Conveners Group

Wednesday 7 October 2026

The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 7 October 2026

CONTENTS

	Col.
MEETING WITH THE FIRST MINISTER	**1**
HEALTH, CARE AND SPORT COMMITTEE	**1**
Social Care Reform	1
SOCIAL JUSTICE, HOUSING AND LOCAL GOVERNMENT COMMITTEE	**4**
Local Government Reform	4
ECONOMY, TOURISM AND ENERGY COMMITTEE	**7**
Economic Landscape	7
Programme for Government (New Bodies)	7
Tourism and Hospitality	8
Contracts for Difference	9
EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE	**10**
Intergovernmental Arrangements	10
PUBLIC SERVICE REFORM COMMITTEE	**13**
No Compulsory Redundancies Policy	13
Voluntary Severance	14
Public Service Reform (Third Sector Participation)	15
FINANCE AND PUBLIC ADMINISTRATION COMMITTEE	**16**
Fiscal Plans (Efficiencies and Savings)	16
Fiscal Volatility	17
Tax Base Growth	18
PUBLIC AUDIT COMMITTEE	**19**
Information on Public Spending	19
GFG Alliance	19
TRANSPORT COMMITTEE	**21**
MV Glen Sannox (Gas Leak)	21
Alexander Dennis Ltd (Furlough Payments)	21
Island Flights (Cancellations)	23
SUPPLEMENTARY QUESTIONS	**24**
Public Sector Workers (Terms and Conditions)	24

CONVENERS GROUP
2nd Meeting 2026, Session 7

CONVENER:

Kenneth Gibson (Presiding Officer)

GROUP MEMBERS:

Neil Bibby (Convener, Public Audit Committee)
Bob Doris (Convener, Public Service Reform Committee)
Patrick Harvie (Convener, Europe, External Affairs and Culture Committee)
Clare Haughey (Convener, Finance and Public Administration Committee)
Craig Hoy (Convener, Social Justice, Housing and Local Government Committee)
Duncan Massey (Convener, Economy, Tourism and Energy Committee)
Helen McDade (Convener, Health, Care and Sport Committee)
Willie Rennie (Convener, Transport Committee)

THE FOLLOWING ALSO PARTICIPATED:

John Swinney (First Minister)

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Conveners Group

Wednesday 7 October 2026

[The Convener opened the meeting at 12:30]

Meeting with the First Minister

The Presiding Officer (Kenneth Gibson): Welcome to today's meeting of the session 7 Conveners Group. No apologies have been received. This meeting is being held in public. I remind members that broadcasting staff will operate the microphones for each of us, so there is no need to press any buttons.

Today, we have the second of two evidence sessions with the First Minister, who I welcome to the meeting. The meeting is scheduled to last for 60 minutes, so, to keep to time, we ask for questions and answers to be as focused as possible. Each member will have seven minutes to ask questions and receive answers. If any time is left at the end, we might have room for one or two supplementary questions.

Health, Care and Sport Committee

12:30

Social Care Reform

Helen McDade (Convener, Health, Care and Sport Committee): I thank the First Minister for hearing our questions. There is deep concern about health taking the lead on social care in the new parliamentary session. That has come from some local authorities, but also from some in social care and some in the Parliament, not necessarily all from the same party. Part of that might be alleviated if those concerned could be involved in developing the new system or at least having the evidence base shared.

When did the consultation on local government and social care reform start? Some people are unclear about the three months. Who is being consulted, and is there a way to hold a wider consultation? What will the process be when the three months are passed?

The First Minister (John Swinney): I would not describe it as a consultation period, but as an engagement period about the principles of our public service reform agenda, which commenced when I made the announcement to the Parliament on the programme for government at the beginning of September. The engagement will run for three months.

The Government has not entered into that period with a prescriptive model but has essentially set out some of the challenges and its initial thinking. The purpose of that, and the deliberate decision that we took not to prescribe a definitive model, was to leave an opportunity for us to build agreement around a reform agenda.

Some of the challenges that we face—I answered a question on this from Mr Hoy yesterday in the Parliament—are around the interaction between the social care system and the health system. The point that Mr Hoy reasonably made was that Dumfries and Galloway's health system faces acute challenges because of delayed discharge, which has a relationship with social care. I contend that we have to address such weaknesses in the organisation of our system.

The Government has set out that it believes that a social care system that is led by a single line of accountability in the health service is a way to address that. The Government remains very open to engagement and dialogue with all interested parties, including political parties in the Parliament, as well as to ongoing committee scrutiny of those questions and engagement with trade unions, local authorities and stakeholders in the care community. Ministers are actively pursuing that dialogue. When we get to the end of the three-month period, the Government will engage more formally with the Parliament on proposals to be progressed as a consequence.

Helen McDade: Many people have suggested that subnational planning has been a precursor to your plans. Perhaps there is something in the public domain on the evidence base that has come from that. Some of us have spoken to people who are involved in different aspects of subnational planning, and the Cabinet Secretary for Health and Social Care has referred to it as an example of more unified working. Is any of the evidence base for those proposals coming from that work?

The First Minister: In 2025, the Government issued a letter to the health system that indicated the approach that we will take to what is referred to as subnational planning. That was based on an east and west model in Scotland in relation to the leadership of the health boards.

That has helped us to overcome some of the existing challenges around the monitoring of performance in the health service and to ensure that we have more cohesion across health board boundaries, so that we are more successful in achieving equity of care across all parts of the country. That is a fundamental human right of individuals in our healthcare system.

