

Conveners Group
Meeting with the First Minister
Wednesday 1 October 2025

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CONVENERS GROUP

7th Meeting 2025, Session 6

CONVENER

*Liam McArthur (Deputy Presiding Officer)

GROUP MEMBERS

*Karen Adam (Convener, Equalities, Human Rights and Civil Justice Committee)
*Clare Adamson (Convener, Constitution, Europe, External Affairs and Culture Committee)
*Ariane Burgess (Convener, Local Government, Housing and Planning Committee)
Jackson Carlaw (Convener, Citizen Participation and Public Petitions Committee)
Finlay Carson (Convener, Rural Affairs and Islands Committee)
*Kenneth Gibson (Convener, Finance and Public Administration Committee)
Clare Haughey (Convener, Health, Social Care and Sport Committee)
*Daniel Johnson (Convener, Economy and Fair Work Committee)
Richard Leonard (Convener, Public Audit Committee)
*Stuart McMillan (Convener, Delegated Powers and Law Reform Committee)
*Edward Mountain (Convener, Net Zero, Energy and Transport Committee)
Audrey Nicoll (Convener, Criminal Justice Committee)
Douglas Ross (Convener, Education, Children and Young People Committee)
Collette Stevenson (Convener, Social Justice and Social Security Committee)
Martin Whitfield (Convener, Standards, Procedures and Public Appointments Committee)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Swinney (First Minister)

CLERK TO THE GROUP

Sigrid Robinson

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Conveners Group

Wednesday 1 October 2025

[The Deputy Presiding Officer opened the meeting at 12:01]

Meeting with the First Minister

The Deputy Presiding Officer (Liam McArthur): Good afternoon, and welcome to this meeting of the Conveners Group. We have apologies from Clare Haughey. The meeting will be held in public. Members do not need to operate their own microphones.

We have only one item on the agenda, which is a meeting with the First Minister—a warm welcome to the meeting, First Minister. At a meeting in June, the group agreed that a new approach to these meetings might be beneficial, involving splitting our time with the First Minister over two separate meetings and allowing a bit more time to delve into the issues that we are looking to discuss.

This meeting will last for an hour. In order to keep to time, it would be helpful if members could stick to relatively brief questions and if we could have similarly brief responses.

Local Government

Public Service Reform

12:02

Ariane Burgess (Convener, Local Government, Housing and Planning Committee): It is good to see you today, First Minister. The Local Government, Housing and Planning Committee has been undertaking pre-budget scrutiny on how the Scottish Government and local government have been working together to advance public service reform. I have several questions on that area arising from our work. The first is about the expectations of council services. The committee heard about increasing demands and expectations relating to many council services.

One witness told us that a dissatisfaction with council services is dangerous and can lead to a lack of trust in public services in general. I am interested to get a sense from you of whether the forthcoming budget is going to adequately fund councils to ensure that they can meet the expectations that are placed on them.

The First Minister (John Swinney): I recognise the importance of those issues, and I set my answer in the context of the approach that the Government took to the setting of the budget for the current financial year, which was the first year under my leadership as First Minister. I promised the Convention of Scottish Local Authorities that there would be deep and sustained engagement with it about the formulation of the Government's budget and, in particular, the impact for local authorities. One of the things that heartened me in the whole budget process was the fact that COSLA made it clear publicly that it felt that that commitment had been honoured. That matters to me, because the starting point to address some of the issues that Ms Burgess puts to me is about having a good, substantial and engaged process. Of course, virtually every budget holder who has ever existed wants to have more money; I accept that premise. In the budget last year, we tried to make sure that we addressed as much as we could within the resources available to us, while enabling local authorities to exercise the flexibility that they are democratically entitled to exercise, so that we would be able to deliver a settlement that allowed many of the expectations that Ms Burgess puts to me to be fulfilled, because I accept that the strength of services and the ability of local services to deliver are fundamental to confidence in public services.

Therefore, without prejudging the contents of the Government's budget, I would say that the same approach and intensity of dialogue will take

place with COSLA this year, because that represents a good and strong foundation for the Government's budget process and the settlement for local government.

Ariane Burgess: There has been quite a lot of excitement about the idea of and potential for multiyear funding. Without prejudging the budget process, is that something that the Government can commit to?

The First Minister: That is my expectation. The United Kingdom Government, for the first time since, probably, pre-Covid, has produced funding settlements over a three-year period. That enables us to provide much more funding certainty, not just for local authorities but for other bodies. That would be my expectation of the product of the budget and spending review process that the Government concludes.

Ariane Burgess: We heard from one witness that a multiyear budget would support local authorities' delivery on your key ambitions, one of which is tackling the climate emergency. The committee anticipates collaborating with others to scrutinise the draft climate change plan later this year. We intend to focus on buildings and local authorities' role in delivering net zero. How will you ensure that local authorities are suitably resourced to do that?

The First Minister: I give an assurance that we will try to give the strongest settlement that we can to local government. I acknowledge the importance of local authorities in delivering public services in the country. As part of the agenda on climate action, local authorities need to be resourced to enable that, as do other public bodies—the same issues apply in the national health service and in various other parts of the public service.

