am repeating evidence that the committee heard from those in the business sector who believe that those different decisions put them at a competitive disadvantage.

The Scottish Government’s budget for next year proposes a 40 per cent business rates relief, which is welcome, but it is restricted to hospitality businesses—it does not cover retail—and it is only for those with a rateable value of up to £51,000. Many businesses have expressed concern that that will lead to a cliff edge for them. When I asked the Deputy First Minister about that at committee, she pointed to, among other things, the commitment to review the methodology for non-domestic rates assessments for hospitality

businesses. That is welcome because they have, understandably, expressed concern about the focus on turnover when it comes to that assessment. However, we still do not have clarity on when any further review will be completed.

The main strategy that underpins the Government’s priority of economic growth is the national strategy for economic transformation. The Economy and Fair Work Committee, the Finance and Public Administration Committee and the Public Audit Committee have all highlighted concerns that were raised in last year’s Audit Scotland report on NSET, including the

“gap in collective political leadership”,

the fact that there is no information on

“how much investment is needed to deliver the NSET”,

the fact that there is little detail on

“how directorates are working together to agree funding priorities”

and the

“lack of transparency about directorate decisions on allocation of funding for NSET actions.”

Audit Scotland said:

“there is a risk that NSET objectives are not given the same priority by all directorates when it comes to funding decisions.”

I raised Audit Scotland’s report with the Deputy First Minister during her two appearances before the Economy and Fair Work Committee last year. The committee strongly believes that there should be a clearer link between NSET and the budget, with NSET driving budget decisions across Government departments and more coherence across portfolios. The ability to evidence spend on strategies and what it achieves is vital for measuring the success of NSET or, indeed, any Government strategy.

As we have heard from a number of other conveners, the budget presentation has made year-to-year comparisons of spending plans that bit more complicated. The committees’ role is to scrutinise and hold the Scottish Government to account, and that requires information that we know exists to be made available at a much earlier stage in the budget process.

Following the Deputy First Minister’s most recent attendance at committee, we received a helpful letter that sets out spending plans in her portfolio and how they have evolved over the past two years from the budget bills, detailing in-year transfers and providing the latest spending figures for each year. However, the committee should not have had to ask for that information; it should be contained in the budget when it is published.

The budget has a key role to play in driving economic growth, which will raise living standards, give people more freedom in their lives and help to revitalise and rejuvenate communities. I hope that the Government will act on some of the points that the Economy and Fair Work Committee has raised about how we support Scotland's businesses to help to deliver that important growth.

The Deputy Presiding Officer: I call Karen Adam to speak on behalf of the Equalities, Human Rights and Civil Justice Committee.

15:42

Karen Adam (Banffshire and Buchan Coast) (SNP): I am happy to contribute to the debate as convener of the Equalities, Human Rights and Civil Justice Committee.

I take this opportunity to remind members of the three principles of human rights budgeting, which are participation, transparency and accountability. As members may recall, our 2024-25 pre-budget scrutiny saw us set out a three-year plan to look at each of those principles in turn. We started with participation in 2024-25, under the convenership of our now Minister for Equalities. For our 2026-27 pre-budget scrutiny, we will look at the principle of accountability. This year, however, we focused our work on the principle of transparency.

We were particularly interested in transparency in the context of human rights budgeting and the role of national outcomes in supporting transparent and data-driven decision making and mainstreaming equalities across portfolios. Alongside that, we explored the Scottish Government's progress in implementing the recommendations that the equality and human rights budget advisory group made in 2021. The minister will recall that the committee adopted that approach for our 2024-25 pre-budget scrutiny during her time as convener. We worked with the whole family equality project, which is supported by the Capital City Partnership, to learn how people view and understand the budget process and how it impacts their lives. That allowed citizens the opportunity to express to us and the Government the areas that they felt should be prioritised and how they could feed into the process to help them to understand the rationale behind spending decisions.

We hoped to expand on that approach for the 2025-26 scrutiny process through an equalities mainstreaming workshop involving stakeholders, a citizens group and representatives from the Scottish Government. However, due to the UK election, the programme for government timetable and the changes that have taken place, we have reconsidered our timetable for that work, although we hope to return to it this year.

I referred to the role of national outcomes in supporting transparent and data-driven decision making and mainstreaming equalities across portfolios. Several areas of interest and relevance to the committee came out of responses to the Finance and Public Administration Committee's call for views on the proposed revisions to national outcomes. Those included gender equality as a link to gender budgeting and understanding the impact of spending decisions on women and girls; the importance of continued monitoring and data collection to track trends in inequalities; challenges in defining and measuring inequality, which can impact the evaluation of any budget decision aimed at tackling inequality; and efforts focused towards reducing specific inequalities, including in rural healthcare and housing policy. Throughout our work in several areas, the issue of rurality as an additional barrier to equality has been raised with us, and we will look to do further work and investigation in that regard.

We look forward to welcoming the Minister for Equalities to the committee next month, when we will explore further how work on areas that are identified for improvement is progressing. One such area is policy coherence. In evidence, stakeholders highlighted that the national performance framework's effectiveness could be undermined by a lack of coherence with other initiatives, particularly the equally safe strategy. For example, greater integration of primary prevention of violence against women and girls across relevant outcomes, such as those on communities and education, was seen as essential.

Alison Hosie of the Scottish Human Rights Commission addressed the issue of policy coherence in her oral evidence. She welcomed significant improvements in the equality and fairer Scotland budget statement and said that a lot of work had been done to make it more coherent with policy decisions. However, she told us that there remains an issue with the EFSBS being published at the same time as the budget, as that does not support the public in knowing what discussions have happened and what has fed into decision making. She suggested that capacity building is needed across all policy areas to ensure that all departments in the Government are consistently practising human rights-based approaches.

Our predecessor committees have encouraged more mainstreaming of equalities and human rights throughout the scrutiny of the budget by all the Parliament's committees. We reiterate the point today and will continue to do so. That was driven home to us through our work with the whole family equality project, which gave us the added impetus that it would improve cross-portfolio working.

There are opportunities to be creative and innovative. For example, there are opportunities for joint committee working to ensure that the fullest scrutiny is applied. We can make recommendations to the Scottish Government or we can ask what it is going to do, but there is nothing to stop us coming up with solutions, especially if we work in partnership with real people in citizens panels.

Looking ahead, as I touched on earlier, our focus next year will be on the third principle of human rights budgeting, which is accountability. We will then aim to have a review of our session-long focus on human rights budgeting, during which we anticipate taking a look back at progress towards the Scottish Government's commitments to move towards a human rights budget.

The Deputy Presiding Officer: I call Edward Mountain, on behalf of the Net Zero, Energy and Transport Committee. Mr Mountain, you have around six minutes.

15:48

Edward Mountain (Highlands and Islands) (Con): The budget theme pursued by the Net Zero, Energy and Transport Committee this past year has been on whether major public spending decisions are in line with the balanced pathway to net zero modelled by the Climate Change Committee. Our scrutiny has been of the big-picture variety in many big spending areas of energy and transport. Budgets are about tough choices; given that I have six minutes, that applies to this speech, too, so I can run through only the main areas that the committee discussed.

Turning to the energy portfolio, one of the headline commitments is the increase in offshore wind supply chain funding from £10 million to £163 million. We have seen genuinely impressive progress in offshore wind in recent years, but there is still a feeling that it is an opportunity partly missed, with not enough value added domestically, especially in manufacturing.