The experience over the past 12 months or so in relation to subnational planning has given us the ability to exercise much more control over the health service and, therefore, assist us in reducing long waits and ensuring that individuals are receiving more timely treatment than was the case before. The evidence base will build up, but it gives us confidence that the two-board model that has been set out in the programme for government provides us with the right approach to enable us to overcome some of the challenges in the delivery of services and the obstacles that health board boundaries can often present to the equitable delivery of care around the country.

Helen McDade: Would it be reasonable to say that the east and west model, perhaps with some variation, is the most likely approach? What is in the programme going forward?

The First Minister: In relation to health boards, yes, that is a reasonable assumption to make. One issue that the Government has considered is that some of the challenges that we face in relation to the delivery of equitable access to healthcare services in the north of Scotland—I know that other proposals have been set out about having an east, a west and a north board—would not be solved by having a health board for that area. We need to ensure that we can draw on an integrated healthcare system in the east and the west of the country in order to overcome some of the weaknesses that exist in the ability to deliver equitable healthcare services. The Government is proceeding with a model of two health boards on mainland Scotland.

We have different arrangements proposed for the islands and are engaging with island communities about what will work most effectively there. In those communities, there is an interrelationship with healthcare services on the mainland because of the limitations under which healthcare services are delivered on islands.

Helen McDade: Since a unitary authority in island communities is the model, is it possible that a model for the health boards could be to disband them and put responsibility back with local authorities? You are looking at how many local authorities to retain, so such a model would bring social care and health under one democratically elected umbrella.

The First Minister: That is not a model that I would consider.

Social Justice, Housing and Local Government Committee

12:37

Local Government Reform

Craig Hoy (Convener, Social Justice, Housing and Local Government Committee): Good morning. When did your Government decide to embark on the largest shake-up of local government in the history of this Holyrood Parliament?

The First Minister: In June 2025, we set out in the public service reform strategy that a public service reform programme would be required. The issues it outlined also connected to the contents of the medium-term financial strategy, which was set out at around about the same time. The necessity for public service reform was then set out in our manifesto for the election. The specific proposals and approach that we decided on were agreed to over the summer as part of the preparation for the programme for government.

Craig Hoy: Who did you consult in local government before the programme for government was announced?

The First Minister: The Government's programme is the Government's programme, so we set out our programme.

Craig Hoy: You have set a three-month deadline for the consultation in order to, in the Government's own words,

"move from debate to implementation, with early decisions informing the Scottish Government budget."

Why is there such urgency?

The First Minister: We have to use the period of the parliamentary session to ensure that we can deliver the necessary progress. That deadline puts pace into the agenda.

I stress—this is relevant to the question that Helen McDade asked me about the three-month period—that the purpose of the three-month period is to build early consensus about the approach that we take. As I have rehearsed in answers to members and in First Minister's questions, the Government has not made a definitive proposition. We have set out a direction of travel, but we are seeking as much agreement as we can. We have approached it on the basis of creating a three-month window in which to construct some agreement in principle and then take forward further detail. However, we have to be mindful of the relationship of all those questions to the delivery of the Government's budget over the parliamentary session.

Craig Hoy: You have said that that will be done with councils, not to councils. What happens if a local authority opposes being merged with other authorities?

The First Minister: We are working through those questions. I do not want to prejudge the outcomes. In different parts of the country, developed dialogue is under way on how local authorities can work together much more closely, which I recognise and welcome. There will be authorities that are very committed to that shared agenda, and we will work with all local authorities to reach points of agreement.

The space that we have created through the three-month period is designed to give us the opportunity to engage with partners and to come to points of agreement. I am committed to doing that.

Craig Hoy: The question was what will happen if there is not a point of agreement. If a community and a council say no, will the Government impose a new structure on them?

The First Minister: We will consider all the representations that we receive and we will engage with local authorities on those points. Ultimately, the Parliament is the legislative assembly of Scotland, so it can take the decisions that it judges to be appropriate.

Craig Hoy: The Scottish Fiscal Commission has said that the reform process will, in the short term, cost money. Have you any estimate as to how much the process will cost before you start to realise savings?

The First Minister: It depends on the way in which we approach that and the timescale in which we do it. There are many variables in that assessment, so it is impossible to come to a definitive judgment on all those issues.

To be clear, we consider this to be an approach that will deliver a contribution towards long-term fiscal sustainability in Scotland.

Craig Hoy: Do you have any estimate or assessment as to how much the process might cost in the short term?

The First Minister: It depends on the approach that we take. If we are going through a process in good faith and seeking to engage and construct an agreement, it is impossible to define the financial cost until we have agreed what the proposition will be.

Craig Hoy: So, is it an uncosted process?

The First Minister: No. It is a process of carrying out engagement in order to construct an agreement, which is probably pretty welcome in Scotland.

Craig Hoy: How many jobs do you expect to be lost? How much money could be saved to the taxpayer over the parliamentary session?

The First Minister: All those factors depend on the judgments that I have just set out.

Craig Hoy: In what way are some councils too small to be strategic, and in what way are some too large to be local?

The First Minister: My judgment is that, in some areas, councils cover very large areas of population and, as a consequence, there is not sufficient focus on individual communities that are different and distinct, and that have an appetite to focus on their own identity and their own regeneration. The appetite in our society for localism is very strong, and communities often feel thwarted because the local authority is too remote from them because it covers too large a population.

The counterpoint is that, in some areas, when we look at the delivery of some sophisticated services that carry very significant obligations, the ability of local authorities, given the number of cases that they deal with, because they might have a smaller population base, means that they cannot take the strategic approach that is required to ensure the sustainability of those services.