We will try to deliver the best settlement that we can. I have brought an intensely sharp focus to the Government's priorities around the four themes of the Government's programme, which are eradicating child poverty, growing the economy, taking climate action and strengthening our public services. Those foundations for the Government's programme will be the foundation of the budget and the spending review, because I acknowledge that many of those challenges are long-term ones. We will not eradicate child poverty in one budget; we need to have a sustained focus on that, and that will be delivered. The situation is similar with climate action. Those sentiments and principles will underpin the Government's budget.

Ariane Burgess: Thank you.

Environment and Climate Change

12:07

The Deputy Presiding Officer: We will go to Edward Mountain.

Climate Change Plan

Edward Mountain (Convener, Net Zero, Energy and Transport Committee): Good afternoon, First Minister. I ask you to cast your mind back to 24 March 2021, when the Scottish Government responded to the committee reports on the climate change plan. The next day, Parliament dissolved for the election. The gap between the committees' reporting and the debate on the issue in the chamber was two working days, and the gap between that debate and the dissolution of the Parliament was two weeks. We ended up with unachievable targets, and I suspect that there was some politics at play in that process. I think that we are in danger of doing that again. Do you share my concerns?

The First Minister: If I properly recall the events of 2021, I seem to remember—we are now delving into the depths of the filing cabinet in my mind—that the Government brought forward an approach that Parliament essentially wanted to push further. The Government's position was anchored in what the Committee on Climate Change had advised the Government, and I think that Parliament took decisions that were—well, let us just say that there was pressure for the Government to go further than the evidence suggested, and the Government went there.

If we can all, in the gentility of this exchange, accept that there was some politics at play, then I agree with Mr Mountain. I am anxious to avoid that happening here, because, as I just said to Ms Burgess, taking climate action is an absolute necessity for not only the Government but the country. Therefore, we have to get this right. We have to have plans that can be delivered and that can command public support and agreement, and I am keen to make sure that we build that agreement in Parliament.

Edward Mountain: Some people would be surprised to find that I probably agree with most of what the First Minister has just said. I accept that the Government took a line and was pushed further, but it all happened because there was so little time for the issue to be properly considered. Now, we are in the same position again.

Your cabinet secretary is aiming—that is her word, not mine—to produce a climate change plan in late October or early November. There will then be 12 weeks of public consultation, which, by my

maths, will take us up to roughly the end of January. Civil servants will then have to go through all the responses, which will probably take a month, and produce a response. At that stage, all committees across the Parliament will have to be working on the issues in the climate change plan, which means that we will be well into March before we consider the final climate change plan and debate it in the Parliament. For me, that is too late.

Do you share my frustration that there are delays? Will you undertake to move the process forward as fast as possible to ensure that all the deadlines are met so that the Parliament can truly consider the climate change plan, without playing politics in the last few days of the session before the Parliament is dissolved?

The First Minister: With the greatest respect, that last bit is outwith my control, because it requires the conduct of others. However, I acknowledge the importance of the points that Mr Mountain makes, and the importance of sticking to a timetable that will be able to deliver due scrutiny of the climate change plan before dissolution—and the Government's commitment is to complete the process before dissolution. There is adequate time for scrutiny, but it requires those deadlines to be met.

I accept that there is a connection between different steps in the process. If my recollection is correct, there are essentially timetables that relate to when the order for the interim targets is agreed by Parliament, and, if that is agreed, to the lodging of a plan, which has to substantiate that. There are then the various consultative processes that Mr Mountain has set out. In a sense, those factors or elements follow one from the other, but I give the assurance that the Government is working to the timetable that has been shared with the committee.

Edward Mountain: Thank you for that. It is important that the Net Zero, Energy and Transport Committee has produced its report on the carbon budgets—I think that it was published yesterday. I hope that that will be discussed by Parliament prior to recess, which should ensure that there is no impediment to the cabinet secretary laying the plan within the timescale.

The First Minister: In my understanding of the timetable, I take the same view.

Edward Mountain: When the draft climate change plan is laid, a lot of work will need to go on behind the scenes by committees to ensure that the plan delivers. Will the Government, under your guidance, assist committees by producing information as and when it can, and not do everything right at the last moment, so that committees can respond and be fleet of foot to the

current thinking as it comes out during the period from November to January?

The First Minister: I certainly commit to engaging constructively with committees on that question on the Government's behalf. That is the direction that I give to the Government at all times. Members of the Government know that their engagement and the requirements of parliamentary committees and the process of chamber business take absolute priority in the planning of their time commitments and engagements. That is a critical part of our democratic engagement with Parliament.

One thing that I should say, for completeness, is that the turn of the year will be incredibly congested in Parliament because of the timing of the UK Government's budget. We are currently in discussion with the Finance and Public Administration Committee on the timetabling of the Government's budget, but committee scrutiny of the budget will be going on at and around a similar time to the timescale that we are talking about here, and that is before we get to legislation and other questions that committees are wrestling with. I do not underestimate the congestion in committee agendas at that particular time, but I commit to the whole-hearted engagement of the Government.

