



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Finance and Public Administration Committee

Tuesday 4 March 2025

Session 6



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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
8th Meeting 2025, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)

*Craig Hoy (South Scotland) (Con)

*John Mason (Glasgow Shettleston) (Ind)

*Liz Smith (Mid Scotland and Fife) (Con)

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Claire Hughes (Scottish Government)

Scott Mackay (Scottish Government)

Ivan McKee (Minister for Public Finance)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 4 March 2025

[The Convener opened the meeting at 10:00]

Subordinate Legislation

Budget (Scotland) Act 2024 Amendment Regulations 2025 [Draft]

The Convener (Kenneth Gibson): Good morning, and welcome to the eighth meeting in 2025 of the Finance and Public Administration Committee. The first item on our agenda today is an evidence session with the Minister for Public Finance on the draft Budget (Scotland) Act 2024 Amendment Regulations 2025. Mr McKee is joined by Scottish Government officials Scott Mackay, head of finance co-ordination, and Claire Hughes, head of corporate reporting.

I welcome our witnesses to the meeting and I invite the minister to make a short opening statement.

The Minister for Public Finance (Ivan McKee): Good morning. As the committee will be aware, over the past year, persistent high inflation, the continued cost of living crisis, public sector pay deals and wider geopolitical events have created a challenging financial situation. Despite those challenges, the Scottish Government is once again on track to balance its budget. That balance has been achieved through savings and spend controls, improvements in block grant adjustments, a more favourable net tax position, incorporation of consequential received in the United Kingdom autumn budget and other sources of funding.

The improved funding position has allowed us to remove all use of ScotWind revenues in 2024-25 to target those revenues on a range of projects that will be of longer-term benefit to Scotland. Resource borrowing has also been reduced to nil, while capital borrowing has been significantly reduced.

The spring budget revision, which sets out funding changes and final amendments to the budget for 2024-25, allocates almost £1 billion of additional funding to support our public services. It contains the usual four categories of changes. Net funding changes increase the budget by £971.3 million. Those changes include the provision of £688.5 million to health to support services and fund capital projects, £84 million to local

government to fund pay deals for teaching and non-teaching staff, and additional funding for the increased Scottish welfare fund.

Alongside those allocations, £350 million of funding is being held in the finance and local government portfolio as contingency against year-end audit adjustments, movement in demand-led programmes and tax receipts, and a £60 million carry-forward to support the 2025-26 health budget. Including that funding in the Cabinet Secretary for Finance and Local Government's portfolio, rather than leaving it unallocated, ensures that the amounts are reflected in the annual accounts, while we retain the ability to carry forward any underspend in full through the Scotland reserve. The technical, Whitehall and internal transfers are presented in the document in the usual way.

The supporting document to the spring budget revision and the finance update prepared by my officials provide further background on the net changes, as well as updates on information requested by the committee. I am happy to answer any questions.

The Convener: Thank you for that opening statement, minister. We will start with the finance and local government portfolio, which, as you rightly mentioned, is to receive £465.5 million of additional funding. You touched on the £84 million that is being provided to local government, £29 million of which is for teachers' pay. However, members of the committee are wondering why that money has gone into the finance and local government portfolio, as opposed to any other portfolio.

I also want to ask about the £150 million to £200 million that is being held as contingency for year-end audit adjustments. Is the figure £150 million, is it £200 million or is it an indeterminate amount between those two sums? Everything else in the budget revision is very precise—there are figures such as £29.2 million and £17.1 million—but that sum is very vague. Why is it in the finance and local government portfolio, and why is the figure not as precise as one would expect?

Ivan McKee: It is in that portfolio because that gives us flexibility. Things will happen. I mentioned year-end audit adjustments, which are an unknown number, so we do not know where they will land. That is the whole point of having a contingency. There can still be variation in demand-led schemes. There are other issues, such as the storms perhaps triggering Bellwin payments to local authorities. There are a number of known unknowns as we go through to the end of the year.

Having that £350 million held centrally allows us the flexibility to respond to issues and allocate

funds, depending on where we see demand coming through as we get towards the end of the year. Of course, any money that is left unutilised moves forward and can be spent in next year's budget.

The answer to your question is that the money is held there because it gives us more flexibility. Of course, we do not yet know what the year-end audit adjustments will be, which is the whole point of having that contingency.

The Convener: Okay, but I am wondering why the figure is £150 million to £200 million and not £150 million, £160 million or whatever. It does not seem to be a specific figure; it is just a pretty vague sum of money—

Ivan McKee: As I said, the £350 million is a specific figure, and that is the overarching figure. Clearly, within that, we do not know what the variables will be. We do not know what the year-end audit adjustment will be, which is the whole point of having the contingency.

The Convener: Yes, but you have said:

"The balance is held to fund any changes in demand led schemes and devolved tax receipts".

It seems to me that there is almost a contingency beyond that contingency.

Ivan McKee: A number of variables can impact the budget position, including year-end audit adjustment, variation in demand-led schemes, the year-end tax position and other factors. All those could be operating within a range, which the total of £350 million will cover. Some of those might be more than we expected, and some might be less. We will not know that until we get the final numbers, but we estimate that £350 million is sufficient to cover all those variables.

The Convener: Is there a reason why the finance and local government portfolio was chosen? Could the money have been placed in any portfolio? Going forward, this is going to be a regular situation—assuming that such sums are available in future years, which, of course, they might not be.

Ivan McKee: It makes sense to hold it in the finance portfolio. As I said, we could make guesses about what might impact different portfolios and allocate accordingly, but that would not really help because, if it did not turn out that way for specific portfolios, we would be moving money back in and then moving it back out again. It makes more sense to hold the money centrally and to be able to allocate it, depending on what happens with the variations that I have outlined as they transpire and as we move towards the end of the year.

The Convener: Why has £60 million of that figure been allocated to the health and social care portfolio?

Ivan McKee: There is a specific issue with health. Health had been able to release that money from the budget this year, and we want to move it through into next year. We have identified that funding specifically, as part of the overall number. It can be moved into the next financial year to support what will, as always, be a challenging year for health budgets as we move into 2025-26.

The Convener: In the social justice portfolio, an extra £117.8 million has had to be allocated. I realise that that is demand led, but it seems that child disability payments are particularly high, at some £67.9 million, which is well over half of that figure. Is there any reason why there seems to have been an underestimate of what the portfolio was likely to need?

Ivan McKee: I will ask officials to come in on the specifics of those lines in a minute, but, in general, with the social security budget lines for all the benefits, roughly half are higher than expected and half are lower than expected, so the numbers roughly balance out. From memory, the figure that we are talking about in total is just over £100 million out of a £6 billion budget, which is a 2 per cent variation.