Those are the judgments that we have arrived at about the variation in the size and scale of local authorities. If you have a model that puts essentially the same legislative framework in place for a local authority that might represent 50,000 people as one that might represent 500,000 people, there are differences in scale and capacity that affect the ability of that council to be either local or strategic in its functions.

Craig Hoy: In England, local reorganisation had to be abandoned in certain circumstances because of local opposition. In the previous parliamentary session, you had to abandon plans for the national care service. Can you give a 100 per cent commitment that this plan will not fall in the same way that the national care service did in the previous parliamentary session?

The First Minister: The national care service could not command a parliamentary majority. I am a democrat, so I believe in parliamentary democracy. I could not have been clearer to the Parliament since the election that I am interested in working with others to find common agreement.

To take the example that you raised with me yesterday about delayed discharge, as I demonstrated yesterday, I consider that to be an utterly legitimate issue and a very real concern for a local member to raise.

Craig Hoy: There is consensus on that issue, yes.

The First Minister: I want to tackle that issue, so I must have partners that are willing to help me to tackle it. We can get involved in a debate about how to solve the issue or not get involved. I am making it very clear that I am prepared to be involved in a debate in order to find a solution.

Craig Hoy: I am sure that we will. Thank you.

Economy, Tourism and Energy Committee

12:46

Economic Landscape

Duncan Massey (Convener, Economy, Tourism and Energy Committee): Good afternoon. I am here as the convener of the Economy, Tourism and Energy Committee, which has a very broad remit, so if time permits, I will ask questions across the whole remit.

Starting with the economy, Professor Stuart McIntyre of the Fraser of Allander Institute called Scottish Government policy in that area a

"cluttered landscape of economic strategies".

What do you think of that description?

The First Minister: A lot of thinking goes on in relation to economic opportunities and developments. The programme for government is designed to set the focus on delivering increased levels of economic growth. When I became First Minister, I identified the pursuit of increased levels of sustainable economic growth as one of the four key themes for Government policy. That was reflected, for consistency, in the programme for government that was launched in September. Therefore, that area is given the sharp focus that is set out in the programme.

Programme for Government (New Bodies)

Duncan Massey: The programme for government sets out quite a lot of new agencies, units and programmes and some new funds. It seems to be taking a different direction from the policy areas that we have just heard about, such as health services and consolidation in local government. Is that fair? Is it a different approach?

The First Minister: You might be referring to the major projects office, which will not be a new agency but will ensure that the Government has the sharpest focus on securing major investment projects for Scotland. The agenda is essentially about focusing our efforts on maximising our ability to attract investment into Scotland and deliver further economic success. The agenda is about delivering a sharper focus on economic performance.

Duncan Massey: Those are exactly some of the agencies that I am talking about. The major projects office and the high-growth unit have been identified. Are they to be separate agencies? What will they do that the Government was not doing before? How will success be measured? Will they have a budget?

The First Minister: I think that I explained in my previous answer how the major projects office will operate. It will sharpen our focus on being able to land significant investment in Scotland. We are very successful at attracting investment into Scotland. Other than London and the south-east, Scotland has been the most successful part of the United Kingdom for foreign direct investment for the past 11 years.

We have a good track record, but I recognise that we are in an ever more competitive environment. We have to ensure that, when we try to attract investment, we do so in as focused a way as possible. That is the thinking that has gone into the delivery. The Cabinet Secretary for Economy, Tourism and Transport and I are advised on those questions by the national economic growth council that we have established. I welcome the contribution and thinking that the council has brought to the programme for government.

As for how success will be measured, a simple measure will be our success in increasing levels of economic growth. That is all clearly published information that we will examine, explore and no doubt debate in Parliament in the years to come.

Duncan Massey: So you see this body as being separate from, say, Scottish Enterprise and the other enterprise agencies.

The First Minister: It will bring a focus to our investment activity that I think is necessary in a much more competitive environment. It will draw on the contributions that can be made by distinct organisations, such as our three enterprise agencies, which I think perform really well, and the Scottish National Investment Bank, which is making a significant contribution to enabling higher-risk ventures to take their course and be developed.

Tourism and Hospitality

Duncan Massey: I want to move on to ask about tourism and the hospitality sector. I do not know whether you noticed this, but in a post on social media today, Tom Hunter said that he thought that what might be your local pub, First Minister—Brown & Blacks in Scone—was going to close. He highlighted the huge efforts of its owner, Katie Long, to keep it going and make it work, but because of the huge costs—and, in particular, the

rising business rates, which seemed to go from £20,000 to £52,000 per annum—she is having to close it. We know that an independent review of the rates and valuation methodology for the hospitality sector is going on, but the sector is under huge pressure at the moment. Are we going to get the review's findings soon—say, this year?

The First Minister: I know that the issue of Brown & Blacks in my constituency has drawn public attention, but I would just point out that I do not live in that town, as has been suggested. Myths do get created about what might or might not be my local pub, but the quite simple fact is that do not live in that town. That is just a matter of geographical accuracy that people might want to think about.

Secondly, I saw a post the other day from Katie Long of Brown & Blacks about the closure of the pub, and I listened to it with interest. She indicated that there had been an increase in business rates, but I would point out that there are, of course, business rate reliefs in place that would have provided transitional support to the business.

Thirdly, the increase in energy costs has dwarfed—and I mean dwarfed—any changes in business rates. Of course, such costs are not the responsibility of my Government, and action on them by the United Kingdom Government has been dilatory. I very much regret the fact that a business in my constituency is changing hands—it is being taken over by new owners, actually—but I would just say that, when we discuss such cases, we should deal with accurate information about the circumstances involved.