Edward Mountain: Thank you.

The Deputy Presiding Officer: We have a running order, but, if any colleagues want to jump in with supplementary questions based on what they have heard, they can do so.

It surprises me that Kenneth Gibson is taking up that opportunity. *[Laughter.]*

Budget (Date)

Kenneth Gibson (Convener, Finance and Public Administration Committee): It is just to say that the Finance and Public Administration Committee considered 15 January for the date of the budget. We would have preferred it to be on 7 January, but, having deliberated with the Cabinet Secretary for Finance and Local Government, we came to the collective view that Tuesday 13 January might be a sensible compromise, which would allow the Government an extra week after the new year but would not derail our scrutiny, as a budget statement on a Thursday might do. That is the proposal that we are putting to the finance secretary.

The First Minister: That news has not reached me yet, but we are keen to come to an agreement with the Finance and Public Administration Committee. It would, quite literally, not be possible for any Government to respond by delivering a budget before the Christmas break—the response

period would be a matter of days after the UK Government's budget in order to provide the Scottish Fiscal Commission with the statutory time period to scrutinise the details. Therefore, moving the budget into the new year is a necessity, but I will engage with the finance secretary on the outcome of those discussions.

The Deputy Presiding Officer: Kenneth Gibson has shown how it is done. If anybody else wants to ask a supplementary question in due course, they can let me know.

Parliamentary Procedures

12:16

The Deputy Presiding Officer: Stuart McMillan will ask the next questions.

Scottish Statutory Instruments (Quality)

Stuart McMillan (Convener, Delegated Powers and Law Reform Committee): Good afternoon, First Minister. Yesterday, just before decision time, I gave a statement in the chamber on behalf of the Delegated Powers and Law Reform Committee regarding our recent quarterly report, which was published last week. Our report highlights that we have seen a marked change in the quality of the Scottish statutory instruments that have come to the Parliament. As I said yesterday, about 28 per cent of the instruments that we considered contained errors, some of which were serious. In six of the instruments that the committee considered, we found 30 individual issues. The Delegated Powers and Law Reform Committee has a great deal of concern about what has happened over the quarter. Do you share the committee's concerns?

The First Minister: I obviously want to ensure that the statutory instruments that are brought to the Parliament have the highest level of accuracy, so I share Mr McMillan's aspiration that that is the case. There have been particular issues with a package of SSIs about pensions, because it has been particularly challenging to try to correct some historical errors or historical commitments, but the Government is committed to ensuring the highest quality of drafting.

Stuart McMillan: As you can imagine, the committee will raise the situation with the Minister for Parliamentary Business and Veterans when he appears in front of the committee in a couple of weeks. Between now and then, will you be having dialogue with the minister to ensure that he understands the situation that we face?

The First Minister: I will certainly discuss the issue with the minister. As Mr McMillan will know, the minister is new in office, but he is widely experienced in these areas of activity with the Parliament, so I will take up the issue with him.

United Kingdom Ministers' Delegated Powers in Devolved Areas

Stuart McMillan: On a separate issue, the Delegated Powers and Law Reform Committee and the Constitution, Europe, External Affairs and Culture Committee have had a long-standing interest in the delegated powers conferred on UK ministers that are exercisable within devolved competence and the scrutiny of the exercise of

those powers. Are you aware of any recent discussions with the UK Government about powers to make UK secondary legislation that are within devolved competence? In particular, are there arrangements to allow the Scottish Parliament the opportunity to scrutinise the exercise of all legislative powers within devolved competence?

The First Minister: I would have to check whether there has been any specific engagement on the level of detail that Mr MacMillan put to me.

Before I go on to say more about that, I make the point that I think that there can be significant challenges for committees of the Scottish Parliament to engage on matters of legislative activity from the UK Parliament where there are legislative competence implications for the Scottish Parliament.

Sometimes, ministers in the Scottish Government have to come before Parliament to explain why there is limited opportunity for scrutiny of a piece of Westminster legislation. That is not because it has been held at our end but because we have been engaged in the process quite late in the proceedings.

In principle, the UK Government engages with us on a basis of trying to ensure that we have adequate opportunity to engage on such questions. That does not always happen, and that results in Scottish ministers having to come before committee or Parliament to explain such arrangements. I do not in any way, shape or form think that that is desirable, nor is it desirable for Scottish ministers to be coming to the Parliament late in the day to explain issues. There is a wider question about the degree to which committees of the Scottish Parliament can engage on legislative issues from the UK Parliament that can have implications here.

I will write to the Deputy Presiding Officer with an update on whether there have been any specific discussions in the aftermath of this session. I have had discussions with the UK Government about the approach that we take to the scrutiny of issues that require legislative consent in Scotland.