You have to remember that we use forecasts of what we think the uptake will be of the demand-led benefits. Clearly, there will be variation in that as we move through, and work will be done to refine the forecasts. Obviously, many of the benefits are relatively new, so working through the data and getting more accurate forecasts as we go are important parts of that process. However, as I said, the figure is within 2 per cent of the overall budget, and you would expect some of those budget lines to go up and some to go down.

The Convener: I appreciate that, but, in that particular area of social security, there is huge variation. Obviously, there are concerns that there could be significant underestimates. Adult disability payments are another area where there are concerns. What is the Scottish Government doing to ensure that its forecasting and the data that it applies are more accurate, so that we do not have a situation in which we have such readjustments either later in the year or early next year?

Ivan McKee: First of all, we will always get such adjustments at the level of specific benefits because, as I said, they are demand led and we will get variation—some will be up and some will be down. However, over the piece, those are almost balanced. As I said, many of those benefits are new, so, as we run those benefits for longer

and we get more data, there will be more clarity and more accuracy on the forecast, although we will never get that exactly right.

Scott Mackay might want to comment on that specific issue.

Scott Mackay (Scottish Government): The Scottish Fiscal Commission provides forecasts for those benefits as well. There is quite a lot of really useful analysis in the SFC's report, alongside the budget publication, which talks about trends and the refinements that the SFC has made to its forecasting over time. Those forecasts have improved, but we will continue to see small fluctuations.

The Convener: I do not think that there is any doubt about that, and I think that everyone would accept that. The issue is about minimising those fluctuations and ensuring that we do not have big fluctuations in specific areas of social security. We are not talking about a 1 or 2 per cent variation in the budget—although, given the size of the budget, that in itself would be of concern. We want to know why one specific area of social security spending is much higher than was anticipated when others are more or less on an even keel or even slightly less than was anticipated.

Scott Mackay: I am sure that there is more detail that we could provide, but I do not have that detail just now.

Ivan McKee: We will come back to you on the specifics of that particular benefit, if you want to understand more.

The Convener: I appreciate that. Thank you.

We all want to see minimal changes when we go through the autumn and spring budget revisions. Everyone wants the budget that is ultimately signed off a year later to reflect the one that was agreed to by Parliament the previous February.

I notice that £6.9 million of additional funding is going towards the Scottish Prison Service's public-private partnership. That includes increasing the purchase of up to an additional 48 prison places at HMP Addiewell to help manage the large prison population. How much does it cost to buy a prison place for a year from the private sector?

Ivan McKee: That is a good question. I do not have that number to hand. Officials might have that number—no, they are indicating that they do not. We will come back to you on that. I suppose that you could do the division there, and that might give you a clue—

The Convener: The £6.9 million is not only for the 48 places or I would be able to do that; we just know that it includes the cost of those places. I am wondering what the cost is, so that we can see

where the differentials are. Obviously, there is a high cost in the public sector in the Scottish Prison Service. If it is less expensive in the private sector, I can understand the Government looking to use that more in the future, rather than releasing prisoners. However, if it is more expensive—I suspect that it is, but I do not know, because we do not have the figures—that is something that you would not want to do unless you felt forced to do it.

Ivan McKee: Absolutely. I would expect the private sector cost to be higher, but we will come back to you with the numbers. As you said, that spending is a consequence of the broader issue around prison numbers.

The Convener: The education and skills portfolio is receiving a total of £51.9 million in additional funding, with £28.6 million going to the Scottish Qualifications Authority. What is that additional funding needed for? It seems to be an awful big jump within one financial year.

Ivan McKee: Yes. If you look back, it is an issue to do with the running costs of the SQA. I think that it would be true to say that it has happened in previous years as well. There is some work to be done to understand the cost profile and how much we are budgeting for that.

The Convener: What is that as a percentage of the SQA's overall budget?

Scott Mackay: It is significantly higher than its baseline budget.

The Convener: Indeed—I think that we can see that straight off; I am just wondering what the percentage is. I would be pleased to receive that information, if possible.

Ivan McKee: Yes, we will send you that and what it has been in previous years.

The Convener: I notice that the Sheku Bayoh inquiry is going to receive another £1.6 million. My understanding is that it has received £23.8 million up to 31 December last year. Do you have any idea what the total cost is likely to be? Are there any parameters for that?

Ivan McKee: Clearly, when we set inquiries up—there are a number of them running—the costs of those are—

The Convener: Monumental?

Ivan McKee: Well, I would not say that. At the start, they are—

The Convener: What are the lawyers getting paid?

Ivan McKee: We can endeavour to find the answer to that question if you are interested, convener—absolutely. However, the inquiries are

independent and the cost base is driven by the activities that are undertaken by each inquiry.

The issue of how inquiries are budgeted for has been raised previously, but the Government's position is that we respond to the costs that are incurred by the inquiry.

10:15

The Convener: I note that £15.9 million of additional funding is being provided to the rural affairs, land reform and islands portfolio, and that £12.4 million has been given to the rural affairs and islands portfolio to allow Marine Scotland to fund a distribution to local councils to deliver coastal community benefits in their areas. I am one of the people who have quite a significant coastline, including a number of islands, in my constituency. What is that—

Ivan McKee: I thought that that would pique your interest, convener.

The Convener: Everything piques my interest, as you probably know.

Ivan McKee: Absolutely. I will defer to my officials if they want to add any more detail, but my understanding is that the income from the coastline comes through the Crown Estate—the agreement is that it is passed on to local authorities. I think that there will be a balancing income number for that. Somewhere in there is the other transaction, which moves the money that has come into the Crown Estate Scotland on to the local authorities.

Scott Mackay: There is an arrangement to distribute to local government revenues that are generated within 12 nautical miles of the coastline. As the minister pointed out, the funding comes in from the Crown Estate and is then distributed, on the basis of a formula, to local government.

The Convener: I will not explore that further at this point, because I have a few other questions to ask and other colleagues want to come in.

The largest element of funding is deployed to health and social care. There is £620 million in resource and £67 million in capital, but the supporting document does not set out which areas of health and social care that money is going to and for what specific purposes. It is a lot of money. Further, on capital spend, the amounts for each project are unspecified.

Ivan McKee: I imagine that the vast bulk of that money will go to health boards. They will each have their own requirements because of the financial pressures that they are dealing with. It is, of course a demand-led service, which changes throughout the year. The money will be allocated

to health boards so that they can balance their budgets in-year.

The Convener: Okay. I am sure that colleagues will want to explore that further.

I will now look at funding reductions in the budget. We talked about social security and the increase the amount in the budget for child disability payments, but there is a £98.7 million decrease in adult disability payments. Some 84 per cent of the reduction in that portfolio is in adult disability payments. That is a huge percentage of that budget. Where are we on that?