As for the business rates review, that is under way, but I should say that I am concerned about a particular point in principle with regard to the business rates approach. I want to ensure that business rates are not an inhibitor of growth, and, therefore, the balance and the proportionate nature of such matters have to be carefully considered. The review will conclude at the earliest possible opportunity, and it will be shared with Parliament.

Contracts for Difference

Duncan Massey: I have another brief question. Energy is also part of the committee's remit, and I note that today is the final day for firms across the UK to submit bids for allocation round 8, the latest allocation round of the UK Government's contracts for difference funding scheme that finances our renewable projects. In AR7, the previous allocation round, we saw some extremely high CFD costs—£95 per megawatt hour for offshore wind and £230 per MWh for floating wind. Is the Scottish Government concerned that, as a result, we might not see the volume of bids that we might have hoped to see, especially for floating offshore wind?

The First Minister: I do not think that there is any lack of appetite to bring forward propositions on floating offshore wind—it presents a tremendous economic opportunity—but it depends on the regime into which those projects are received. A fundamental point in that respect is the outcome of the strategic spatial energy plan—I think that I have got that the right way round—which will determine the degree to which the floating offshore wind opportunity is realised, principally in Scotland, by the UK Government. It will be an absolutely massive test of the UK Government's commitment to supporting and nurturing the offshore renewable sector. Therefore, we are obviously making strong representations to the UK Government about the outcome of the SSEP, as it will have a significant—indeed, pivotal—impact on the deliverability of that programme.

Europe, External Affairs and Culture Committee

12:55

Intergovernmental Arrangements

Patrick Harvie (Convener, Europe, External Affairs and Culture Committee): Good afternoon, First Minister. The Europe, External Affairs and Culture Committee covers intergovernmental arrangements, and you have been actively involved in that space with the creation of the Cardiff agreement. Some of that activity was in a party-political space, but there was also the intergovernmental agreement that was made between you and the Welsh First Minister. Can you tell us what difference the Cardiff agreement makes? Can you point to anything specific that you expect to happen, or to happen differently, as a result of that agreement that would not have happened anyway through normal co-operative working between the Administrations?

The First Minister: The focus of the Cardiff agreement between the Scottish and Welsh Governments is very much on the formalisation of collaboration between our two Governments and a willingness to work on areas of common experience and common interest. What it represents—and this is where I think it differs—is a formal willingness on the part of the Scottish and Welsh Governments to work more consistently together on some of the issues affecting our domestic policy making and our interaction with the UK Government.

Patrick Harvie: It goes without saying that there will be, predictably, a balance of enthusiasm

versus scepticism within the Scottish political landscape about some of the constitutional positions, but certain aspects of the constitutional position do unite people across that divide. I am thinking of, for example, how we strengthen, or replace, the Sewel convention, or how we improve the intergovernmental machinery, which impacts on every policy portfolio where the Governments need to co-operate. Indeed, there have been serious criticisms of that machinery for a long time now. Does the Scottish Government have a concrete set of asks for what it wants to achieve with the UK Government or what it wants to agree with the other devolved Administrations within the UK about changes that need to be made to that architecture?

The First Minister: There are a number of very identifiable changes to the intergovernmental machinery that we would wish to see. For example, I have made it clear that the Sewel convention should be legislated for in statute so that it is effective in doing what it is designed to do—that is, to ensure that the UK Government does not legislate in devolved areas. That is one point.

What flows from that is the status of the internal market legislation, which I think significantly undermines the nature of the devolved settlement in Scotland. That view is echoed by the Welsh Government, too. The repeal of the UK Internal Market Act 2020, and its replacement with agreed frameworks between, for example, the Scottish and UK Governments, have been the subject of a significant request that we have made. It is a point that I raised with the former Prime Minister and argued with UK Ministers in order to advance it, and I am of course very disappointed that the exercise carried out by the previous Prime Minister's ministers to look into the issue did not result in the 2020 act's repeal. I believe that that legislation is a significant erosion of our devolved settlement.

The third area is the machinery of intergovernmental dialogue—and I am not really in a position to give a definitive response to Mr Harvie on that, because I am not quite sure what that is going to look like. I know what it is not going to look like—it is not going to look like the council of the nations and regions that the former Prime Minister had in place, because the new Prime Minister has accepted my point that such machinery is unacceptable to us.

I know that some discussion is going on just now on intergovernmental dialogue. Given that this is being worked on at the present moment, I quite literally cannot give you a definitive answer on it, because I am not quite sure what it is going to look like.

13:00

Patrick Harvie: Can you give us a sense of how things stand at the moment? There have been times in the past when intergovernmental dialogue, interministerial meetings and so on have been pretty cursory and dismissive, but there have also been times when they have been genuinely collaborative and useful to all Governments. How do things stand now? How functional is that machinery?

The First Minister: It is obviously relevant to different levels of participation within Government. With regard to my dialogue with the Prime Minister, for example, I met him formally in the days after his appointment in July, and we discussed and considered some of the opportunities for intergovernmental dialogue. I am waiting to find out what that element will look like. However, I know what it will not look like; it will not look like the council of the nations and regions, because that has gone.

As for other, more established elements of the intergovernmental machinery, there is the finance ministers' meeting. It is called FISC—that is, the finance: interministerial standing committee—and the Deputy First Minister took part in it the week before last, I think, in Cardiff. That more established element of the machinery involves dialogue between UK finance ministers and the finance ministers of the devolved Governments on budget priorities in preparation for the UK budget on 28 October. Some elements of the machinery exist in their formality and are taking place, while there are others where we are waiting to establish the rhythm of the dialogue.