As Mr MacMillan will know, I do not in any way, shape or form support the right of the UK Parliament to legislate in areas of devolved competence over our heads. That is why I want the United Kingdom Internal Market Act 2020 to be repealed, because I think that it erodes the powers of this Parliament. There are substantive issues around the arrangements for the Scottish Parliament that require to be addressed.

Legislative Consent Memorandums

Stuart MacMillan: As a consequence of the internal market act, my committee has seen an increase in the number of legislative consent memorandums. It would be helpful for the committee if we could have an update from the Scottish Government when discussions take place with regard to any progress that has been made on that.

The First Minister: That is a priority for the Scottish Government, and we have advanced it in discussions with the UK Government. I have to say that I am totally frustrated by the unwillingness of the current UK Government to repeal the internal market act.

The Labour Party was an opponent of the internal market act when it was passed in the House of Commons. We were a united front on that. However, the Labour Party now forms the Government, but it is not willing to repeal the internal market act, despite the fact that the Scottish Government has given commitments on questions relating to the use of common frameworks.

I recognise the necessity for common frameworks, but the crucial point about common frameworks is that they have to respect the devolution of powers to the Scottish Parliament. The internal market act does not do so; it provides the ability to countermand the powers of the Scottish Parliament, and I think that that is unacceptable.

Stuart MacMillan: Thank you.

Constitution and External Affairs

The Deputy Presiding Officer: We move to Clare Adamson.

Devolution (Transparency on Confidential Discussions)

Clare Adamson (Convener, Constitution, Europe, External Affairs and Culture Committee): I thank Mr McMillan, but he has taken some of the questions that I was going to ask.

Transparency has been a key issue for the Constitution and External Affairs Committee, in relation to how devolution is working, particularly post-Brexit and post the implementation of the internal market act. How do we square that circle to get transparency on discussions that are held confidentially, particularly in relation to common frameworks? The process continues to be pretty obscure.

The First Minister: The issues that I have just rehearsed with Mr McMillan get to the heart of what I am concerned about, which is the erosion of the powers of the Scottish Parliament. I think that the internal market act did that. There was a strong body of opinion—a cross-section of opinion—in the Scottish Parliament that took that view about that act. I certainly think that that act represents an undermining of the arrangements that were legislated for in the Scotland Act 1998. Obviously, the 1998 act followed the supporting of the constitutional settlement in Scotland by a referendum in 1997. The public who voted so overwhelmingly in 1997 for the Scottish Parliament were never asked about whether they were happy for the powers of the Scottish Parliament to be eroded as they were by the internal market act.

That, I think, was the underpinning for the opposition that there was on such a widespread basis in this Parliament to the internal market act, but, unfortunately, that has not led to the repeal of that act. As I said to Mr McMillan, I recognise the importance of having common frameworks in place post-Brexit, and I would be perfectly happy for the details of those to be made public. I am happy for details of intergovernmental discussion about the taking forward of common frameworks to be made public. Indeed, I am pretty certain that committees and Parliament will have been updated, either by the Deputy First Minister or by the Cabinet Secretary for Constitution, External Affairs and Culture, on the discussions that have been taken forward in relation to questions about the internal market act or common frameworks. I am keen to ensure that the Government responds openly to the requirements of committees or of Parliament in that respect.

UK-EU Agreement

Clare Adamson: I want to drill down into another specific issue. Following the UK-EU summit in May and the commitment to seek a veterinary agreement and dynamic alignment in areas such as food and agriculture, the challenge that we have is about how we can know whether Scottish interests are being presented, how the Scottish Government is doing that and how that is communicated to the Parliament. I am thinking specifically about the issues of accountability and the Scottish Government's keeping pace commitment. Dynamic alignment is part of that, but we still have difficulty in understanding how the keeping pace commitment will interact with that. There is an impact on the Parliament if those agreements go ahead.

The First Minister: On the UK-EU agreement in May, as members will be aware, the Scottish Government was not immersed in those discussions with the UK Government. Those discussions were undertaken bilaterally by the UK Government and the EU, and we had virtually no line of sight about the contents of those discussions. I broadly welcome that agreement, because my Government takes the view that we should have a much closer relationship with the EU, and we regret deeply the fact that we were forced out of the EU against our will. We are trying to rebuild relationships, which would help us to overcome some of the erosion of living standards that members of the public are experiencing in Scotland today, a large part of which can be attributed to Brexit.

I welcome that direction of travel. In the aftermath of that agreement, the Prime Minister said to me that, now that the headline details are agreed, there is a volume of detail that has to be agreed, particularly on some of the questions around the sanitary and phytosanitary agreement, and that the Scottish Government will be involved in that process.

That is what the Prime Minister said to me, and I will have to judge in due course whether that is fulfilled. However, I am prepared to say to Ms Adamson today that the Scottish Government will be very open with the committee and with Parliament on the engagement that is taking place, any progress that has been made and any issues that are emerging, subject of course to respecting the fact that we are involved in intergovernmental discussions. I do not want the Scottish Government to breach any confidence into which we enter with the UK Government, but we will try to be as open as possible. Certainly, our ministers have to be available, and I think that United Kingdom Government ministers should be as well, to be scrutinised by committees about the steps that are taken to take forward such agreements.