Ivan McKee: Sorry—when you said 84 per cent, did you mean 84 per cent of the total reduction?

The Convener: It is 84 per cent of the total reduction in the social justice portfolio.

Ivan McKee: Right, so the important number will be what percentage that is of the total spend on that benefit. I do not have that number to hand, but we can supply that to you.

As I said, there is a demand-led forecast for all those benefits. Over time, we work to refine that forecast. As Scott Mackay indicated, the SFC does quite a bit of work on that as well, and we will see variation, depending on the accuracy of the forecast versus the demand-led nature of those benefits.

The Convener: It just seems interesting that the child disability payments budget is £67.9 million up from what was anticipated but the adult disability payment budget is £98.7 million down. Have they changed the age at which people qualify for those benefits? That is almost what it looks like.

Ivan McKee: I am not aware of that, but we have to remember that those numbers are compared against forecast numbers, so it depends on how the forecast is calculated.

The Convener: I understand. It is just that the percentages are so huge, which is why I asked. I am looking for some further information.

The net zero and energy budget is reduced by £23.3 million. Included in that is £13.9 million in capital savings

“where capital budget has been released following a review of deliverability of projects in the year.”

Is there an intention to restore that funding at any point?

Ivan McKee: First of all, the nature of capital projects is that they are multiyear, so we will allocate a budget based on that. However, it may be the case that, for operational reasons, the project does not proceed as intended and there is slippage.

The capital budget is, as you know, increasing across the piece as we move into 2025-26, and it has been allocated to portfolios. I do not have to hand all the detail of what it is being spent on, but my expectation is that, with the projects on which there has been slippage, that money will go back out as part of the allocation for 2025-26.

The Convener: I see a reduction of £71.8 million in funding for the justice and home affairs portfolio, a lot of which is slippage on HMP Inverness and HMP Glasgow. Obviously, the prisons are taking longer to build than we would have hoped, but does the Scottish Government not have shovel-ready projects that some of that capital can be put into instead of our having the continuing slippage of capital budget into successive years? We are all driving along roads full of potholes, for example.

Ivan McKee: This is about ensuring value for money, too. The physics of projects does not respect year ends; projects move forward and continue. People do not stop work at year end and then restart—the project continues right through. When it comes to matching up the finances, we need to move the money from one year to the next through the process of bringing it back in and then allocating it back out again.

The Convener: But this is a year-on-year thing. In the current year, there was about £140 million of capital slippage, and there will, no doubt, be capital slippage next year, too, given the significant increase in capital and issues with regard to the capacity to absorb it. Surely, if there were shovel-ready projects, that would aid things.

Ivan McKee: It is also very inefficient to start winding up projects at year end if you have not planned how they are going to be executed properly; you just have to step back and say that they are still running. The accountancy aspect behind that is all about ensuring that the numbers add up, so that we can bring the money back in at year end and then push it back out again in the new financial year.

The Convener: I know—I am not asking the Scottish Government to phone up a company at the beginning of March and say, “We’ve three weeks to spend this money. Is there anything that you can spend it on?” However, surely if you know what is going to happen some months ahead—as you clearly did, given that these figures were prepared weeks ago—you have an opportunity, even in the middle of the year, to see where you are with capital projects and whether reallocations can be made slightly earlier to ensure that we optimise the use of capital money.

Ivan McKee: Work is done on that, but, as I have said, these projects need to go through a process. If there is slippage on a big project, which

is where the bulk of the money goes, you will need another big project that might or might not be moving faster. All of that gets balanced at that level, and then we make the calculation based on what the capital borrowing will be and what the capital budget is for the following year to ensure that those projects continue. However, you need to look at that sort of thing in, if you like, slower time and ensure that you have a rigorous process for getting the capital projects lined up, prioritised, funded and budgeted for, and then launched. Grabbing at projects at short notice is not the optimal or most cost-efficient way of doing that.

The Convener: You will be glad to know that I have a couple more questions before I open it up to the committee, minister.

Ivan McKee: That is all right.

The Convener: The first issue that I want to touch on is Whitehall transfers, in which, unusually, there is a reduction—we have become used to getting an increase in them. I note, in particular, a reduction of £37.74 million in city deals funding from His Majesty’s Treasury. I have recently asked questions about the Ayrshire growth deal; although it was signed in 2020 to great cross-party fanfare by the Labour local authorities, the United Kingdom Conservative Government, as it was, and the Scottish National Party Government, we havenae seen much action on it. The response that has come back has been, “Oh, well, Covid caused a slowdown.”

There was a wee bit of a flurry of activity in Ayrshire yesterday, but I am concerned about the overall delivery of city deal projects. It is said that the funding from the Treasury is being reduced because of the situation with city deals. Where are we with moving the deals forward? I think that all of us around the table have city deals in our areas that need to see progress.

Ivan McKee: Absolutely. The nature of the programmes is that they are funded by the UK and Scottish Governments, so we need to work together on them. If there is slippage in those programmes, we work with the UK Government to reprofile that funding. Clearly, that funding is not coming in, because it is not going out to those projects as a result of slippage.

Scott, is there anything that you want to cover on the specifics of the question?

Scott Mackay: There is a whole load of different projects in the different schemes, and their profile will evolve over time. It is important to make it clear that the money is not lost; that city deal funding will come back in future years, according to the revised profile that we have agreed for the programme.

The Convener: When you say “revised”, do you mean delayed?

Scott Mackay: Clearly, there have been delays in a number of areas, yes.

The Convener: The issue is not just about the money coming back. Given the inflation that we have in construction and other areas, it is about the value of some of the projects. For example, a road upgrade project was signed off in my constituency in October 2021 for £22.7 million. To upgrade the same road now would cost £10 million more, and that money is not forthcoming. There is real concern about the projects being delivered on time, so it is about ensuring that that happens.

I have one more question, and then I will open up to other members. The supporting document notes:

“Ring-fenced budget cover has been provided by HM Treasury to support this change in accounting treatment however some of the IFRS16 changes will impact our discretionary funding. This is due to changes in forecasts provided against original plans for IFRS 16 leasing requirements with full additional budget cover not provided to cover these forecast changes.”

What is the likely impact on discretionary funding?

Ivan McKee: I will defer to officials for the numbers in a minute.

International financial reporting standard 16 is about how leases and rentals are treated in relation to transfers from capital to resource. A change in the policy and in the regulation of their treatment is getting phased in over a three-year period, so we were required to submit an estimation of how that would phase in over those three years. Normally in that scenario, you would get flexibility—you would be able to move those numbers in year, depending on how the transfers and the projects themselves transpired. However, we were not given that flexibility, which means that we are having to flex from discretionary spending any variation from the forecast of how those transfers from capital to resource would take place to meet the new standard.