We would like to know what Scotland's percentage return on that investment is. If that investment is good news, the other side of the coin is the use of ScotWind revenues for general spending. I will not use this speech to enter into the debate on whether the Scottish Government had no choice but to dip into the fund. I will simply say—I hope that I am being objective—that it was not good news. It communicated a skittishness rather than consistency in the Government's long-term financial commitment to growing the green energy sector. In January, the acting cabinet secretary expressed what I understood to be a commitment to replenish that funding source. The

committee will be watching to see what that actually means.

This session of Parliament began in 2021 with big questions about the roles of industrial-scale electrolysis and carbon capture technology in the energy transition. Four years on, we are no wiser, which I have to say is frustrating. On the Acorn project, I recognise that decisive movement is needed on the UK side. However, the £80 million publicly committed by the Scottish Government remains unspent. The cabinet secretary gave us the reasons for that, so I will just leave that there.

As for green hydrogen, the Scottish Government must ensure that its commitments match up to the ambitious rhetoric. There are indeed technical challenges in scaling up production and establishing network capacity in the area, in respect of which seed funding could make a real difference. The Scottish Government's announcement earlier in the parliamentary session of £100 million of support for the sector sounded impressive, but the vast majority of it is still unspent. That raises questions. Are the obligations in respect of the strings attached to the funding too onerous? Is there a problem with finding projects worthy of funding? I am keen to understand better what the blockers are, given that we all want a flourishing green energy industry. I hope that the committee can consider that further before the end of the session.

Transport accounts for more than a third of Scotland's emissions. There is a job of work to be done to accelerate the switch over to electric vehicles and to get people in their hundreds of thousands to exercise a positive choice to use buses, trains, bikes and, indeed, their own two legs. Does the budget communicate that urgency? To take one strand, the Bute house agreement promised that 10 per cent of the transport budget would be allocated for active travel by 2024-25. That would translate to £320 million in the 2025-26 budget, but the amount this year is only £188.7 million.

On public transport, this financial year has seen the end of reduced fares for peak travel. Buses remain Scotland's most used public transport, but uptake has declined by 25 per cent since 2006. The Government has allocated £440 million to concessionary travel, but there is less than £50 million for the network support grant that helps to keep less-used services running—we risk losing more routes.

On electric vehicles, the Scottish Government has committed to 24,000 new public charging points by 2030. The number of charging points currently stands at somewhat more than 6,000, so, as anyone can see, meeting that target will be particularly challenging.

A recent SPICe blog on the budget highlighted that, across its responses to committees, the Government had described itself as “committed” no fewer than 56 times, but that details on delivery were sometimes very sparse. That echoes the Climate Change Committee’s comments last year that the Scottish Government lacks a credible delivery plan for its climate ambitions.

I understand that money is tight, and that is true across the UK. Barring economic growth and a bigger tax base, all budget decisions look big and tough. That is a daunting and difficult backdrop for a just and fair transition to net zero. The forthcoming climate change plan, which we will finally see in September 2025, presents an opportunity for serious thinking about how the Government can deliver the change more smartly and bridge the gap between ambition and delivery; it will need to make sure that it puts enough financial resources into the plan to ensure that that happens.

The Deputy Presiding Officer: I call Ariane Burgess on behalf of the Local Government, Housing and Planning Committee.

15:54

Ariane Burgess (Highlands and Islands) (Green): I am pleased to speak in the debate on behalf of the Local Government, Housing and Planning Committee. Our pre-budget scrutiny focused on the sustainability of local government finance; however, the Verity house agreement and its vision of a more collaborative approach to delivering shared priorities for the people of Scotland has remained a constant thread throughout our work. I intend to reflect on progress on that in relation to the budget.

The committee has monitored developments on the new deal for local government throughout the parliamentary session, and we are pleased that the Verity house agreement was published in June 2023. However, although we very much welcomed the agreement, in many ways, it was just a starting point. As the cabinet secretary said, it represents

“a journey, not a destination.” —[*Official Report, Local Government, Housing and Planning Committee*, 21 January 2025; c 2.]

Its efficacy could only become apparent when there was clear evidence of a new collaborative approach between the two spheres of government. There can be little doubt that its ambitions had yet to be fully realised during last year’s budget process. Indeed, in my contribution to the debate in the chamber last year, I spoke of the importance of significant further progress being made in the coming year. The committee has repeatedly stressed the importance of agreeing to a fiscal framework for local

government and I concluded my remarks in the debate last year by stating:

“We cannot be here again, next year, saying the same things.”

Although the fiscal framework has not been agreed to in time to fully inform this year’s budget process, we were delighted to hear from the cabinet secretary that she hopes to publish it next month. We very much look forward to discussing it with the cabinet secretary and COSLA.

I turn to our pre-budget letter and the cabinet secretary’s response to it. The UK Government stated in its autumn budget that the Scottish Government would receive an additional £3.4 billion through the operation of the Barnett formula. It is pleasing to see that some of that increase has been passed to councils, representing a 4.7 per cent real-terms increase compared with last year’s budget. However, although any increase to Scotland’s budget is to be welcomed, we are mindful of concerns about potential costs to the Scottish public sector of the increase in employer national insurance contributions. We would welcome further updates from the cabinet secretary once the Treasury has provided final figures.

It is pleasing to see that, after years of disagreement between the Government and COSLA about the interpretation of budgetary figures, COSLA’s response to this year’s budget has been relatively positive. There appears to be greater consensus between local and central government about what the figures actually mean. I stated last year that the different spheres of government

“must agree a common understanding of the figures and how best to present them, so that we can focus on outcomes for our communities, not debate different interpretations of figures.” —[*Official Report*, 1 February 2024; c 72 and 73.]

It is pleasing that there is evidence of such progress.

Ring fencing and directive spend has also previously been the subject of disagreement between COSLA and the Scottish Government. Therefore, the committee welcomes the cabinet secretary’s confirmation that, since the Verity house agreement, £1.5 billion of funding has been de-ring fenced. We hope that that will afford councils greater flexibility to deliver on key priorities for their distinct communities across the country.

The Verity house agreement also expresses an ambition, wherever possible, to provide multiyear certainty to councils. The committee recognises the challenge, as the Scottish Government receives only single-year settlements from the Treasury. Therefore, we welcome the UK

Government's plans to reinstate the spring spending review this year, which will trigger multi-year funding and three-year funding to be reviewed every two years. The committee looks forward to receiving a further update from the Scottish Government on its plans after the spending review. We also await the publication of the 2025 medium-term financial strategy with interest.

We are interested in the opportunities for councils to raise more of their own revenue, notably through our consideration of what became the visitor levy. The committee welcomes the legislation, but recognises that it is unlikely that all councils will benefit equally. Some may decide not to introduce a levy at all. We look forward to considering the findings of the planned consultation on the potential cruise ship levy.

We also note the recently published consultation on a general power of competence for councils. That is, again, a long-standing request from COSLA. We look forward to discussing the plans for that with the cabinet secretary in due course.

The committee is agreed on the urgent need for transformational change in councils. We must move towards a preventative approach to deliver on outcomes. We regret the slow pace of change over the 13 years since the Christie commission reported. We recognise the challenges that councils face, and we are frustrated that although the need for such change is widely accepted, there is limited evidence, with few exceptions, of such a shift happening. Effective political leadership is needed to achieve a decisive shift towards preventing poor outcomes instead of having to deal with their consequences. We welcome the Government's recognition of that. However, that recognition can be only a first step, and we hope that there will be more evidence of concrete actions being taken over the coming year.