Culture

Cross-portfolio Working

12:30

Clare Adamson: For my final question, I will move to a different subject, which I am squeezing into the economy brief of the themes today, but it is about the culture sector.

Over the years, the Constitution, Europe, External Affairs and Culture Committee has asked for cross-portfolio working within Government to recognise how culture feeds into the wellbeing society, and to examine things such as the percentage for arts fund that could be established and how the visitor levy might be used to support the arts. Without pre-empting the budget, can you say where the Government sits on those issues?

The First Minister: I hope that Ms Adamson takes heart from what the Government did last year in its budget, where, in a very tight spending round, one point that I insisted on was that we honoured our commitment to build funding for the arts and cultural sector in Scotland. We delivered exactly what we promised, and the culture secretary was able to allocate the appropriate resources to Creative Scotland to support the steps in connection with three-year funding. As I said in my answer to Ms Burgess earlier, there will be an outline of three-year funding to support many of these developments.

On a general point, I am firmly of the view that the health and strength of our cultural sector is a colossal cross-governmental asset for Scotland. It has a beneficial effect on our economic proposition to the world, and it has a huge benefit for the personal, emotional, social and physical wellbeing of individuals in our country. It is also an expression of who we are, and, in these days, a true and appropriate reflection of who we are is more than necessary to overcome some of the pressures and tides that we are all having to face up to.

I hope that Ms Adamson can take confidence that, without prejudging the budget process, the Government is committed to making sure that we have a well-supported and thriving cultural sector in Scotland.

Clare Adamson: Thank you very much, First Minister.

Creative Scotland (Equitable Funding)

The Deputy Presiding Officer: Mention of the budget has triggered Kenneth Gibson again. He wants a quick supplementary.

Kenneth Gibson: It is actually not about the budget per se; it is about the way in which Creative Scotland disburses its budget. The last time I looked, the per capita spend in Edinburgh and Glasgow was 10 to 15 times higher than it is in North Ayrshire.

I appreciate that there are national companies in our cities, and I would always expect the per capita spend to be higher there, taking that into consideration. However, even allowing for all those other factors, there is clearly an issue about where Creative Scotland and other public sector bodies spend cultural funding. Will the First Minister do more liaising with Angus Robertson to ensure that other parts of Scotland can benefit from the Scottish Government's cultural investment on a somewhat more equitable basis?

The First Minister: One point that I made in my speech at the start of the Edinburgh international festival was to, yes, celebrate the tremendous success and impact of cultural events such as the Edinburgh international festival but also to highlight the effect of cultural expenditure in different parts of the country. The example that I cited was Pitlochry Festival Theatre in my constituency, which is supported by Creative Scotland but brings extraordinary economic benefit into the community, and that is before we get anywhere near the cultural benefit.

I reassure Mr Gibson that I take very seriously the point that he makes. In the review that is being undertaken about Creative Scotland, which is led by Angela Leitch, there is the opportunity for that issue to be explored.

I encourage members of Parliament who have the concerns that Mr Gibson puts to me to enable that to be taken forward. It is important that there is a strong cultural footprint in all areas of the country, because it is good for everyone's wellbeing.

We also have to think about issues of access. Yesterday, I was at an event about the cost of the school day, and there were school pupils there from Strath of Appin primary school, which is up from Benderloch in Argyllshire. They made the point to me that one of the issues that they have to wrestle with in relation to the cost of the school day is how they can interact with other school groups on trips, because the cost of travel is such a significant factor.

Different steps are being undertaken to ensure that all areas of the country are included, but a foundation of that is the point that Mr Gibson puts to me about ensuring that cultural activity is supported in all parts of the country.

The Deputy Presiding Officer: As the member of the Scottish Parliament who represents the

schools in North Ronaldsay and Papa Westray, I empathise with the point about the cost of travel.

The First Minister: You prompt me to make the point that, at the Edinburgh international festival last year, there was a magnificent partnership arrangement in the young people's programme between Kirkwall grammar school and the Royal Lyceum in Edinburgh. One of the books that sits on the table in Bute house is the production of that fantastic collaboration from last summer, which was a product of pupils in your constituency.

The Deputy Presiding Officer: The fringe used to be headed up by Kath Mainland, who is also a former constituent of mine in Orkney. With that, I turn to Daniel Johnson.

Economy

Alexander Dennis

12:36

Daniel Johnson (Edinburgh Southern) (Lab): I suppose that I should say something along the lines of the importance of creative clusters and so on.

The First Minister: It is not bad in Edinburgh.

Daniel Johnson: No.

One particular point of focus for the Economy and Fair Work Committee has been the situation at Alexander Dennis. We had an extraordinary meeting just before summer recess, which we were quite pleased to do, demonstrating flexibility and being responsive to circumstances. The context is that we want to, in the short term, secure those jobs and, in the longer term, secure what is a critical national asset in infrastructure.