On the scale of the impact, I will pass to Scott.

Scott Mackay: It has cost us £8.9 million in resource and £40.2 million in capital, and the Treasury would not accept the full revised position. The cabinet secretary has raised the issue with the Chief Secretary to the Treasury many times, but we have not been able to secure that funding. The original principles of the arrangement were that the Treasury would provide ring-fenced budget cover such that the change should be budget neutral for departments, but clearly that has not happened.

The Convener: Has it cost us about £13 million, then?

Scott Mackay: No, it has cost us £8.9 million of resource and £40 million of capital.

The Convener: Apologies—I thought that you said £4 million. That is nearly 49 million quid, then.

Scott Mackay: Yes.

The Convener: Right, okay. Will that be a one-off cost?

Scott Mackay: As we move into 2025-26, IFRS 16 now forms part of our capital budget, so we are moving to a standard kind of Barnett arrangement. Discussions are still taking place about exactly how that transition has worked and about the level of budget cover that should be baselined into our budget as we move into 2025-26 and beyond.

The Convener: That is not confirmed as yet, then.

Scott Mackay: Well, we have a figure for 2025-26. Obviously, the second part of the UK spending review is coming up and we are still in discussions about how that flows forward. However, we will be moving to a Barnett arrangement—just a standard capital budget based on Barnett—which is not ring fenced in the same way that it has been across the transition period.

The Convener: Okay, thank you for that cheery news. I now open up the session to colleagues around the table.

Liz Smith (Mid Scotland and Fife) (Con): I come back to the question about Whitehall transfers and that specific detail on the city deal. You have made it clear—indeed, you confirmed it for the convener—that a £43.74 million reduction will be reprofiled into future years with no loss of funding. What commitment have you had from the UK Government on the timescale for that reprofiling?

Ivan McKee: I will ask officials to talk to the detail on that. The city deal numbers are agreed up front between the Governments. Each Government puts in so much for the length of the programme, so we will reach that total, notwithstanding the inflation challenges around that. Scott—have we had anything about the commitment on the specifics?

Scott Mackay: I do not have the details of exactly when that amount is coming back in, over years. There is a joint board that discusses and agrees revised profiles—it includes representatives from the Treasury and the Scottish Government—so the change has been discussed and approved at that board.

10:30

Liz Smith: The “Scottish Government Guide to the Autumn Budget Revision” makes it clear that there is no change in the overall funding situation—that is fine. However, somebody in Perth or Dunfermline might want to know when the reprofiling will happen. Are you able to give us any guidance on that?

Scott Mackay: That is factored in. For each individual city deal, there has been a discussion about how the profiling has changed. That has resulted in a figure for the requirement for this year, which is then mapped out over the remaining length of the programme.

Liz Smith: I am not questioning the figures at all. With regard to the actual reprofiling, however, it would be helpful if we could get some detail, because there is inevitably a suspicion that some of that money is being lost. It is clear in the Scottish Government’s guide that it is not being lost, but if it is coming back in to be reprofiled, it would be helpful to get some idea of the timescale. I appreciate that you have to speak to UK colleagues in order to do that, but would it be possible? It would be helpful to know the timescale.

Scott Mackay: I think that revised profilings are available, so I am sure that we can provide those.

Liz Smith: Right. I do not think that I have seen that information, and nor have some of my colleagues. If you could provide it, that would be very helpful.

Am I right in thinking that the separate £6 million that the guide highlights relates to very specific projects within some of the deals? Is that correct? I am looking at paragraph 59 of the Scottish Government’s guide, which says that there are

“Separately £6 million of project specific City Deal transfers”.

I presume that, if we take away the £6 million from the £43.7 million, we get the £37.7 million. Is that correct?

Scott Mackay: Yes.

Liz Smith: Okay. Thank you for that.

Ivan McKee: On that reprofiling, those numbers are not top-down imposed numbers—that is a bottom-up calculation.

Scott Mackay: It is what projects are saying they will be delayed by, which is added up to get that number.

Liz Smith: Yes, I understand that. I have no problem with the accounting, as I said—that is not the issue. The issue is that many people in various regions have concerns about their own specific projects and would like to know what the numbers

are—not least for planning purposes, especially if there is infrastructure involved, for which it takes a long time to procure some resources. It would be helpful if we could get some more information on that reprofiling.

Ivan McKee: Okay.

Liz Smith: Thank you.

The Convener: I call John Mason, to be followed by Ross Greer.

John Mason (Glasgow Shettleston) (Ind): I have just a few points. Back in the autumn, after the UK budget, we got £1.43 billion of Barnett consequential, which was more than some of us were expecting. At the time, the Government said that that was

“in line with our internal planning assumption”.

Is that still the case?

Ivan McKee: Indeed it is.

John Mason: Okay.

The Scottish Government’s guide says that, in the capital budget, there is an extra £67 million going to projects including

“Baird Family Hospital, Parkhead Health and Social Care Centre and the ANCHOR Cancer Centre”.

The Parkhead health and social care centre is in my constituency. Can you give us a breakdown with those three figures?

Ivan McKee: No, but we can get back to you on that—unless others have the information to hand.

Scott Mackay: We do not have that information to hand.

John Mason: Okay. That would suggest that those projects have all gone over the expected budget, because the Government is having to give them extra money. Is that the case?

Ivan McKee: We will come back with the details, project by project, of what was originally allocated and what is now allocated.

John Mason: Okay. The Parkhead centre looks very good and it is beginning to open, but I am interested to know what it actually cost.

Ivan McKee: We shall supply those detailed numbers.

John Mason: Great.

I want to build on what the convener said about the £350 million or so contingency. If that is not required, and if there is underspending elsewhere, is there any danger that we get close to the Scotland reserve figure, which I think is £712 million.

Ivan McKee: Again, officials will give you more details on that. We have done that partly to ensure that we do not reach the annual limits and that we are within the envelope for the total resource and capital borrowing requirements and do not run the risk of losing funding as a consequence.

Scott Mackay: We do not expect to breach the limit.

John Mason: That is good.

Claire Hughes (Scottish Government): I was going to say the same thing. It is a balancing act—we have to come in within 1.5 per cent of our total budget. We cannot overspend, so we must ensure that we have enough money so that we do not overspend, but we need enough room in the reserve so that we do not breach our reserve limit. That is carefully managed throughout the year end.

John Mason: It has always been a balancing act, but, given what was said earlier about social security in particular, which is demand-led, as, to some extent, is the health service, it strikes me that it is becoming increasingly hard to predict. There is more volatility in the budget. I am concerned—I do not know whether the Government is concerned—that it is becoming increasingly difficult to stay within the limit, which I understand is increasing only by inflation.

Ivan McKee: Yes. I think that there have been some changes with regard to how that limit is treated.