Patrick Harvie: Notwithstanding that bigger constitutional questions might be put back to the public at some future time, do you think that it is possible to have, within the current framework, intergovernmental machinery that genuinely protects Scotland's interests and the interests of other devolved Governments in the event of a return to more hostile approaches and attitudes from the UK Government? Does it depend on goodwill, or can there be machinery to prevent in future the abuse of power that we have seen in the past?

The First Minister: Ultimately, the answer to that question lies in the fact that sovereign power rests with the United Kingdom Government. It has the final say. I have seen newspaper reports this morning, saying that the leader of the Conservative Party in the UK is proposing to take away the Scottish Parliament's powers. It would be within her legislative ability to do so if she were to win an election, so that is a very direct threat. Therefore, I cannot give Mr Harvie the guarantee that he seeks today, because that is the way the UK constitution rests.

There are other ways in which you can get around that. I know that Mr Harvie is very reluctant for me to remind him of his participation in the Smith commission—

Patrick Harvie: Guilty.

The First Minister: I know how sensitive that is for him, but he will remember that, when it came to the design and operation of the fiscal framework for the new powers proposed in the Smith commission, I insisted on the insertion of the words "agreed between the Scottish and UK Governments", as opposed to the words that were being put to me, which were "consulted upon with the Scottish Government". The reason for my insisting on that—and for keeping everybody waiting late at night to ensure that we got the word "agreed" in there—was that I had had enough experience of being essentially overruled by the UK Government on Treasury issues when push came to shove, because it had the final say. I wanted the agreement to say—and thankfully we got to that point in the Smith commission—that the fiscal framework had to be agreed with the Scottish Government and the Scottish Parliament. That has been a welcome protection, because, as we know from the fiscal arrangements, we have been able to get approaches that have worked in exercising those new powers.

Such ways can be found, but ultimately it comes down to whether we can negotiate those agreements. It all depends on goodwill. I cannot see how the 2020 act is compatible in any way, shape or form with what the people of Scotland voted for in the 1997 referendum, because it provides the UK Government with the ability to interfere in devolved areas of competence. The whole idea of the Scotland Act 1998 was, essentially, to allow the people of Scotland to exercise their decision-making capacity in devolved areas without interference. That was changed by the 2020 act, which of course does not command support in this Parliament.

Public Service Reform Committee

13:05

No Compulsory Redundancies Policy

Bob Doris (Chair, Public Service Reform Committee): I chair a new committee in the Scottish Parliament, which is on public service reform. As we navigate through that process, our workforce will be a key partner in making any reform successful.

I therefore highlight concerns that have been raised by the Scottish Trades Union Congress, which seeks clarity on the Scottish Government's position on its long-standing policy of no compulsory redundancies, following comments made to our committee by the Cabinet Secretary for Public Service Reform. It would be helpful if you could clarify the Scottish Government's position on the policy.

The First Minister: First, I recognise and value the critical nature of workforce engagement in the public service reform agenda. It will be central to how we progress those discussions, which will take place in a variety of forms, and there have already been discussions with the workforce on those questions. The Government remains committed to the no compulsory redundancy policy and proposes no changes to it.

Bob Doris: The cabinet secretary said to our committee in relation to the no compulsory redundancies policy:

"If we end up in a situation where there clearly is no role for someone and every other avenue has been exhausted, a process is in place for that."—[*Official Report*, *Public Service Reform Committee,* 1 October 2026; c 11.]

What does that process look like? Has it been agreed to, or would it need to be agreed to with trade union partners?

The First Minister: The approach to the no compulsory redundancy policy is designed to ensure that, where there is a need for change in workforce arrangements, every opportunity is taken to ensure that such change can be delivered, whether that is through redeployment, reskilling or voluntary severance. All those options have to be pursued in any process of workforce change.

Bob Doris: In that context, does that process have to be reviewed in the context of public service reform, to ensure that underlying principles underpin how the Government takes that work forward?

The First Minister: We have to go through this exercise and period of change in an open and consultative fashion with the workforce. That has been the style and approach that this Government has taken since 2007, and that is the approach that we will carry on taking in the coming period.

Voluntary Severance

Bob Doris: When we spoke to the cabinet secretary, he was confident that the costs of voluntary severance could be met largely from your public bodies' budgets. If that is not possible, and if bodies face additional financial strain, perhaps because of a significant redeployment list where pay still has to be met, will those pressures be clearly identified and reported on? Would the Scottish Government stand ready to make a financial contribution if required?

In that context, I also point out that there could be additional costs for reskilling, upskilling and retraining of the workforce.

The First Minister: We will go through a period of change in the delivery of our public services over a number of years. The Government sets out budgets that essentially relate to almost all the public bodies and organisations that are in scope in this discussion. The financial arrangements have to be sustainable for all that activity and have to reflect the approaches that have been taken and the changes that have been made. The financial settlements that are in place have to reflect all those considerations.

Public Service Reform (Third Sector Participation)

Bob Doris: I mentioned that the workforce is a key partner in public service reform—so is the third sector. It is keen to help drive some of the reforms that it thinks will lead to better outcomes for all our communities. To ensure that, there must be long-term, stable funding arrangements and, in some respects, a cultural change in parts of the public sector to ensure that our third sector is seen as partners in the planning and delivery of services and not simply as a commissioned service. What reassurances can you offer on funding stability for our third sector and its role in public service reform?

The First Minister: I set out in answer to Miles Briggs yesterday my in-principle aspiration to ensure that the third sector is much more significantly involved in the delivery of person-centred support as part of our public service reform agenda. All those questions are central to the long-term role of the third sector. The Government has a good track record of supporting that approach, but I want to ensure that that is entrenched in the reform of public service.