I welcome the improved degree of progress in the past year between the Scottish Government and COSLA. It is my sincere hope that, by this time next year, we will be able to reflect on further progress having been made on this important work.

The Deputy Presiding Officer: I call Finlay Carson on behalf of the Rural Affairs and Islands Committee.

16:01

Finlay Carson (Galloway and West Dumfries) (Con): I apologise for, potentially, having to leave the debate early because of a committee commitment.

I welcome the opportunity to speak on behalf of the Rural Affairs and Islands Committee. I will reflect on our pre-budget scrutiny, including our evidence session with the cabinet secretary last week.

I begin by observing that this is a very disappointing budget for our rural businesses and communities. Based on independent analysis by the Scottish Parliament information centre, the rural affairs and islands portfolio is the only portfolio that has seen a decrease in its resource budget from the previous year—a fall in real terms of 2.1 per cent. From that observation alone, it is not clear how the budget will support the Scottish Government's stated ambitions when it comes to supporting rural and island communities, especially given the need to transition to the new agriculture support schemes this year.

Shona Robison: I appreciate what the committee convener is saying, but it is important to put on the record that the substantial increase in capital funding was in response to the sector saying that it would rather have the transformation money in capital funding than in resource funding. We have to look at funding in the round.

Finlay Carson: I will provide more clarity as I make my contribution.

On the presentation of the budget, in previous years, the baseline for comparison was the figure from the previous budget, but, for this year's budget, the 2024-25 baseline figure is presented after the autumn budget revision adjustments, which presents a challenge in scrutinising budget trends. Nevertheless, it is notable that the resource budget for the rural affairs and islands portfolio shows a cut regardless of the baseline that is used.

I am sure that other committees have experienced how challenging the year-round approach to financial scrutiny is, given the pressures of bills and other legislation on committee time. For that reason, and after hearing stakeholders' concerns about several fisheries-related statutory instruments, the committee decided to focus on the budget allocations for marine management by the marine directorate.

The marine directorate's budget for 2025-26 has decreased by £3.4 million in cash terms. That follows a cut of £4.8 million last year. The committee heard from fisheries stakeholders that the cuts are having a negative impact on the directorate's capacity to undertake scientific research and that, due to decreased resources, fisheries research has declined over the past decade, which is in contrast to the position of equivalent institutions in the UK and internationally. Some stakeholders felt that the organisational status of the directorate had

impacted its ability to provide objective, impartial advice and limited its capacity to leverage additional funding through commissioned research.

The committee saw for itself the condition of the directorate's laboratories in Aberdeen, which was far from ideal and was potentially having an impact on scientists' ability to conduct research effectively. Stakeholders also raised concerns about the inadequate resources for the directorate to conduct effective enforcement, ensure compliance and develop co-managed structures with stakeholders through regional inshore fisheries groups.

The Cabinet Secretary for Rural Affairs, Land Reform and Islands informed the committee that greater co-management of fisheries policy with stakeholders would be driven by the Scottish Government inshore fisheries management improvement programme. The committee will take evidence on that programme next week and will monitor those developments.

I turn to other budget lines. Regarding agriculture funding, the committee echoed calls from stakeholders for multiyear funding from the Scottish Government for farmers and crofters. The UK Government no longer ring fences agriculture funding. That change could give the Scottish Government scope to look at multiyear funding commitments, especially as the rural support plan takes a multiyear approach.

The cabinet secretary told the committee:

"there is a spending review coming up, and, if that were to result in more multiyear certainty, I would look to provide the same as soon as we were in a position to do so."—*[Official Report, Rural Affairs and Islands Committee, 22 January 2025; c 27.]*

The committee also asked about the status of the £46 million that is owed to the agriculture budget from previous years, as well as the additional funding that the Bew review recommended. The committee understands that the funding that is owed will be used through the agricultural transformation fund over two years. The committee will follow up with the cabinet secretary and the minister on how that funding has been spent as we scrutinise the implementation of the new agriculture support schemes.

After the massive cut to the forestry budget in last year's budget, the committee sought reassurance that the comparatively modest increases to the woodland grants budget would restore confidence in the sector and help to meet tree-planting targets.

At a round-table session with forestry stakeholders earlier this month, Scottish Woodlands told the committee:

"We need certainty from targets that do not shift and budgets that do not change",

and that

"strong Government targets and strong Government support for the sector are things that drive people here to deploy capital."—*[Official Report, Rural Affairs and Islands Committee, 15 January 2025; c 6.]*

The cabinet secretary responded:

"now that there has been an increase in funding, we can continue on a positive trajectory and rebuild confidence in the sector, so that it can continue to plan and invest."—*[Official Report, Rural Affairs and Islands Committee, 22 January 2025; c 38.]*

The committee will look to next year's budget for evidence that the Scottish Government will deliver a positive trajectory of funding for the sector and, indeed, for the portfolio as a whole.

The Deputy Presiding Officer: I call Clare Haughey on behalf of the Health, Social Care and Sport Committee.

16:07

Clare Haughey (Rutherglen) (SNP): I welcome the opportunity to contribute to the debate on behalf of the Health, Social Care and Sport Committee.

I thank the cabinet secretary, supporting officials, all the stakeholders who have engaged throughout the committee's budget scrutiny process, and the committee clerks for supporting the committee in all its work.

As members will be aware, the health and social care portfolio is, again, a budget priority. Its budget is increasing by £2 billion in cash terms, which takes overall health and social care investment to £21 billion. The committee notes that that increase reflects the Government's commitment to pass on health-related Barnett consequentialities that were received as a result of the UK October budget, which amount to an additional £1.7 billion for Scotland in 2025-26.

It is anticipated that much of that funding will benefit national health service board budgets. Given the on-going challenges that health and social care services face, as highlighted in the committee's pre-budget scrutiny, that additional funding is most welcome.

Similarly, the committee welcomes the planned £200 million investment to reduce waiting times and improve capacity, with the commitment that, by March 2026, nobody will wait longer than 12 months for a new out-patient appointment, or in-patient or day-case treatment.

The committee also welcomes the additional support for general practitioners to address pressures that are related to waiting times and

lack of prevention, as well as expansion of the hospital at home service, which will, I hope, alleviate pressure on front-line acute services.

Throughout the budget scrutiny process, the committee has heard extensive evidence on the current state of health and social care services. It is no secret that health and social care staff are under immense pressure across the sector, particularly as our population ages and as a result of the recent spike in flu cases and subsequent hospital admissions. Therefore, additional funding in key areas will be necessary to mitigate those challenges.

However, I reiterate a core theme that has stood out throughout the budget scrutiny process and has, indeed, been echoed by my colleagues from the Finance and Public Administration Committee. Budget transparency through improving links between the budget and agreed outcomes is crucial in order to assess whether spending has been effective in the areas that it needs to be.

Despite increased investment, significant questions remain about the level of detail contained in budget documentation and the level of transparency around health spending. As highlighted by the Scottish Parliament information centre, previous responses to the committee from the Scottish Government acknowledge that

“it is important that there is a clear link between spending plans and commitments.”

The committee argues that that acknowledgement has yet to be reflected in the health and social care portfolio. Specifically, changes to the presentation of budget numbers this year mean that the 2024-25 baseline is now presented after the autumn budget revision. Given that substantial transfers and additions to other portfolios occur at the time of the ABR and that one could reasonably expect similar transfers in the future, that could have particular consequences for the planned increase in the health and social care budget and the extent of that increase in real terms.