The critical elements of the issues that we considered were the £30 million of funding from Scottish Enterprise over the past decade and the Scottish zero-emission bus challenge fund, which resulted in around 40 buses being commissioned from Alexander Dennis. Given that that ScotZEB funding has been reopened, what work has been done, and what work could be done, to consider the conditions around those grants?

I am fully aware of competition law, but it is critical that we give industry in this country the absolute best chance of winning those contracts and benefiting from that. I am interested to hear what work has been done to do that.

The First Minister: It is an important issue, and I suspect that Mr Johnson and I will come at the question from entirely the same perspective. There are provisions that can be applied to maximise the consideration that can be given to local production and manufacturing, but that has to be done in a way that is legally compliant, and none of us can escape that reality. We are actively engaged in maximising those opportunities, and if there is any further legislative change that makes that easier, I assure Mr Johnson that we will seek to use any of the space that is available to maximise the importance of that local manufacturing capability.

The intervention that the Scottish Government has made on Alexander Dennis through the offer of the furlough arrangement is in essence a bridging arrangement to get the company to a position where it can be more confident about its ordering position. On the basis of the information that I have, that confidence is growing, but we need to make sure that any steps that we take in

relation to maximising the opportunities for local manufacturing production are done in a way that is compatible with the law.

Daniel Johnson: Very specifically, my understanding is that ScotZEB funding has been opened up. Transport Scotland announced in August that another £40 million is available. Have there been any revisions with regard to either the criteria that are applied or the operation of the fund, with those matters in mind?

The First Minister: There is a live process under way, so I had better not be too specific. However, in general, I give Mr Johnson the assurance that the Government will be looking for every possible opportunity, within the law, to ensure that we are able to anchor manufacturing capability in Scotland.

Domestic Manufacturing Contracts

Daniel Johnson: On a similar note, and being mindful of the restrictions of the Subsidy Control Act 2022, there was perhaps, if I may put it like this, a potential difference in emphasis—at least, aspects of the 2022 act were alluded to by the UK Government, particularly around the possible use of the Crown Commercial Service and the status of non-treaty countries such as China. What examination has there been of the possibilities, within the current legislation? Could different perspectives or emphases be applied to maximise the opportunities that we have to make contract awards to indigenous manufacturers?

The First Minister: Those avenues must be fully explored in all circumstances, and I assure Mr Johnson that that is our approach in any of these situations. Quite literally, my guidance to ministers and officials on any of these cases is to leave no stone unturned. That also involves opportunities, should they arise, for collaborative engagement with the United Kingdom Government, because flexibilities might be available through its channels that are perhaps not available to us within our responsibilities. Therefore, we must be open to maximising the scope for intervention and endeavour where we can, to maximise domestic production.

Daniel Johnson: In some of the information that I have seen regarding this matter, the UK Government stated that it is looking at overhauling procurement rules, very much with protecting national economic interests in mind. What engagement has the Scottish Government had, or what attempts has it made, to feed into legislative or regulatory change in that regard?

The First Minister: A number of ministers have had a number of conversations with UK ministers on those points, and I discussed those questions with Pat McFadden, the then Chancellor of the

Duchy of Lancaster, before he was moved on to other responsibilities, so the issues have been, and are being, explored.

On the way that the structures operate, we have our own procurement legislation in Scotland, but that has to sit in the context of any requirements of United Kingdom law. Therefore, any act that we pass or intervention that we make must be compatible with the Subsidy Control Act 2022, to give one example, because we will otherwise fall foul of legal scrutiny. As has been recognised in comments made by United Kingdom Government ministers, if there is any scope for differences in approach or legislative changes to make the system more supportive of utilising domestic manufacturing, the Scottish Government will be keen to be part of those discussions and to secure any enhancements.

The Deputy Presiding Officer: Unless your next question is directly related to that answer, I will come back to you, Daniel, as I want to bring in Kenny Gibson and Karen Adam.

Daniel Johnson: I had lost track of time.

The Deputy Presiding Officer: We all do that in this group.

Finance

Public Sector Reform

12:44

Kenneth Gibson: I only have 12 questions for you, First Minister—

The First Minister: Just the 12. *[Laughter.]*

Kenneth Gibson: On reform, the Scottish Government has made clear its commitment to public sector reform, but how are the Government's reform objectives being aligned with its declared priorities to ensure the optimum delivery of public services?

The First Minister: The Government is taking a number of steps, the detail of which was shared publicly just prior to the summer recess through the publication of three relevant documents: the document on public sector reform, which was published by Ivan McKee; the population health framework, which was published by Neil Gray; and the medium-term financial strategy, which was published by Shona Robison.

A combined reading of those three documents will demonstrate the thinking behind the Government's approach to reform, which is very much anchored in the thinking behind the Christie commission—Mr Gibson will know my roots in that regard—with an emphasis on earlier intervention and the creation of a collaborative environment in individual places. For example, the Deputy Presiding Officer's constituency raises issues about how public sector bodies work together in areas with a small population to maximise the efficiency of public services.