I agree with the point that Mr Doris made that there will have to be a lot of culture change in public service organisations to enable that to be the case, and we will be leading that process as part of the public service reform agenda.

On financial assurance, the Government has made commitments regarding longer-term funding arrangements, which involve a move to having more of the three-year funding models that the third sector desires. Some important first steps in that respect have been taken in relation to the stability of the budget provision that is in place for third sector organisations.

The Presiding Officer: Final question, Mr Doris.

Bob Doris: I will give a real-life example of the role that I hope that the third sector could play in the planning and driving of public service reform.

This is hospice care week, and I hosted an event for Hospice UK in Parliament last night at which I chatted with representatives of the many hospices in Scotland. They are already providing some groundbreaking work on hospice at home provision in many of our communities. There is alignment with the commitment of the national health service and the Scottish Government on hospital at home provision, which the programme for government committed to expanding significantly. It seems like a no-brainer that NHS boards should be talking to Scotland's hospices to see what that provision looks like in practice, and that the two sectors should be co-producing it and planning it together, if public service reform is to mean anything. What are your comments and reflections on that?

The First Minister: I would welcome that dialogue as an example of third sector participation. Last week, I had a discussion with Social Enterprise Scotland in which I made clear to that organisation, which leads a network of social enterprises around the country, the importance of their participation in the public service reform agenda. The same message would apply to the hospice network as well.

I accept that that thinking is not just about financial support but is also about culture change in our public services, and about viewing organisations such as hospices as being ones that contribute to the common delivery of the public services on which we all rely. I welcome their participation.

Finance and Public Administration Committee

13:13

Fiscal Plans (Efficiencies and Savings)

Clare Haughey (Convener, Finance and Public Administration Committee): Throughout the Finance and Public Administration Committee's pre-budget inquiry, witnesses have broadly accepted the scale of Scotland's fiscal challenges, but many have questioned whether the efficiencies and savings underpinning the Government's fiscal plans will be delivered, particularly in the short term. What evidence can Parliament expect to see over the next year that demonstrates that those savings are being realised and that the fiscal gap is genuinely narrowing?

The First Minister: A lot of that will be determined by the performance that we deliver in addressing some of the major policy questions that are in front of Parliament, such as success in growing the economy, creating higher-value

employment and enabling more people to move out of economic inactivity and into productive employment, which in itself contributes to tackling some of the issues of fiscal challenge that we face.

The issues that we have rehearsed in relation to public service reform and ensuring that we deliver public services that meet the needs of individuals are crucial. If we provide more sustainable support to individuals in their own homes, which Mr Doris asked about, we will have a much more sustainable model than we would have if we admitted those individuals through accident and emergency departments into our hospital system, which is the most expensive form of care that we can deliver.

A mixture of the measures to reform public services plus the way in which our wider policy programme has its effect will provide the assurance on that question, not least because the Government has always operated and must operate by delivering a balanced budget, so those choices have to be wrestled with by ministers.

Fiscal Volatility

13:15

Clare Haughey: The committee has repeatedly heard evidence that rising fiscal volatility, particularly around reconciliations, is becoming increasingly difficult to manage under existing borrowing and reserve arrangements. That point probably ties in with one of the answers that you gave to Mr Harvie on the fiscal framework. Does the Scottish Government currently have sufficient flexibility to manage those pressures, and what changes will it seek to explore in the upcoming fiscal framework negotiations?

The First Minister: As we see events developing in the exercise of our devolved powers, that will give us more experience in relation to the effectiveness of the reserve and borrowing arrangements that we have in place. Those are legitimate issues for us to explore further with the United Kingdom Government, because if we have the powers, we must also have the flexibilities to be able to balance and to address the implications of the exercise of those powers.

We had experience of that in the previous parliamentary session, and it is now clear that, when there are major examples of volatility outside Scotland—for example, in the aftermath of the invasion of Ukraine, the pressures on inflation were very significant, of a nature that we had not experienced since the 1970s—our fiscal arrangements come under enormous challenge. At the time, when I was Covid Recovery Secretary, we had to take some pretty tough decisions to address those implications. That tells us that, in a climate of increasing volatility and uncertainty in the world, ensuring that we have arrangements in place that enable us to exercise those powers must be central to our approach. Those will be material issues in the review of the fiscal framework.

Tax Base Growth

Clare Haughey: Throughout our inquiries, witnesses have agreed that growing the tax base is critical to Scotland achieving fiscal sustainability, but they have differed on how that should be achieved. What does success in growing the tax base look like to the Government, and how will the Parliament know whether progress is being made?

The First Minister: The growth of the tax base is central to the Government's programme. One of the clear messages in the programme for government is that there will be an increased focus on increasing sustainable economic growth levels in Scotland. To do that, we need to expand the tax base and improve the quality of employment and productivity in the economy. Those are all factors that are built into the Government's economic strategy.

As I explained to Mr Massey earlier, the data that is published in that area will provide an open assessment of the success of the Government in expanding the tax base, increasing productivity and, as a consequence, increasing the tax take. There will also be a necessity for us to reduce economic inactivity, which is the focus of many of the employability interventions that the Government has made.

Clare Haughey: There have been a lot of views across the witnesses and the evidence that the committee has received about what growing the tax base means, not only in relation to income tax but in relation to wealth taxes, land taxes and so on. I am keen to hear some of your views on that.

The First Minister: The Government has set out a number of taxation proposals. Those issues will be the subject of active consideration between now and the setting of the Government's budget in December, as happens annually. When it comes to expanding and growing the tax base, I am clear that the opportunities to do so through increasing the number of taxpayers, the value of employment and the impact of productivity on our economy are central to how we deliver a higher level of economic success in Scotland.