As highlighted as part of the committee’s pre-budget scrutiny, which focused on the financial position of integration joint boards, in-year adjustments to the 2024-25 budget have meant that a growing number of IJBs are having to rely on funding reserves to bridge the funding gap. That is having a negative impact on the long-term sustainability of budgets. Given the challenges that the sector faces, I strongly encourage the Scottish Government to do more to ensure that service providers are given the utmost clarity regarding funding in a way that is conducive to long-term planning.

Similarly, the committee is disappointed that, despite calls to align the budget with the national performance framework, that has not been

reflected in the presentation of the budget or accompanying documents. Although the committee notes that the Government has stated that it is working to align the budget with strategic priorities, it is the committee’s view that more must be done in that area. If the NPF is to be the Scottish Government’s “north star”, it is essential that it provides a clear overview of how specific budget allocations align with progress towards corresponding national outcomes. Without that, it is difficult to measure the effectiveness of spending on health and social care and the extent to which any additional funding is contributing positively to the overall health and wellbeing of people in Scotland.

Although it is almost impossible to cover everything in such a large portfolio during the debate, I conclude by reiterating that the increased funding packages and various commitments that are contained in the budget are most welcome. However, more must be done to measure and track the effectiveness of any additional spending and to ensure that the budget for health and social care is properly aligned with national outcomes and the NPF.

The committee looks forward to seeing further progress in those areas as we look forward to scrutinising next year’s budget. It is only by making such progress that we will ensure that we are making the best use of the Scottish budget to tackle the challenges that the health and social care sector faces and to improve health and wellbeing outcomes for all the people of Scotland.

Finally, I refer members to my entry in the register of members’ interests, as I have a bank nurse contract with NHS Greater Glasgow and Clyde.

The Deputy Presiding Officer: I call Collette Stevenson to speak on behalf of the Social Justice and Social Security Committee.

16:12

Collette Stevenson (East Kilbride) (SNP): I am delighted to speak on behalf of the Social Justice and Social Security Committee in today’s debate on the Scottish budget.

We focused our pre-budget scrutiny on the topic of third sector funding principles. The third sector has faced unprecedented challenges in recent years. The Covid-19 pandemic increased demand for services, as has the cost of living crisis, with more households seeking help, while inflation has driven up voluntary organisations’ operational costs.

With the recent UK Government announcement of increased employer national insurance contributions, the impact on the sector is yet to be

understood. According to the Scottish Council for Voluntary Organisations, 88 per cent of organisations have reported taking actions to mitigate financial challenges since December 2023, with 60 per cent of those using their reserves, which they believe is unsustainable.

Many of those organisations deliver services that would otherwise be delivered by the public sector or which contribute to prevention activities that result in savings to the public purse. When we spoke with representatives from more than 30 local and national organisations, we heard the sector being described as the “essential sector”.

We thank those who participated in the inquiry. More than 200 submissions were received, and the responses ensured that the voices of those who are directly impacted by funding decisions were heard. Their evidence was unequivocal: more needs to be done to support this vital sector.

Most grants are awarded by statutory funders including the Scottish Government and local authorities. Many of the structural issues that exist could be addressed through robust funding principles, which would create efficiency savings for organisations and free up more money for delivery.

One of the most pressing principles that we scrutinised was multiyear funding. Voluntary Action Shetland told us that such funding is

“paramount in offering sustainability and continuity of service.”—[*Official Report, Social Security and Social Justice Committee*, 12 September 2024; c 2.]

We recommend increasing the number of multiyear grants and, ideally, providing funding for a minimum of three years. We acknowledge the challenges of multiyear funding, particularly related to the Scottish Government’s ability to set longer-term funding priorities in conjunction with spending decisions that are made at UK level.

Poorly managed multiyear funding can create dependency and limit new entrants, thereby disrupting the third sector ecosystem. Implementation of staggered multiyear funding would avoid new entrants being locked out of bidding rounds for long periods of time. Where awards roll on, building in anticipated increased costs over the multiyear period would help to address the power imbalance that deters organisations from requesting additional funds in those circumstances.

The Cabinet Secretary for Social Justice said in her response that the Government remains

“committed to increasing the number of multi-year funding agreements by 2026 and are focused on deliverability and scalability given that the Scottish Government continues to face the most challenging financial situation since devolution.”

She said that lessons would be learned “from existing funding arrangements” and that good practice would be embedded in the Government’s grant making. Following the publication of the budget, the cabinet secretary advised that the Government would have a pilot programme focusing on organisations that provide essential services or which deliver on reducing child poverty. We welcome that news.

The committee called for more flexible unrestricted core funding. Although the Government has not addressed that point directly, the cabinet secretary has said that the Government will “review grant spending”, which will include

“developing effective reporting mechanisms to monitor the effectiveness of spend, identifying the wider social benefits of grants and providing commercial scrutiny of costs to ensure clarity on where we are spending money.”

Voluntary organisations mentioned the administrative burden of completing funding applications and reporting. The Scottish Government’s response states that guidance will be developed and “areas of poor practice” will be identified to inform further improvements. We are pleased to note that it says it will also look at developments in technology to

“improve the transparency of Scottish Government grant giving and to standardise the application process”.

Timeliness in funding decisions and payments is vital. Delays can have severe consequences for organisations—especially those that operate with tight margins. Our report underlined that the Scottish Government must prioritise resolving delays in funding notifications to support the sector’s stability. The cabinet secretary’s written response advised that budget difficulties had led to only 58 per cent of awards being notified on time. That figure provides a baseline on grant performance for the first time.

Funding principles need to be more than aspirations—they need to produce concrete results. It is imperative that statutory funders support third sector organisations through fair, efficient and sustainable funding practices. The Scottish Government is making some progress. The committee hopes that it will continue to ensure that we have a sustainable third sector, which is essential for the wellbeing of our communities.

The Deputy Presiding Officer: I call Colin Beattie to speak on behalf of the Scottish Commission for Public Audit.

16:19

Colin Beattie (Midlothian North and Musselburgh) (SNP): I welcome the opportunity to contribute to the debate as chair of the Scottish

Commission for Public Audit. One of the commission's main roles is to scrutinise Audit Scotland's budget proposals and report to Parliament on them. Last Friday, we published our report on Audit Scotland's budget proposal for 2025-26, and I thank the committee clerks and staff for their support on that.

Audit Scotland's budget comes from two sources. For 2025-26, it estimates that the fees that it charges to audited bodies will provide 63 per cent of its budget. The remaining 37 per cent will be funded from the Scottish consolidated fund, totalling £14.983 million.

We noted that Audit Scotland's budget proposal represents a 10.3 per cent increase in the funding that is required from the Scottish consolidated fund, which equates to an additional £1.394 million. When the commission met in December last year to examine the budget proposal, we heard that the majority of the 10.3 per cent proposed increase comes from a £672,000 investment in its audit modernisation project. The other substantive cost is funding to cover increased employer national insurance contributions arising from the 2024 UK autumn budget, which is estimated at £520,000.

To aid our scrutiny, we sought a breakdown of the audit modernisation project costs, given that £592,000 is allocated to people costs. Audit Scotland clarified that £250,000 is for project management, legal services, procurement, external assurance and other specialist skills; another £275,000 would be for implementation; and the rest will be used for hosting and analytics.

It also pointed to the assurance arrangements that are in place, including undertaking of an internal audit of the arrangements. The commission is conscious that some public sector information technology projects have been subject to significant delays and cost increases. We have therefore requested detailed progress updates as part of our scrutiny of annual reports and budget proposals.