Scott Mackay: The reserve limit now increases in line with inflation, but it is still shrinking as a percentage of our overall budget, and we are juggling a lot of volatility. It is fair to say that there are a lot of risks, which is why we have the £350 million reserve—we have to manage the potential for negative movements in forecasts. We need to be careful that we are not going to breach that budget, but, at the same time, we have that narrow limit.

John Mason: To an extent, ScotWind gives you a bit more flexibility, because we can move additional money in and out of that. Now is probably not the time to discuss it, but I still think that we need to discuss with the UK Government the figure of £712 million that can be deposited in the reserve.

Ivan McKee: I do not disagree with you on that. Clearly, we would like to have wider scope with regard to borrowing limits. As officials have said, we manage that quite tightly, which is part of the reason why we have that scope with the £350 million.

Ross Greer (West Scotland) (Green): I will start with questions on specifics. You might have

to add the answers to the list of details to come back to the committee with, if that is okay.

First, on support for bus services, I note that there is a £5 million reduction in that budget line, but I could not find a narrative explanation for that. I was a bit surprised, given that bus services in Scotland continue to decline and we lose routes regularly. Was that money reallocated on the basis of there being a lack of demand for that support, or was it reallocated because there was a need to cover costs elsewhere in the transport portfolio? I am thinking about the increase in concessionary travel costs, for example.

Ivan McKee: Officials can supply more detail. Those costs are obviously demand led—they depend on how many journeys are made. The relevant operator receives the funding back for those journeys. Officials will tell me if I am wrong, but my understanding is that the reduction was a consequence of uptake being not as much as expected—

Ross Greer: I am sorry to interrupt, but my understanding is that the support for bus services budget line is to support operators to run routes, which is distinct from covering the costs of concessionary travel. The support for services budget line has gone down by £5 million while services are being lost, so I wonder whether that is because operators did not want that support—because they wanted to end services—or because the money needed to be moved into, for example, the concessionary travel budget line.

Ivan McKee: I think that we will need to come back to you on that very specific point.

Oh—we might have an answer.

Claire Hughes: The reduction was the result of the release of available budget due to programmes not proceeding. Again, it is a profiling issue in that we have funded certain operators and given them grants but there has been a delay in programmes getting off the ground.

Ivan McKee: I suppose that the operator would need to have the capacity as well as the funding. If you need any more specific information, we will try to get the details.

Ross Greer: That would be great.

My second question is somewhat related to that, because it is on the costs of concessionary travel. To some extent, we are in the early stages of the under-22 concessionary travel scheme. It has been in operation for only a couple of years and we are still learning about the demand. It has been pretty consistent, year on year, that we have needed an in-year allocation to that budget line to cover the costs of the scheme, because demand has been higher than expected. Given that that has been the case for a couple of years in a row,

as far as I recall, what work is being done to re-evaluate the methodology for projecting demand for concessionary travel? It seems that we have been pretty consistently underestimating it.

Scott Mackay: The team are trying to refine things—we depend on the modelling that we get from them. I think that they set the initial budget at last year's outturn figure, but obviously demand has exceeded what was forecast at that point.

Ross Greer: I understand that this is not part of any of your portfolios, but, given that just under £30 million, I think, has had to go into concessionary travel again, and given that that has been pretty consistent year on year, it might be worth interrogating Transport Scotland's methodology. If it is a consistent in-year allocation, it might just be a case of adjusting the methodology and allocating the money better at the start of the year.

Going back to the SQA increase that the convener mentioned, I note, minister, that you indicated that the Government is looking into that. Again, this is a recurring story. Can you share with us what you mean by "looking into that"? Is a specific exercise under way?

Ivan McKee: I think that what I said was that we would come back with the historical numbers—that is, what has been in the budget and what has been allocated in-year. Obviously, there is broader work taking place on public service reform and ensuring that all public bodies operate more efficiently. Clearly, the SQA will be no exception to that.

Ross Greer: Finally, on the savings exercise that the cabinet secretary announced in September, a couple of programmes that it was announced at that point would be cut, paused, suspended and so on have been agreed in the coming year's budget. I am thinking of, for example, the rolling out of free bus travel for asylum seekers and more free ferry travel for young islanders.

Is there a point towards the end of the financial year when the Government will be relatively confident about its position and can put in some of the up-front money—that is, the start-up money—for those kinds of small schemes? At this point, it does not look like balancing the books is going to be a huge challenge. The initial operating costs—or the set-up costs—for asylum seeker bus travel are, as far as I recall, in the region of half a million pounds. If that is available in this financial year, does it not make sense, by the time you get to January, February or March, to just allocate that money and get the ball rolling so that the scheme can be up and running as soon as possible?

Ivan McKee: It does, to some extent. I hear what you are saying, but the issue is that we

would be trying to deal with the same thing across many programmes and portfolios. If everybody queued up and said, "Just give me a wee bit extra this year", because of this or that, it would defeat the purpose of our having controls in place and trying to manage things. It would just create more variability with regard to the numbers that we have talked about and our being able to land the 2024-25 spend within the budget and borrowing restrictions.

Ross Greer: I appreciate the need for spending controls, but there must be a point at which you and the cabinet secretary are confident enough about the Government balancing the books that you can look at what has been paused, reduced and so on throughout the year, take a cross-Government approach and ask, "What are our strategic priorities? Where will we get best value if we put the money back in now, instead of waiting until the next financial year?"

Ivan McKee: Yes—but it is quite late in the day before we can be certain about the known unknowns. We have already had a conversation about the £350 million, and we have talked about social security and a range of other factors on which there might be quite significant movement as a result of demand and other variables on which we would not expect to have final data yet.

By the point at which we would be able to do that, we would probably just be throwing money at something that was not ready, which would be inefficient allocation of resources. If someone has a plan that starts at the start of the new financial year, the most efficient and stable approach is to start it at the start of the next financial year instead of trying to bring things forward a few weeks and having a scramble at the end of this financial year.

Ross Greer: I appreciate that. Most of my examples were of things that had been pushed back to the start of the financial year and that probably could have been brought forward to some midpoint in the year, but I take the point.

That's me, convener.

The Convener: No bother. I call Michael Marra, to be followed by Craig Hoy.

Michael Marra (North East Scotland) (Lab): I want to stick with the contingency, for the moment. Is that something that you, as Minister for Public Finance, felt had to be created? Have you, as a result of looking over the conduct of previous budgets, decided to create that space in the budget? You have given us some of the rationale behind it, but is it an approach that you have had to push through? Is it a new characteristic of the Government's handling of budgets?

Ivan McKee: The approach is what we, as a team of ministers and officials, have arrived at in

working to understand how we can best configure the finances to deal with the challenges that we have identified. The contingency seems to be the most effective, efficient and controlled way of doing that, because it gives us the flexibility to approach those challenges at the year end.