We need to ensure that long-term trends in the population can be reflected in the design of public services, so that public services are operationally and fiscally sustainable at all times. Those three documents explain the Government's thinking, which is being translated into practical measures that will be taken forward as part of the budget and the spending review.

College Funding

Kenneth Gibson: Acute skills shortages in many sectors of the economy are holding back growth, but colleges, which are key to delivering skills, including through apprenticeships, have had a 17 per cent real-terms reduction in their funding in the past five years. The UK Government's policy to increase employer national insurance contributions has made the situation even worse. Although you cannot pre-empt the budget, will you encourage the finance secretary to be somewhat more generous to our colleges than has been the case in recent years?

The First Minister: I hear Mr Gibson's point, and I recognise the importance of skills to our economic proposition. I come back to one of the points that I made earlier. The four overarching themes that lie at the heart of the Government's programme will discipline our approach to the budget choices that we make. Strengthening the economy and ensuring that we have the necessary skills and attributes in our economy will be central to decision making. I shall bear Mr Gibson's point in mind when I discuss the budget with the finance secretary.

Research and Development Investment

Kenneth Gibson: In evidence to our committee, concerns have been raised that, although Scotland still punches well above its weight in research and development and continues to invest about 50 per cent more than its UK population share would suggest, that percentage was even higher a few years ago and has been declining steadily in recent years. What action is the Scottish Government taking to reverse that trend in order to boost innovation, investment, productivity and our international competitiveness?

The First Minister: We take a variety of steps, not least through our support for Scotland's university community and the collaborative work that it undertakes with the business community. Just yesterday, the Deputy First Minister gave a statement to the Parliament on the Techscaler programme, which is one example of that. As the Deputy First Minister said yesterday, although that programme is not perfect, it is an absolute game changer and has been lauded around the world. It attracts a certain amount of domestic criticism, if I can put it as delicately as that, but that is the type of bold measure that is required to address exactly Mr Gibson's point, which is about being prepared to do things differently to achieve a better outcome.

If we were having this conversation 10 years ago, one of the issues that we would be talking about would be the poor level of start-ups in the innovation community in Scotland. That discussion has gone away because of the steps that the Government took to support the creation of an entrepreneurial ecosystem. We have had great collaborations with, for example, Entrepreneurial Spark and Scottish EDGE. Scottish EDGE is now creating huge returns for the Scottish economy as a consequence of that support.

It is a collaboration between the Government and the private sector, and it is encouraging a much broader range of business start-ups. We are in a leading position in relation to business start-ups in the United Kingdom and across Europe. Using active intervention of the type that I am referring to, we can change the trajectory and, as

a consequence, economic performance can improve.

Employability Programmes

Kenneth Gibson: I am a big fan of Techscaler and all that it does.

On interventions to make things better, about 120,000 people in Scotland are economically inactive but want to work, and there are a number of employability programmes across Scotland, some of which are doing extremely well and some not so well. What assessment is the Scottish Government undertaking to ensure that we invest in employability programmes that are delivering and disinvest in those that are not, so that we get the best return for our investment, get more people back into work and into the job that will take them out of poverty?

The First Minister: Differential performance is a significant aspect of the Government's review of employability schemes. The Deputy First Minister leads on that in Government, and she is taking a forensic approach to the question that Mr Gibson raised.

Going back to the four central themes of the Government's programme, if we want to eradicate child poverty, there has to be growth in parental employability. Some of the individuals among the 120,000 people who are economically inactive but who want to work are likely to require support and assistance to enable them to be economically active. That fits with some of the work that we are doing on whole-family support, which is not just about a one-dimensional making of the Scottish child payment. That is a great intervention, but it is not going to lift all families out of poverty. There has to be wraparound support, which might include employability, childcare, transport and addiction or educational interventions.

We have to get that right for individuals, and that underpins the analysis that has been undertaken by the Deputy First Minister.

Equalities

Public Sector Equality Duty

12:52

Karen Adam (Convener, Equalities, Human Rights and Civil Justice Committee) Earlier this year, the Equalities, Human Rights and Civil Justice Committee undertook an inquiry into the operation of the public sector equality duty in Scotland. Earlier this week, we published our report.

Unfortunately, the report shows that we are concerned about the understanding and delivery by public bodies that, fundamentally, are not having the desired impact on outcomes for people with protected characteristics, especially those with intersectional characteristics such as women with learning difficulties. Some of the evidence was quite sobering.

One area of particular concern was the absence of evidence of public bodies having due regard for the need to foster good relations between different groups. At a time of such polarised debate across Scotland, fostering good relations between different groups must be a priority. How can the Scottish Government provide leadership and direction to ensure that fostering good relations is prioritised?

The First Minister: Some of those questions were discussed in the statement that the Minister for Equalities gave to Parliament on Thursday of last week, and some of the points that were raised in the exchanges that took place in Parliament indicated some of the solutions that can exist.