We also wanted to know why Audit Scotland decided not to share the project cost requirement across the public bodies that it audits—in particular, because they would benefit from its successful roll-out. Audit Scotland told us that the project costs are ring fenced for greater transparency and accountability, because they would otherwise have to be distributed across 200-plus public bodies, a number of which are non-chargeable bodies, which would, in effect, result in cross-subsidisation. The commission is satisfied with its approach to the start-up cost, but it expects future running, maintenance and licensing costs to be recovered from all audited bodies proportionately.

A similar point arose in relation to increased employer national insurance contributions and whether that cost should be borne by an increase in the auditing fee. The Auditor General, as accountable officer, advised that he had given that careful thought, but because of the cross-subsidy issue and the degree of uncertainty about how much of the additional costs will be funded by the UK Government, the preferred approach is to ring fence those costs. The commission accepted that, given the timing of the UK announcement, but we expect those costs to be baselined in future years and to be recovered from audit fees levied on all audited bodies.

There is a pressing need for all public bodies to look for efficiency savings. Last year, we asked Audit Scotland to set out more information on savings. We are pleased to see the additional evidence that was provided this year on how Audit Scotland achieved £2 million of savings. It has made progress with its productivity activities, such as moving to a 35-hour week as well as increasing its vacancy factor from 2 per cent to 5 per cent. However, the budget proposal recognises that those savings pose a higher level of operational and financial risk, and we have asked to be updated, should any of those risks materialise.

To conclude, I note that the final budget allocation for Audit Scotland is a matter for the Scottish Government, but I draw the attention of the Parliament to the conclusions that are set out in our report.

The Deputy Presiding Officer: We move to the open debate. I advise members that there is no time in hand.

16:23

Michelle Thomson (Falkirk East) (SNP): This is the open debate, so I get to be a little more free with my comments than everyone thus far. In my opinion, this is a good and clever budget, and it reorients John Swinney and Kate Forbes's Government with the right priorities, including tangible steps to ameliorate child poverty, a much more realistic spend figure for housing, the protection of Scotland's funds for the originally intended use and so on.

However, growing the economy is a key part of the budget, and that must include growing the tax base to fund vital public services. As an aside—if you will indulge me, Presiding Officer—this is not a Scottish Government responsibility, but it could have a clear impact on our economy, I want to raise my concern about reports of an aggressive takeover bid of the Edinburgh Worldwide Investment Trust by Saba Capital, a hedge fund based in New York.

Scottish investment trusts established a crucial tradition that can still be seen in the DNA of successful Scottish investment firms: a long-term approach.

Saba Capital declared its intent just before the Christmas break, and it requires an extraordinary general meeting in early February. That deliberately left little time for organisation to ensure that all sides of the debate could be heard. My concern is that many retail investors may not vote, perhaps because they do not realise that the proposed takeover represents a fundamental risk to Scottish jobs and our financial ecosystem.

I appreciate that the Scottish Government cannot and should not take a stand on legitimate commercial activity. However, it can and should take a stand to value Scotland's important professional services. Will the minister join me in encouraging all investors to register to vote now and make their voices heard to protect that vital sector?

The Deputy Presiding Officer: Ms Thomson, I encourage you to keep your remarks to the subject of the debate.

Michelle Thomson: I will move on to my other remarks—I have finished that section.

During the budget process, I always enjoy this particular debate, which I feel brings out the best of the Parliament. Ideas are shared in a calm and rational manner, away from the hurly-burly of political posturing. I am struck by the fact that all the committees that have reported have, invariably, agreed on their reports without division. That is certainly the case for the Finance and Public Administration Committee, which is heartening.

Many points have been brought out ably in the debate. Zero-based budgeting is still an area of interest to me. During our trip to Estonia, the FPA Committee heard evidence of its use in the public realm. It has its critics but—perhaps because my previous experience in the commercial world had a sharpness around budgeting—I think that it has merit.

I add my voice to the calls to publish a variety of forecast information in a form that is described as a strategic approach. In the FPAC's report, there are multiple calls for that, as either an MTFs—a medium-term financial strategy—or a fiscal sustainability delivery plan. There has been considerable uncertainty due to various events but, as the old mantra says: if you fail to plan, you plan to fail.

I have a thought about the issuance of bonds, which I am aware continues to be actively looked at. As well as a best-value test, bonds also have the benefit of embedding skin in the Scottish

game. Investing in worthy public-realm projects can also provide an emotional commitment and be a draw for bodies run by affinity Scots or our global diaspora.

My final point is about reviewing how the fiscal framework operates. I draw members' attention to the SFC's report "Fiscal Sustainability Perspectives: Climate Change", which makes clear that in no way can the framework be considered adequate for the scale of investment needed to get to net zero. Any further review must bear that in mind.

16:27

Craig Hoy (South Scotland) (Con): In an episode of "The West Wing", a priest attending the President recalls a story about a religious man whose village is flooding. The man rejects a public radio broadcast warning him to leave, turns away a boat that is sent to save him and dismisses a third attempt to save his life. He then drowns. Standing at the gates of St Peter, the man demands an audience with God. "Lord," he says, "I'm a religious man. I pray. I thought you loved me. Why did this happen?" God says, "I sent you a radio report and a guy in a rowing boat, and then we tried to save you a final time. What the hell are you doing here?"

We might ask the same of the Scottish Government, because it has found itself in this vulnerable financial position despite record financial settlements. Like the man in the story, it has been warned repeatedly: by Audit Scotland, the Scottish Fiscal Commission and, now, the Parliament's finance committee. It has been warned about transparency, sustainability and the affordability of its tax and spending plans.

The committee report sets out a number of areas that the Government must address urgently and it—correctly—criticises past inaction. The report states:

"The Committee should not be in the position of having to repeat and reiterate some recommendations before they are clearly responded to. The quality of future Government responses to our reports must improve".

I echo that call. The report criticises the lack of "medium- and longer-term financial planning".

It warns against any slippage in the medium-term financial strategy and urges the Government to identify and monitor

"the number of 'live' strategies"

and to reduce them

"wherever possible."

The Government is often accused of using smoke and mirrors, so I urge ministers to accept the committee's call to ensure that very significant

in-year transfers, most notably between health and local government, are baselined in the Scottish budget. If the Government does not do that, it leaves itself—quite rightly—open to the accusation that it is massaging the figures for political purposes.

Ministers must heed significant warnings and be alert to significant risks, which the report highlights and which include the on-going financial pressures and the potential of a £701 million negative reconciliation in the 2027-28 budget. Although the report welcomes the publication of the Government's tax strategy, I put on the record that I strongly question whether it is robust and detailed enough to address the structural concerns that we have about the Scottish National Party's high tax agenda. The report correctly identifies the need for a comprehensive assessment of behavioural responses to the SNP's decision to make Scotland the highest-taxed part of the UK.

The Government must also look at the cost of its workforce and at the cost, scale and scope of its social security policies—both of which are identified in the committee's report. I accept that Labour's national insurance increase will put pressure on the Government and on Scotland's councils, but we should not forget that firms and companies across Scotland, which will have to make internal efficiencies to be able to pay those additional costs, are in a similar position.

The report rightly identifies the need for the Scottish Government to set out an urgent plan as to how it will fund any shortfall for its employer national insurance liabilities. When he closes, it will be interesting to hear from the minister what progress, if any, the Government has made with the UK Treasury and what insight it can give local councils as they set their own budgets in that respect.