10:45

Michael Marra: Can we expect that to happen again next year?

Ivan McKee: Let us see how it works this year. There are clearly a number of factors, including the extent to which the budget is challenging, the extent to which the forecast on demand-led programmes looks accurate, and the extent to which the borrowing profile plays through. In principle, the approach seems to make sense at this stage, but as we work through the year, we will learn more about the details of its operation.

Michael Marra: So, it makes sense in principle, but how do you see it operating? Would you meet the costs of up-front demand throughout the year then try to replenish the fund through adjustments throughout the year, so that, by the end of the following financial year, you would have had your £350 million? Is that the mechanism that you anticipate?

Ivan McKee: What we are talking about now is the end of this financial year. There are, as we move into the next financial year, many moving parts to consider, such as consequentials, other potential challenges that depend on the UK Government's spending profile, demand-led resource and capital slippage, and a range of other things that we have talked about. Based on what transpires over the year and depending on what we learn from this financial year, it might make sense to repeat the process as we move into the next financial year, in order to give us that flexibility. That relates to the point that John Mason made about how we make sure that we stay within the fairly tight limits in respect of borrowing requirements.

Michael Marra: So, did you set out, at the start of this year, planning to create a £350 million contingency fund?

Ivan McKee: We would have had to be able to cover year-end audit adjustments. The demand-led programmes are what they are, and we need to cover them. The tax changes are what they are. None of the underlying numbers change, and we would have had to deal with them one way or another. All that we are doing is creating a mechanism that we believe gives us more flexibility to address costs.

Michael Marra: I understand that, but—

Ivan McKee: I am sorry—I will let Scott Mackay answer.

Scott Mackay: I just want to say that the year-end contingency is not new. As the minister said, budgets are being managed more tightly this year. We have tried to reflect the budget allocations for individual programme budgets as accurately as possible, rather than have more capacity in individual budget lines. We have held that contingency fund centrally; it might have been more distributed across programmes. We always try to manage the budget with some contingency becoming available at the end of the process, because we know that there will be some audit adjustments and that we will need to cover a certain level of negative adjustments because we cannot overspend the budget. Holding the contingency fund centrally within the finance portfolio is a slight change, but we always plan for contingency money.

Michael Marra: I suppose that its being centralised gives the figure more visibility.

Minister, you came to the committee previously and said that the allocation of £1.43 billion was broadly in line with forecast assumptions. So, the Government was planning on the basis of £1.43 billion broadly but then found itself at the end of the process with a £350 million contingency. How do we marry up those two statements?

Ivan McKee: Those are two different things. As Scott Mackay said, contingencies existed previously and would have been there this year anyway. If we had not centralised it, the contingency would have been spread out across a number of programmes and portfolios. We would then have had to balance how each of those played out and then brought the money back in and reallocated it as necessary. It is a mechanism for treating centrally money that is there anyway, in order to make how we manage the process more efficient and to hedge against issues around the rules on ensuring that we do not breach the resource borrowing constrictions.

The UK Government consequentials were, as we have said, at the top end of our expectations, but it is important to recognise that there are many variables. There are big numbers on the tax side, and there are big numbers—hundreds of millions of pounds—on the social security side across a range of programmes. We have talked about capital slippage in programmes, and we might come on to talk about the ScotWind number. We have talked about the in-year borrowing requirements and the total number. All those have potential variations of hundreds of millions of pounds. Getting all of that to add up is the challenge.

Michael Marra: On where the money has gone, the Fraser of Allander Institute said on 31 January:

“it does not seem credible that it was in line with ‘internal planning assumptions’, in the context of emergency budget measures prior to the UK Budget”.

The approach that we have ended up with is chaotic, is it not? The budget was set at the start of the year, but there were massive emergency in-year cuts and reallocations within those cuts. You then come to committee and tell us, “We assumed that all that money was coming anyway,” and we find ourselves at the end of the year with a contingency surplus that is going to be held back. On a policy level, that is all over the place—it is up and down and there is no real planning. The approach has just involved waiting for what comes along, has it not?

Ivan McKee: It is a function of the environment in which we operate. If we were a normal, independent country and we had borrowing powers that we could exercise, we would be able to smooth that out, but, because we have very tight borrowing restrictions and we have to deal with—“the emergency stage” is probably too strong a phrase—the consequences of spending decisions that are taken at Whitehall, we need to balance the variables and try to predict what is going to happen down the road. The alternative would be that we had not received consequentials to anything like that extent, in which case we would be sitting here having a very different conversation. You would rightly be criticising us for not having taken steps to ensure that the budget came in on balance—which, again, is a requirement of a devolved Administration.

Michael Marra: To be fair, minister, that is not the point that I am making and it is not what I am criticising. I am criticising your coming to committee and telling us that that was broadly in line with your forecast assumptions when, in actual fact, you had made very significant in-year cuts to the budget. You then told us that you had assumed that that amount of money was going to come along. We are asking how coherent any of that is as policy making, because it does not feel coherent at all.

Ivan McKee: As I say, it is a function of the environment that we operate in. The alternative would be that we had come to committee in the autumn, earlier in the financial year, before those numbers were published, and said, “We expect to get £1.43 billion from the UK Government and we’re going to operate based on the consequences of that. We won’t make any changes in the budget—we won’t cut anything or impose any controls—as we assume that all that money will come flowing down the track.” If that had not happened, it would have been too late in the financial year to take steps on it.

As I say, the reason why these things move is not because there is a lack of policy coherence but because we need to operate in an environment in which there are many substantial unknowns. You asked what the central planning assumption was. We expected to get a number, but there is a huge variation around that. It always operates within a range. We said that the £1.4 billion was at the top end of what we expected that range to be and the range that we planned within. However, there is a huge variation and it could have been a much smaller number. If it had been, we would have had to put measures in place to react to that. If we were in a position where we did not have the borrowing constraints that we have because we are a devolved Administration, we would have been able to take a more stable view throughout the year and deal with the matter in a very different way.

Michael Marra: When Gillian Martin, who is the Acting Cabinet Secretary for Net Zero and Energy and your colleague in Cabinet, attended the Net Zero, Energy and Transport Committee on 14 January, she said that you had collectively prepared yourselves for a budget settlement that might have meant the use of ScotWind money. On the one hand, we are being told that the planning assumption was in line with and at the top end of the range that you mention, but, on the other hand, we are being told that you expected to get almost none of that money and to have to draw down the ScotWind money, so it is a huge range, is it not?