Public Audit Committee

13:19

Information on Public Spending

Neil Bibby (Convener, Public Audit Committee): Good afternoon, First Minister. Have you read the legacy report of the Public Audit Committee for session 6?

The First Minister: I have, yes.

Neil Bibby: Excellent, because I am going to ask you a question about it. You will be aware that the report explicitly accuses your Administration of providing

"poor quality and incomplete data"

to committees trying to track public spending, and it concludes that openness about

"The stewardship of public money"

is

"fundamentally … central to public trust in our … democracy."

Will you pledge today that your Government will always provide full, unredacted information about public spending?

The First Minister: I have read the report, but, with the greatest of respect, I dispute its conclusions. The Government provides a very significant amount of financial information, and it is accountable for it. We produce that information to our auditors, too, and throughout the tenure of this Government we have had unqualified accounts on every occasion. I think that that should be of significant assurance to the Parliament and to Mr Bibby's committee with regard to the approach being taken by the Government.

Mr Bibby asked me specifically about unredacted information. As he well knows, there will be legitimate issues that require the redaction of information that is shared—there might, for example, be commercial sensitivities involved. However, where the Government can exercise the most open approach that it can to the sharing of information, it will do so.

GFG Alliance

Neil Bibby: Well, let us put what you have said to the test. Obviously, we are talking about taxpayers' money, not your money or mine, and accountability requires transparency.

On the theme of transparency, when was the last time that you spoke to Sanjeev Gupta?

The First Minister: I would have to check the date, but not recently.

Neil Bibby: So, it was quite some time ago.

The First Minister: It was quite some time ago, yes, but I would honestly have to go and check the record. I will do so, but it has certainly not happened since I became First Minister.

Neil Bibby: Over the weekend, it emerged that the £586 million taxpayer guarantee for the Lochaber smelter is directly tied to an offshore entity in Jersey. Did you or your officials authorise the transfer of that guarantee to a Jersey tax haven?

The First Minister: I would have to check that, but certainly I would think it unlikely.

Neil Bibby: It is obviously a very concerning situation, because those workers have not been paid, and neither have their pension contributions. What is your understanding of the situation at the plant? Obviously, the issue was raised with you yesterday in the chamber, so you will have had time to consider it.

The First Minister: Are there particular issues that I can help Mr Bibby with?

Neil Bibby: The non-payment of workers and the pension contributions issue.

The First Minister: That is a matter for GFG Alliance to resolve. As the employer, it is its obligation to address that issue.

Neil Bibby: Obviously, this is not just about the Lochaber smelter. As Willie Rennie has pointed out many times, your strategy with Mr Gupta extends to the Dalzell steel plant. What is your understanding with regard to why the plant has not been operational for two years?

John Swinney: Before I answer that specific question, I want to address the rationale for the involvement with GFG. Some years ago, the Government was faced with the almost certain—or very likely—demise of these industrial enterprises, and the Government intervened to provide a means of supporting economic activity at both Lochaber and Dalzell. The continuation of that activity over that period has been demonstrable at Lochaber. The Government's policy intention was clear in that respect.

As for the Dalzell steelworks plant, the issue that I have been aware of has been the availability of working capital to purchase essential materials to enable the production of steel at that plant.

Neil Bibby: When do you expect the £7 million loan to be repaid?

The First Minister: We are actively engaged on those issues at the present moment. Although I am trying to be as helpful as I can, I hope that members appreciate that there is some sensitivity

to the issues that we are wrestling with in relation to GFG Alliance's current operations.

Neil Bibby: I think that we all understand the motivation to protect jobs and economic activity, but there is also a question about outcomes. Do you have any regrets about doing back-to-back purchase deals with Mr Gupta?

The First Minister: In relation to the initial intervention to safeguard employment, no, because there would have been a significant loss of employment had we not intervened. There are a number of issues in relation to the activities of GFG Alliance that are the subject of external scrutiny beyond the Scottish Government, but they clearly have implications for the Scottish Government. We are addressing the situation with the focus that you would expect.

Neil Bibby: There are implications for the Scottish Government but also the UK Government. Are you concerned that the company has not fulfilled any of the order to provide steel for British warships?

The First Minister: Of course I am concerned about that.

Transport Committee

13:26

MV Glen Sannox (Gas Leak)

Willie Rennie (Convener, Transport Committee): What was your reaction when the Cabinet Secretary for Economy, Tourism and Transport was unaware of the leaking of flammable gas on the MV Glen Sannox ferry?

The First Minister: I recognised that the transport secretary was unable to give definitive answers to the committee at that moment, but he has addressed that since.

Willie Rennie: It was an issue that had happened the previous year and been on the front page of the BBC website. It had also been mentioned on the radio in the morning of the cabinet secretary's committee appearance. Did you have a discussion with him about why he was not aware of it?

The First Minister: I am conscious that the transport secretary has given a full response to the committee, and I am satisfied with what he has done.

Alexander Dennis Ltd (Furlough Payments)

Willie Rennie: In September, we discovered that Alexander Dennis had not received the furlough payments that it had previously been promised, and that the decision on that had been made in June. The transport secretary did not tell the Parliament that until he was asked questions about it in September. Did you have discussions with him about that?

The First Minister: I am entirely aware of the issues in relation to Alexander Dennis, but I point out that your characterisation of the issue requires a few more words to be added by me, namely that the furlough assistance that had been made available by the Government was unable to be taken up by Alexander Dennis because the company did not meet the criteria that were set.