On welfare, the Scottish Government rushed to announce mitigation of the two-child limit—effectively, to gain headlines and political advantage. Ministers must now urgently and transparently explain how they will fund it.

I started with a rather vivid account of what happens when one ignores repeated warnings. I hope that the Government neither dismisses the report nor sets aside the constructive criticism from independent bodies that have engaged positively with the budget process.

16:32

Ross Greer (West Scotland) (Green): As much as I look forward to next week's stage 1 debate—which I am sure will be much more partisan and party political—given that the agreement on the budget between my party, the Liberal Democrats and the Government was

announced this week, I want to take a moment as the Greens' finance spokesperson to thank the Government for its constructive engagement throughout the budget process, particularly after Labour's decision to abstain made the engagement with us and the Lib Dems somewhat less than essential.

Such engagement is exactly what the Parliament was intended for. A journalist asked me on Tuesday why I did not simply try to bring the budget down and give the SNP what they described as a bloody nose, but that approach to politics does not feed a single child, make buses cheaper, create jobs or protect nature. Co-operation between parties, while holding on to our distinct values, is what the Parliament was intended for. It is what we have proven ourselves capable of, and it is exactly what the public want from us. I am proud of the process that led to the agreement this year.

I will focus my remarks on our Finance and Public Administration Committee recommendation on council tax reform and the Scottish Government's response to it. Last year, the cabinet secretary said to the committee that, for us to move forward on council tax reform, there was a need for "cross-party consensus." That is a reasonable point, but the committee put it back to the Government that the Government must be the one to facilitate that. If the Government does not create the space for it and open up those discussions, who will?

I was disappointed by the Government's initial response to that recommendation. There was no commitment to new action. To remind members of the need for council tax reform, I note that that tax system is based on valuations from 1991—before I was born. Most people pay the wrong rate of council tax. We would not tolerate that for our income tax system, and yet we are still here on council tax.

The UK overall—and particularly Scotland—is an outlier, in European terms, in relation to how small a share of local governments' budgets they are able to raise for themselves. The need for reform is urgent, and I welcome the cabinet secretary's commitment to embark on more cross-party engagement through the joint working group, at national and parliamentary levels, and with our local government colleagues.

This process is difficult because, as our committee's report acknowledges, there will be winners and losers. However, I feel that it is one of the clearer failures of the devolution era so far that we have failed to do that work already. We should be honest that there will be winners and losers, but we all have a pretty clear idea of who the losers would probably be and of who would end up paying a bit more—that would be people who live

in larger houses, who tend to be much wealthier and who have more social and political capital. It would be hard for us to create a process for reforming the system in a way that is even more regressive than our current one.

I was disappointed in the Government's written response to the committee, which is to the effect that it no longer intends to legislate, in the remainder of this parliamentary session, to allow for council tax increases for second and holiday homes at an equivalent level to the Welsh Government's policy. Allowing such increases would be a win-win situation. It would raise more money for local services, assist first-time buyers and help communities such as the ones that I represent on Arran and up the west side of Loch Lomond, where the housing crisis is massively exacerbated by second and holiday home ownership.

I have good news for the cabinet secretary on that, though. I believe that it would be within the scope of the current Housing (Scotland) Bill to legislate for that change to council tax. So far I have spoken to the cabinet secretary with responsibility for communities, but I would welcome engagement with the finance secretary on that. The Government's consultation has shown very strong support for such a change, and a recommendation could be implemented in the remainder of this parliamentary session.

I will close on a slightly negative note that contrasts somewhat with Michelle Thomson's remarks. Much as I have enjoyed this debate, I note that the chamber is not exactly packed or bouncing. Collectively, we need to rethink whether the current format works effectively to relay committee reports to the wider Parliament. We already have a system whereby committee conveners can use decision time to make announcements to the chamber. Using that opportunity over a couple of weeks, to allow all members to hear the results of committee budget scrutiny, would be a much more effective way of delivering the initial intention behind the format for this debate. That being said, I am grateful to members for sharing the details of all the work that they have undertaken as part of the budget process.

16:36

John Mason (Glasgow Shettleston) (Ind): I am pleased to take part in the debate as a member of the Finance and Public Administration Committee.

In every year's budget there are difficult choices to make, and probably no two members of the Parliament have exactly the same priorities. One theme of the work of the Scottish Fiscal

Commission and the committee has been the need for more medium and long-term financial planning. However, I have some sympathy for the Scottish Government on that point. If we receive very late decisions from the UK Government—as happened this year with higher-than-expected pay increases and still no certainty about the reimbursement of national insurance contribution costs for 2025-26—it is well-nigh impossible for Scotland to plan far ahead. At the same time, we could have at least a list of priorities—for example, for capital expenditure, which could be categorised as high, medium or low so that at least everyone knew which projects would go ahead if and when the funding became available, even if we did not know what the exact timescales would be.

Speaking of the longer term, I remain convinced that the fiscal framework is weighted against Scotland. It is true that we currently get more money per head than England does, but the Barnett formula is designed gradually to squeeze that difference and so reduce our spending. On top of that, we are expected to match UK economic growth, which means in effect that we have to compete with London and south-east England. No part of the UK has been able to do that. It could be argued that no part of Europe has been able to do so without having really serious economic powers, such as those on corporation tax, which Ireland has used to huge effect. More specifically, paragraph 47 of our report notes that there could be a negative reconciliation in 2027-28 that is greater than the resource borrowing limit. In my opinion, the fiscal framework needs a fundamental rethink. John Swinney did his best to get a good deal for Scotland, although, if my memory serves me correctly, both Labour and the Tories wanted us to settle for a substantially poorer deal.

In 2023, Shona Robison told us that a major review from the previous Conservative Government at Westminster was not on the table. I am glad that the Scottish Government seems to have a better relationship with the current UK Government, but it is disappointing that that Government does not seem keen on a more fundamental look at the framework. Therefore, I very much agree with the recommendation in paragraph 79 for a wider review of the fiscal framework.

Moving on to more specific areas—for example, the tax strategy—we note the Government's intention to have no new bands or increases in rates of income tax before 2026. Nevertheless, we face a relatively simple choice, both in the UK and in Scotland: do we want to keep taxes low, with the inevitable consequence of NHS waiting lists, bed blocking, local government struggling and other poor public services, or do we want to follow the example of countries such as Denmark, which

have higher taxes and, consequently, better public services?

I do not believe that growth in the economy, in itself, is the answer. I am not against growth, as we want everyone in Scotland to be doing better, but the question is how the benefits of growth will be shared out. Will those benefits all go to those who already have a lot, or will they be shared around more fairly? There continues to be a trend of very high salaries for people at the top in the public and private sectors. If those people will not restrict the level of their salaries, we need to increase taxes in order for poorer people to benefit, too.

The process of finding a replacement for council tax has dragged on for far too long, as Ross Greer said. Of course, a new tax is likely to be unpopular, as there will be losers as well as winners. I bought my current flat in 1990, at the age of 32. The council tax valuation took place the following year, in 1991. I plan to retire next year, but the valuation has not changed in all that time. Something is very far wrong. That state of affairs is increasingly unfair for poorer areas, where house values have not gone up as much since 1991 as they have in richer areas.

In paragraph 91 of its report, the committee noted the cabinet secretary's view that cross-party consensus was necessary for progress to be made on the issue. I wonder what "consensus" actually means. Does it mean all five main parties agreeing on the way forward, four of them doing so, three of them doing so, or what?