I was struck by parts of the discussion around the active promotion of community cohesion. It is necessary to encourage that, and ministers are now reflecting on that. First, there has to be an active acknowledgement of the importance of pursuing cohesion, particularly in the context in which we are now operating. Secondly, I have seen the conclusions of the committee's report, and there is quite a challenge to the Government in it about the public sector equality duty, so we will respond to that report, but we have to take steps to make sure that we are fulfilling our obligations.

Lastly, it is important that there is political and moral leadership to tackle some of those questions. I certainly accept my responsibility and obligation to do that, and I try to pursue it on all occasions that I can.

Strategic Defence Review

Daniel Johnson: Following on from the bus discussion, in relation to wider procurement matters, the recent strategic defence review made

it clear that we need a renewed focus on resilience. We are also in a context that requires us to have a renewed look at questions of national security. Do some of those elements layer on top of the points about the acquisition of critical infrastructure in Scotland, whether that is buses or other things? Do those considerations need to be taken into account?

The First Minister: Yes, they do. As Mr Johnson will have heard from my statement to the Parliament on 3 September, I acknowledge that the international context in which we are operating means that there is a genuine threat to the territorial security of the United Kingdom in a way that has never been conceived of during my lifetime. We cannot feel like that and not do something about it, hence the changes that I announced to Government policy on 3 September, which are designed to address that from the point of view of our responsibilities. Obviously, the United Kingdom Government has other responsibilities.

I am also acutely aware of a range of other resilience questions. Yesterday, there was a paper before the Cabinet on the current posture on resilience questions. That paper comes to the Cabinet periodically in order for us to refresh our view on the resilience challenges that we face. Although the question of national security is reserved to the United Kingdom Government, there are issues of devolved responsibility that are affected by national security questions. That is not me trying to say that that is for somebody else to deal with; it is me acknowledging that, in our areas of devolved competence, we must be mindful of the national security implications of the steps and precautions that we take and the awareness that we have. That features strongly in the security briefings that are shared with me by representatives of the United Kingdom Government, on Privy Council terms, and which influence my thinking about the steps that we must take as a Government to address those questions.

Daniel Johnson: Would that include consideration of potential vulnerabilities, if we are acquiring critical infrastructure from overseas countries, and of their ability to undermine that in the future?

The First Minister: Those are significant and difficult questions to be wrestled with. I suspect that Mr Johnson and I are both believers in free trade, but it can bring complications, if I can put it as delicately as that, and we ignore those issues at our peril.

Rural Economy

Caledonian Maritime Assets Limited

12:58

Edward Mountain: First Minister, you are always looking to use money wisely and to redeploy money when it is not needed somewhere. Both the committees that I have sat on—the Rural Economy and Connectivity Committee in the previous parliamentary session, and the current Net Zero, Energy and Transport Committee—felt that CMAL had had its day. It is a construct of the system that was required under European Union legislation, it costs a huge amount of money every year, and the committees have recommended that its position be reviewed and that it be replaced or put within Transport Scotland. Do you buy into that? Would you be happy to get the millions of pounds that would result from that, which will perhaps enable you to pay off the CalMac pension deficit, which it also holds?

The First Minister: I acknowledge the debate. Indeed, the Government has looked at those questions in the post-Brexit environment, so I understand the point, but I think that that would be getting ahead of ourselves.

There are obviously functions that CMAL is undertaking that would have to be undertaken by a successor body. The idea that, somehow, stuff is being done that does not really need to be done is wrong—I am afraid that that is not the case. CMAL has important responsibilities, not least of which is the management of the acquisition of new ferry vessels, which are coming to Scotland. We expect the first of those four vessels from the Cemre yard in Turkey to be with us shortly and, believe you me, I will be delighted to see the MV Isle of Islay sailing into Scottish waters when it arrives.

There is important work that must be undertaken, and we must have efficient structures—I am all for having efficient structures—but I would not like Mr Mountain to think that there is not a necessary function being carried out, because there is.

Edward Mountain: I do.

The Deputy Presiding Officer: I am conscious that, at this late stage, throwing in the issue of ferries, which a number of us find triggering, is a dangerous step. Stuart McMillan has a brief question to round things off.

Stuart McMillan: First Minister, not every MSP thinks that CMAL should be scrapped, and I think that it is fair to say that Audit Scotland's reports on CMAL tend to be extremely positive about what it

does and delivers, which includes the 50-plus jobs in Port Glasgow in my constituency.

The Deputy Presiding Officer: I do not think that you were asked a question, but is there anything that you want to add, First Minister?

The First Minister: I acknowledge the important points that Mr McMillan makes, which, in essence, were what I was trying to say to Mr Mountain, less as the MSP for Inverclyde has and more as the First Minister. CMAL is undertaking a significant and sophisticated interactive role, professionally, on our behalf. Although, of course, it could be done in another context, it has to be done regardless.

The Deputy Presiding Officer: We all have our roles in this group, and mine is to draw things to a close by thanking the First Minister. I suggest the same time, same place for our meeting next week, possibly with a slightly refreshed cast. Thank you very much for your time, First Minister, and thank you, colleagues. I close this meeting.

Meeting closed at 13:01.