Ivan McKee: Yes—it is a huge range because there is a huge range of unknowns. Frankly, I do not know what planning you have taken part in, but we would always plan for contingencies. Those contingencies, depending on the extent of the consequentials that came through, may have involved the use of ScotWind money, the use of reserves and further restrictions on budgets, or they may not have. That is dependent not only on the UK Government consequentials, but on a range of other factors that we have talked about this morning, many of which run into the many hundreds of millions of pounds.

Michael Marra: Gillian Martin pointed out in that committee appearance that you had prepared for that on the basis that you lowballed the pay offer when setting the budget at the start of the year, and you did so in the full knowledge that the money was going to be insufficient.

Ivan McKee: On the dynamics of pay negotiations, I am sure that you are very well aware of how those operate and that understanding how they are going to play out involves setting expectations. It is an environment in which information that is in the public domain can impact where the negotiations land. It is

important that that is taken into account when we are going through that process.

The point that is coming through from your questions is that there are a huge number of variables and it all comes back to the fact that the Scottish Government has to balance its budget at the year end. We have to manage all the variables in a way that allows us to do that.

Michael Marra: My questions also start from the premise that you claimed to have set a balanced budget at the start of last year but you did not.

ScotWind has played the role of a contingency fund for the Government over the past couple of years, according to Gillian Martin and others. We are now told that the money is going to be spent in year. When can we expect those allocations to be made to projects? Over the past year, there has been an underspend against the net zero budget of about £40 million. When will we see the pipeline of projects in the north-east and across the country that will see that money delivering against net zero targets and projects?

Ivan McKee: We did not spend any ScotWind funds this year because we did not need to. We managed to balance the budget without doing that. That is positive, because it means that we will be able to use next year's money for what it is intended to be used for: supporting capital and other investments that allow us to transition to a net zero economy.

A number of areas have already been identified, and the biggest part of that funding is going into offshore wind projects. Scott, do we have any specifics on when the projects will be delivered?

Scott Mackay: Broad areas were identified in the budget, but I do not have the detail on that.

Michael Marra: Pace is an issue. We have now known for years that the money is there to be allocated. However, instead of it being spent on net zero projects, realising the employment across the country that is required and getting the supply chain in line, it has been used as a bank account to balance the Scottish Government's budget. It has been held as a reserve instead of being allocated.

We are now being told that it is going to be allocated, but we have not had any real sight, other than broad headings, of when it will happen. Can we have confidence that it will actually be spent this year? If we do not know what the projects are now, what is the chance that the money will flow through into them this year?

Ivan McKee: We will come back to you on the specifics of that issue. It is being dealt with in the net zero portfolio and I do not have the details of those specific projects. We know the funds that will be used, but I will come back to you with

information on specific projects from the net zero portfolio.

However, to put the counterfactual to you, if we had not used that money to balance budgets, or if that had not been the intent previously, and we had instead cut health or local government spend, I am sure that you would have been one of the first to complain that we were not using available funds but were cutting essential public services as a consequence.

Craig Hoy (South Scotland) (Con): Good morning. My questions will continue Mr Marra's line of questioning. The committee has expressed concerns about the Scottish budget's long-term sustainability, but is the truth not that, this year, all the cards fell in your favour? You got £2 billion more than you would otherwise have got, and therefore you got lucky this year. It was not that your modelling was correct; it was more about the nature of the transfers that you got through the Barnett consequential.

Ivan McKee: I cannot remember which famous golfer it was who said, "The more I practise, the luckier I get." We have been lucky in each of the past 17 years, and I am pretty sure that we will be lucky next year as well.

Craig Hoy: You are patting yourself on the back and saying that you have managed to balance the budget yet again, but what conversation would you have been having with us today if you did not have the £2 billion that your crystal ball correctly said was going to come? You criticised your political opponents. The Scottish Conservatives suggested tax cuts, which you said would lead to public expenditure cuts, but that is not necessarily axiomatic. What conversation would you be having with us today if you had not got that £2 billion?

Ivan McKee: If we had not received consequential to that extent, we would be using more of the reserve. We would potentially be using ScotWind money. There are a lot of moving parts and many of them are demand led, so we would not know the exact the scope of that, but we would have had to review the use of those other sources of funds.

11:00

Craig Hoy: To follow up on Mr Marra's point, the ScotWind moneys have been a hokey-cokey reserve, with moneys going in and out of the account. Do you now have a clear policy on them that says that they should not be used to make up for what are, in effect, forecasting errors on the part of the Scottish Government?

Ivan McKee: They are not forecasting errors. I go back to the point that your colleagues are the first to stand up in the chamber and demand more

money for local government. I have lost count of the number of times that that has happened in the past two or three weeks in various debates on the budget or in other portfolios. It is important that those services are funded. However, the intent in the plan is that, as we move into next year, we will be in a position to use the ScotWind money, rightly, to invest in capital projects that help the economy move to net zero. That is the focus.

Craig Hoy: I go back to the social justice portfolio and, in particular, the two benefits that the convener identified: adult disability payment, the figure for which is £100 million lower than you anticipated, and child disability payment, the figure for which is £70 million more than you anticipated. I think that you said that you would follow up on that point when you write to the committee.

Is the relationship between those benefits affected by the ways in which they are promoted? In 2023, there was a big push in relation to them in billboard, radio and television advertising. Is there a causal link between the promotional work that you do and the take-up of those benefits?

Will you also look into the breakdown of child disability payment between payments in relation to neurodiversity and payments in relation to other disabilities? It may well be that the change is an effect of the child and adolescent mental health services waiting list going down, as there are more diagnoses in one column as a result of people being put forward. I am interested in knowing whether the change is a result of catching up on delays in waiting lists or whether it is a structural trend in the Scottish budget, particularly in relation to child disability payment. It would be helpful if you would undertake to look into that.

In relation to the social security programme, there have been £11.3 million of savings, which you identify as being

“driven by staff cost savings.”

It is not clear whether that has happened through reductions in posts or some other mechanism. Have you managed to ascertain what drove that?

Ivan McKee: On your point about disability payments, as we have indicated, there is quite a lot of modelling and forecasting work behind that. However, your points about understanding the factors that drive take-up and demand are well made—are they a function of work being done in other services or a function of campaigns on take-up? We will come back with more specific details to explain what sits behind that.

On staffing levels, I visited Social Security Scotland in Glasgow last week or the week before to go through where it is in relation to its head count projections, its underlying productivity numbers and its work on automation, systems and

process improvement. The short answer to your question is that the saving will be a consequence of Social Security Scotland becoming more efficient at what it does. It is on a journey. As more benefits land, they give it more challenges but also, over time, more opportunities to streamline those processes. Managing that budget reduction will partly be a consequence of that work.