I could go on, but suffice it to say that I will support the Budget (Scotland) (No 4) Bill at stage 1. I think that the committees have done a fair bit of good work on the budget, and I commend them for that.

The Presiding Officer (Alison Johnstone): I call Liz Smith, who will be the final speaker in the open debate.

16:41

Liz Smith (Mid Scotland and Fife) (Con): I, too, thank the convener of the Finance and Public Administration Committee, and my colleagues on the committee, because I think that we have had a fairly level-headed focus on the task in hand. Budgets are always important, for obvious reasons, but the 2025-26 budget is particularly important because of the questions about fiscal sustainability for the future and all the uncertainties that that brings. Our budget consideration is set in the context of our facing some very worrying global trends, which are affecting world supply chains.

Ross Greer rightly said that, next week, we will all have our political hats on for the debate on the Budget (Scotland) (No 4) Bill, but what is important today is that we consider the scrutiny issues and the other significant issues that the committee has raised in relation to the budget.

At the end of his speech, Ross Greer said that he felt that the format for today's debate is not the right format. I concur, and I think that several colleagues around the chamber do, too. The Parliament needs to have a finance bill—that is certainly an idea that the Finance and Public Administration Committee would like to consider—as that would enable much more effective scrutiny to be conducted across the board in Parliament, on a consistent basis. If we had a finance bill, that would make it much easier for members to come to conclusions.

For me, there are three main issues. Michelle Thomson spoke about the need to widen the tax base—she is right about that. We must have the ability to raise sufficient revenue to ensure that we can do many of the things that we would like to do in Scotland, while improving productivity and economic growth.

The second most important issue is that of public sector reform. I think that the Government is trying its best to go down that road, but the committee is saying to it that, at the moment, it is more of a concept, as the Government is not able, in practical terms, to prove to us that it is actually happening. I refer the Minister for Public Finance, who I think will be summing up the debate for the Government, to the paragraph in the committee's report in which we ask for regular, six-monthly updates on the up-front costs of, and the cumulative benefits from, such reform. That is key, because, at the moment, the evidence on public sector reform is simply not there.

The most important issue that emerges from our report is the fact that there is a lack of longer-term planning for fiscal sustainability. That is the committee's greatest concern. Our concern is all the greater, given that this is not the first time that we have had to make that point to the Scottish Government. For all the time that I have been on the Finance and Public Administration Committee, we have been saying the same thing.

In that context, the convener rightly made the point that, given the expansion in health and social care budgets and social security budgets, we will have to do something about that, because, at the moment, the increases in those budgets are significantly higher than we can afford. The politics of that aside, from the committee's point of view, that is an issue of fiscal sustainability.

Obviously, budget choices are political choices, and those will be made next week, but the Finance

and Public Administration Committee is demonstrating that there are some underlying principles on which we must base our scrutiny of financial decisions within this Parliament for that to be effective. The committee is pretty unanimous on that. Indeed, having all the parties that are represented on the committee to be consistently unanimous on that point tells us something. The Government should consider the issue because, in my opinion, the committee is absolutely right to take that approach to scrutiny.

The Presiding Officer: We move to winding up speeches and I call Ivan McKee, who has six minutes.

16:45

The Minister for Public Finance (Ivan McKee): I will do my best to address as many issues as possible in those six minutes.

Clearly, this is an important debate, for which I thank the Finance and Public Administration Committee. I also thank the committee conveners, a number of whom have raised detailed issues that will be picked up separately by the Government, as appropriate.

Some broad themes have come out of the discussion. I think that all conveners who spoke mentioned the public service reform agenda and, as the cabinet secretary indicated earlier, I will focus my remarks on that.

I recognise the budget's focus on the Government's four priorities of eradicating child poverty, growing the economy, tackling the climate emergency and ensuring that there are high-quality public services. Government does all that within fixed fiscal parameters and with limited borrowing powers, and it does, of course, balance its budget. Craig Hoy would do well to recognise that point when he talks about the challenges that we face. My gentle advice to him is not to give up the day job, because I do not think that he is cut out for a career in comedy. It is also important to recognise his comment about tax behaviour, which is factored into the SFC forecast and is something that the Government considers when we bring forward our fiscal proposals.

We operate within fixed budgets, but we can, of course, ensure that we get best value and maximum impact from our spending. That point was made by Colin Beattie, and the public service reform programme very much plays into that space.

Liz Smith and others have asked for more information about how that programme is progressing. It is important to recognise that the public service reform programme is a process, not an event, and that there is a wide range of

activities within that programme. We are focusing on the efficiency levers that we can pull, including more effective procurement, more effective use of estates, the use of digital and automation, shared services and so on, and significant savings of more than £200 million have already been delivered in the past two years due to the application of those principles.

Liz Smith: Will the minister give way?

Ivan McKee: I am probably very tight for time, so please be quick.

Liz Smith: Does the minister agree with the committee's recommendation of six-monthly updates on costs and on the savings that can be made? Our key point is that we are looking for evidence.

Ivan McKee: Absolutely. I am very happy to engage further with the committee on that.

The work on efficiency continues. There will be enhanced recruitment controls within Government and across the wider public body landscape and more detailed scrutiny of public body budgets this year to understand and identify back-office costs and the potential for savings.

However, the PSR programme is wider than that. Audit Scotland has called for more leadership and direction from Government. We take that seriously and are engaging extensively with public body leaders, as we will do on 17 February when we bring all the public body leaders together for a summit that will help to inform the PSR strategy that we will publish later this spring.

The programme requires more joined-up services, removing duplication and making services more efficient and effective for service users and for the people of Scotland. A number of major programmes are already under way, including the Promise and the whole-family wellbeing activity that Karen Adam referenced; programmes in justice, which Audrey Nicoll referenced; and programmes in many other portfolios.

Structural change has been called for. Colin Smyth spoke about how public bodies work together across the landscape and whether that is the most effective and efficient way to organise. We recognise that there might be a place for structural change, but we are very conscious that a big-bang approach to that can consume a lot of time, effort and resource and might not be the most efficient way to proceed. We will continue to work constructively with public bodies to identify ways for them to co-operate more closely and be able to deliver more effectively for the people of Scotland as a consequence.

Part of the work that we are taking forward is the invest to save fund. Audrey Nicoll commented on

the effectiveness of such approaches in the justice portfolio. The details of that work will be provided shortly, but it will allow public bodies to co-operate, ideally across portfolios and with local government taking part in the programme, to spur on some of the initiatives that can shift spending to more preventative measures further upstream and allow the whole system to be more effective as a consequence.

In the structural space, we will also take forward further work on the single authority model and the democracy matters programme. We are working very closely with our colleagues in local government on those programmes, which address how organisations across the public sector can work more efficiently and effectively together. We will continue to provide regular updates on that work to Parliament and the committees as we take it forward, as Liz Smith and others called for.

I want to pick up on one or two other points very briefly. Edward Mountain referenced ScotWind. I reinforce the message that we are not using any ScotWind revenues to support this year's spending. Those funds will be used only to support long-term net zero investments.

On the issue of council tax reform—

The Presiding Officer: I must ask you to conclude, minister.

Ivan McKee: I will conclude, Presiding Officer.

We believe that this is a balanced and fair budget that will deliver on this Government's priorities across all ministerial portfolios. I am confident that the budget will deliver for Scotland and I encourage all members across the chamber to support it next week.

The Presiding Officer: I call Michael Marra to wind up the debate on behalf of the Finance and Public Administration Committee.