Willie Rennie: I am fully aware of that, but the issue is that when Mr Flynn was challenged by many members in the chamber about why he had not told us earlier in the year, he said that nobody had asked. That does not seem to comply with the duty of candour that everybody should adhere to. Did you have a discussion with him about that lack of transparency?

The First Minister: I do not think that there was a lack of transparency. As I said earlier, the Government publishes a huge amount of information and reports on many issues, weekly if not daily. We respond to many parliamentary questions and to an increased number of freedom of information requests on time. We set out our responses to issues raised with us in the Parliament with full candour, which is how the Government should operate.

Willie Rennie: I accept that a huge amount of information is published, but among all that information, one of the key pledges made just before the election was to Alexander Dennis, and it was not subsequently fulfilled. I accept the reasons why it was not fulfilled, but the cabinet secretary did not think that it was important to tell us that that position had changed. Do you not find that concerning?

The First Minister: Obviously, this takes us into the realms of the interaction with commercial companies, and that is where the Government has to be careful about what steps it takes.

Willie Rennie: I do not think that there is any commercial confidentiality involved in the failure to make the payments. There was no reason—

13:30

The First Minister: Well, there were commercial implications, because of the why, and the why was that the company changed its plans.

Willie Rennie: I understand that, but what had changed between June and September with regard to transparency and commercial confidentiality? I am not aware of anything of being

an issue in that respect, so we come back to the point of transparency. Why did you not tell us?

The First Minister: The Government was asked about the issue in September.

Willie Rennie: You should not have to wait to be asked about a big policy commitment that was made about an iconic company such as Alexander Dennis. We were not told.

The First Minister: There are commercial implications for the reasons that I have just set out that the Government has to be mindful of. When asked, the Government responded fully to the issues that were raised.

Island Flights (Cancellations)

Willie Rennie: Let me turn to another issue. You will be familiar with the fact that flights to the islands from Inverness—the lifeline routes—were cancelled over the summer. We are aware that the cabinet secretary knew about this before the decision was taken, but he did not act. Subsequently, he has acted, and the flights will be coming back in October. Again, though, the cabinet secretary did not act in a timely fashion and, indeed, acted way past the point that action was necessary. Is it not a concern to you that he was not on that issue?

The First Minister: I do not agree with that characterisation of events. Ministers will have things put to them that are in the plans of other organisations, and there might be opportunities to intervene to avoid situations arising. I am thinking of some of the steps that we took in relation to Alexander Dennis a considerable time ago, but they were conditional on further steps being taken by the company to satisfy the terms on which we could legitimately offer support. In other circumstances, ministers have to pick up the pieces when organisations take damaging decisions, which is exactly what Mr Flynn did in relation to the flights to the islands.

Willie Rennie: My central point is, as you will have gathered, that confidence in ministers is essential. We need to know that ministers are on it, are being open and transparent and are acting in a timely fashion. I am afraid that you have to recognise that Mr Flynn has not been any of those things.

The First Minister: I do not accept that at all.

Willie Rennie: You do not accept that at all.

The First Minister: No, I do not.

Willie Rennie: You do not accept the fact that he kept from Parliament the issue about Alexander Dennis, that he did not act on time with the island flights and that he was not even aware that inflammable gas had been leaked on to a ferry. Does none of that concern you?

The First Minister: I think that, on all of those issues, the cabinet secretary has addressed the issues that have been put to him. He has intervened—

Willie Rennie: He did not actually address the issues.

The First Minister: As a consequence of his intervention, the flights have been restored, as Mr Rennie has accepted.

What is not possible is for public money to be paid out. I am sure that Mr Bibby would have something to say to me if we paid out public money that was not eligible to be paid out. Stephen Flynn cannot be blamed for that. We set terms that were the only basis on which we could offer support, and we did all the legal testing to ensure that we could offer that support. If the company decides not to do that, ministers will, yes, explain what has happened, but we cannot remedy that.

Willie Rennie: So—

The Presiding Officer: This is your final question, Mr Rennie.

Willie Rennie: You are doing what Mr Flynn did in committee, which was to deflect to a separate issue. The issue that I am asking about is not just his openness and his timely action but the awareness of his brief. I put it to you that you should have serious concerns about Mr Flynn's competence as a minister, because all the evidence to our committee has shown that he is not on top of the issue in the way that he should be at the time that he should be.

The First Minister: I respectfully disagree with Mr Rennie, because I am confident that my ministers, including Mr Flynn, are across their responsibilities.

Supplementary Questions

13:33

The Presiding Officer: Thank you, First Minister. We are over our time, but if you will indulge us for a brief moment, I will bring in Craig Hoy, who has been desperate to come in with a supplementary question for some time now.

Public Sector Workers (Terms and Conditions)

Craig Hoy: I wanted to follow up on a question that Mr Doris asked. Compared with those in the third and private sectors, public sector workers generally earn more, have better pension provision and have a shorter working week and the

capacity to work from home, and they also benefit, and will continue to benefit, from a no compulsory redundancy policy, which effectively gives them a job for life. It might not be the job that they are in right now, but it is still a job for life. Is that fair to taxpayers? Is it not time that your Government faced down the public sector unions that could derail your public service reform programme?

The First Minister: I believe that the way to navigate some of the challenging and sensitive issues arising from public service reform is to work with partners, which is why the Government has pursued the agenda that we are pursuing.

Craig Hoy: But are the unions dictating terms to the Government?

The First Minister: No.

The Presiding Officer: I thank the First Minister for his attendance, and for answering more than 50 questions, and I also thank colleagues around the table for asking those questions.

That concludes today's meeting. Our next meeting is four weeks from today, on 4 November.

Meeting closed at 13:35.