Craig Hoy: In the past, we have talked about your efforts to make Government more efficient, to reduce the contingent workforce head count and cost and to reduce the expenditure on the workforce more generally. Shona Robison helpfully responded to my written question about the contingent workforce, and her answer shows that, on 31 March 2022, the contingent workforce across all directorates was 989 and on 30 September 2024 it was 668, which represents a reduction of 321. Over precisely the same period, the number of senior-grade civil servants increased by 500, which is significantly more than the reduction in the contingent workforce.

Are you in a position to provide figures on the net saving from reducing those contingent workers versus the senior civil servants that have replaced them? Do you have an idea, as you progress through this year, of where those figures will be at the end of the financial year, for both the contingent workforce and the senior civil service workforce?

Ivan McKee: I am happy to provide information on that. As you know, I am keen that we continue to focus on the contingent workforce as well as the total number of civil servants and the number of those on higher grades.

Craig Hoy: Do you share my concern about the way that these things sometimes work? Although you may be focused on reducing the contingent workforce, at the same time, there has been a pay and grade escalation in the full-time equivalent civil service, particularly among the cohort of senior civil servants. The number of senior civil servants seems to be growing inexorably and to a greater degree than the contingent workforce.

Ivan McKee: I am focused on both of those things. I have fortnightly calls in which I go through many charts, graphs and numbers and look at the matter in fine detail. In the current period, the controls are quite different.

Craig Hoy: Do you think that, in year, we will see some metrics? In the past, we have asked about the savings and whether you could plot them against budget increases. Are you confident that both will be heading south?

Ivan McKee: There are time lags in the data because it takes a few months for things such as job offers or decisions to wash through. The process is much tighter than it has been, but, to

my mind, we need to take more steps to make it even tighter.

Craig Hoy: We discussed the money that is being held back in the local government portfolio and that is being rolled forward in the health portfolio. Through your conversations with local government and health boards, you will be aware that, this year, there is a real in-year problem in relation to integration joint boards, with some not making the cost savings that they anticipated, others potentially having to look at reserves and others scratching their heads in disbelief as to how they will roll the money forward into next year. Is there anything that you can do in year to look at the specific health boards, such as those in Aberdeenshire and Edinburgh, that seem to be grappling with a real issue in relation to their IJB liabilities?

Ivan McKee: On the in-year increases, one of the first questions was about where the £60 million for health will go, and the answer was that it will go to health boards to deal with precisely those pressures. I do not think that much else will happen this year, as the last few weeks—three or whatever it is—are all about managing a successful budget balancing exercise. Clearly, budgets for next year will be allocated to health boards to support them in that important work, because we are very conscious of the wide variation in IJBs' performance on delayed discharge. Ensuring that funding is flowing through to support continued reductions in delayed discharge is a priority.

Michelle Thomson (Falkirk East) (SNP): It was Gary Player who said, "The harder I practise, the luckier I get."

Ivan McKee: There we go.

Michelle Thomson: The convener spoke about the extra £1.6 million for the Sheku Bayoh inquiry. I appreciate that you may not be across the annualised and total cost of public inquiries, but have you factored the need to get across them into your public sector reform work?

Ivan McKee: As I said, a number of inquiries are running, including others that we have not mentioned. I looked at the annual and total costs with officials this morning. We can provide the committee with information on their total cost to date, the annual costs, their projected costs and the budget for them going forward.

As has been indicated, the inquiries are given independence to operate, and we are less focused on them than on other areas in which we may be able to drive more immediate results. To be honest, there is probably a broader issue around proceeding with inquiries in a way that recognises their budgetary implications, which clearly arise at

the point at which the Parliament makes a decision on them.

Michelle Thomson: Funnily enough, you might have just pre-empted one of my questions. Obviously, none of us has the current figures, but it was suggested last September that the total cost of inquiries thus far was of the order of £200 million. Obviously, that was before the Eljamel inquiry had been agreed, but the child abuse inquiry came to £85 million; the Scottish hospitals inquiry, £19.2 million; the Covid inquiry, £26.1 million; and the Sheku Bayoh inquiry, £20.1 million.

Looking at this from the perspective of the efficiency of public spend, might you be concerned by calls for an increase in scope, such as that from the lawyer involved in the recent Sheku Bayoh inquiry, who might also be a significant beneficiary of the costs associated with any such increased scope? I ask the question because I wonder, within the scope of looking at how efficient these inquiries are, how those costs are being controlled.

Ivan McKee: Those are all good questions. If we were able to deliver a result for less money, I would be supportive of that. As I said, though, there is an independence involved in the operation of inquiries, and we need to be cognisant of that. The committee might wish to look further at the issue, but we are happy to provide whatever information we have on their operation.

I have seen the same thing with regard to estates. We are working hard to ensure that public bodies share estates, but inquiries are in a slightly different place because of the requirements with regard to the specific estates that they want to occupy.

Michelle Thomson: I fully accept the necessity of inquiries being independent, but there is a tension between that, their cost and the value that they bring, and it is of principal interest.

Looking at your numbers, my understanding of the article from last September is that some contributory bodies, such as councils and Police Scotland, were unable to articulate their staff costs for supporting inquiries. That might be of interest, too, if we are going to look a little further at the issue. Can you dig out what you have on that? Particularly with the Eljamel inquiry starting and the fact that others are still running, it might be useful to start collecting those costs as we move forward with this.

Ivan McKee: That is an interesting point. It will be harder to identify soft costs such as staff time and so on, but I absolutely think that it will be worth doing. Moreover, quite a lot of time and resource will be spent—perhaps rightly so—on preparing for inquiries. In the interest of

transparency, we should seek to look at those numbers.

Michelle Thomson: When it comes to breaking all of this down, I am not clear how costs are collected, structurally speaking. For example, what are the set-up costs? Obviously, there will be accommodation costs, and I imagine that the convener's or chair's costs will be significant, too, but a significant amount will also be needed to support legal costs. It would be useful to get a sense of the quantum of that money.

Ivan McKee: Are you referring to what they spend the money on?

Michelle Thomson: Yes.

Ivan McKee: Okay. I will see what we have and send it on to you.

Michelle Thomson: Thank you.

The Convener: Thank you very much, minister, for answering our questions.

Agenda item 2 is formal consideration of the motion on the draft regulations. I invite the minister to speak to and move motion S6M-16306.

Ivan McKee: I move,

That the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2024 Amendment Regulations 2025 [draft] be approved.

The Convener: I was going to read the motion out and you were just going to say, "Moved."

Ivan McKee: Oh, sorry. It is in my notes.

The Convener: I am quite happy for you to do it, though.

Ivan McKee: I have taken your job from you, convener.

Motion agreed to.

The Convener: I thank the minister and his officials for their evidence and colleagues for their questions. We will publish a short report for the Parliament setting out our decision on the regulations in due course—that is my favourite phrase.

As that was the last item on our agenda, I close the meeting.

Meeting closed at 11:14.

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