16:52

Michael Marra (North East Scotland) (Lab): I am pleased to close the debate on behalf of the Finance and Public Administration Committee. I thank members for their contributions and I thank all the committees and the clerking staff for the work that they have done in the budget scrutiny process.

I certainly enjoyed Mr Hoy's speech. He compared the regular utterances of our committee to the word of God.

I also concur with some of Mr Greer's points. If we are not to continue to be the resounding gongs or clanging cymbals that are often ignored, we should perhaps find a slightly different format for imparting reports to Parliament.

There was a common theme in the various conveners' reports on their committees' budget scrutiny. What came through most strongly was the desire for multiyear budgeting. It is not a new theme, but one that has been raised before. I know that the cabinet secretary is positively effusive in her view that multiyear budgeting should be forthcoming, and the FPAC shares that view. We all hope that an end to the domestic political instability of recent years will help with that, although global economic instability is still challenging.

That said, the key question is how the spending review will be treated, as a number of the conveners said. When the UK spending review is published, we will need to see a detailed approach as to how the Scottish Government is going to set that in train. Waiting until after the 2026 election to have a full response to that is, to be frank, not going to deal with the problem. At that point, we could be in the third year of the three-year spending review and there would never be a process of real synchronicity in relation to how the budgets match up. We need to make sure that there is a structured response that gives the Parliament the information that it requires, and which the committee conveners are demanding.

As our committee's convener mentioned, a big part of our scrutiny this year focused on the social security and public sector pay budgets. We know that, with the increase in spending on social security, every pound that goes into that area is money that is not being spent on the core functions of the Scottish Government, whether it be our hospitals or education. As was highlighted by the Scottish Fiscal Commission, the increase in that area is a concern not just for our committee but for everyone.

I want to say a little more about public sector pay. According to the SFC, the total public sector pay bill in Scotland for 2023-24 was around £25 billion. That represents more than half of Government resource spending. The SFC also highlighted that the public sector in Scotland accounts for 22.5 per cent of total Scottish employment, compared with 17.6 per cent in the UK overall. That is a significant difference.

It is therefore essential that there be transparency around pay assumptions and their wider impact on the Scottish budget. Despite a written agreement with the SFC, the Scottish Government failed to supply a public sector pay policy for 2023-24 and 2024-25. That left the SFC in the dark, guessing what the policy would be, with no steer from Government.

The Government finally published its pay policy on 30 May 2024, which was more than six months after the original deadline and three months after the budget had been voted on by Parliament. That

document included what turned out to be an assumption of public sector pay growth of 3 per cent. The cabinet secretary told the committee that a pay growth assumption of 3 per cent was factored into the Scottish budget for 2024-25 in December 2023 and was based on—I quote—“affordability”. The committee was extremely disappointed with that information. It was not shared with the Scottish Parliament or published more widely until the end of May 2024. The fact that it was the underlying assumption came out much later, and only under questioning from the committee. We have been told by some witnesses, including the Fraser of Allander Institute, that that lacked sufficient transparency.

The Scottish Government later announced emergency in-year spending controls for 2024-25, and blamed higher pay than it had anticipated in its budget. The committee strongly urged the Scottish Government to publish its pay policy document alongside the Scottish budget whenever possible, to allow scrutiny of how pay assumptions might impact on other areas of the budget forecast.

We also asked the Government to set out more realistic pay growth assumptions in the future. In our budget report, which was published yesterday, we welcome the Scottish Government’s return to publishing its public sector pay information alongside the budget.

I will use the last couple of minutes to talk about public sector and public service reform. The committee has a long-standing interest in that area. We undertook a stand-alone inquiry on the topic in 2023 and subsumed that scrutiny into our annual budget work. As part of our investigation, we visited Estonia to learn from its successful approach to digitalisation and e-governance. We made a series of recommendations to the Government based on that work in Estonia.

I will highlight a couple of examples that require a clearer response from the Government. For example, the committee asked the Government to consider whether Scotland should create for information technology a permanent spending commitment that can endure beyond political cycles. In Estonia, 1 per cent of gross domestic product has been earmarked as a stable state fund for IT. That has been in place since 2018 and gives some security in relation to investment and commitment in IT by the Estonian Government. The committee remains unclear about what the Scottish Government’s response is to that recommendation.

We also asked the Government to work with the private sector to encourage staff exchanges on a more informal basis before adopting a more structured approach to meaningful collaboration

with the private sector. We have not had a response on that, either.

We remain concerned about the lack of pace or drive for public sector reform from the Scottish Government. Reports from the Auditor General for Scotland—five in the past 15 months—have demonstrated that the Scottish Government is not delivering public service reform on the scale that is required, with Government intransigence being most clearly seen in the multiple crises, which are now acknowledged by the First Minister, that are engulfing Scotland’s NHS.

The committee shares the view of the Auditor General that, in order for real progress to be made, including in relation to changing models of public service delivery, the Scottish Government needs to demonstrate stronger leadership and to bring an overall vision to the public service reform programme. In the budget, the Scottish Government set out some aims for public service reform, but those aims must be matched by genuine and tangible actions to make a difference to services on the ground. More of the same will not suffice.

Along with the Auditor General, the committee will be watching carefully over the next 12 months and scrutinising the Government on the outcomes of reform programmes.

I thank all members for their contributions to the debate.

The Presiding Officer: That concludes the debate on the Scottish budget 2025-26.

Environmental Standards Scotland (Appointment of Board Members)

17:00

The Presiding Officer (Alison Johnstone):

The next item of business is consideration of motion S6M-16275, in the name of Gillian Martin, on appointment of board members to the board of Environmental Standards Scotland. I call Alasdair Allan to move the motion.

Motion moved,

That the Parliament notes the Net Zero, Energy and Transport Committee's consideration of the re-appointment of four board members to the board of Environmental Standards Scotland at its meeting on 26 November 2024; welcomes the committee's recommendation that the Parliament approves the re-appointment of Marie Fallon and Dr Paul McAleavey for a further four years, and Dr Richard Dixon and Dr Annalisa Savaresi for a further three years, in accordance with schedule 1, paragraph 2(5) and (6) of the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021, and approves the appointments as required by schedule 1, paragraph 2(2) of the Act.—[Alasdair Allan]

The Presiding Officer: The question on the motion will be put at decision time.

Decision Time

17:00

The Presiding Officer (Alison Johnstone):

There are two questions to be put as a result of today's business.

The first question is, that motion S6M-16239, in the name of Kenneth Gibson, on behalf of the Finance and Public Administration Committee, on the Scottish budget 2025-26, be agreed to.

Motion agreed to,

That the Parliament notes the pre-budget scrutiny undertaken by the Finance and Public Administration Committee, and other parliamentary committees.

The Presiding Officer: The final question is, that motion S6M-16275, in the name of Gillian Martin, on the appointment of board members to the board of Environmental Standards Scotland, be agreed to.

Motion agreed to,

That the Parliament notes the Net Zero, Energy and Transport Committee's consideration of the re-appointment of four board members to the board of Environmental Standards Scotland at its meeting on 26 November 2024; welcomes the committee's recommendation that the Parliament approves the re-appointment of Marie Fallon and Dr Paul McAleavey for a further four years, and Dr Richard Dixon and Dr Annalisa Savaresi for a further three years, in accordance with schedule 1, paragraph 2(5) and (6) of the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021, and approves the appointments as required by schedule 1, paragraph 2(2) of the Act.

The Presiding Officer: That concludes decision time.

Meeting closed at 17:00.

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