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AITHISG OIFIGEIL

# Meeting of the Parliament

Thursday 1 February 2024

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**Thursday 1 February 2024**

**CONTENTS**

	<b>Col.</b>
<b>GENERAL QUESTION TIME</b> .....	1
Housing (Discussions with Fife Council) .....	1
Medicine Shortages (Representations to United Kingdom Government) .....	1
General Practitioners and Consultants (Recruitment and Retention) (Rural Areas).....	3
Hernia Operations (Waiting Times) (NHS Dumfries and Galloway).....	5
Adult Neurodevelopmental Pathways.....	6
Gambling (Tackling Harm).....	6
Net Zero Fishing Vessels (Charges) (Engagement with United Kingdom Government) .....	7
Woodland Planting (Annual Targets).....	8
<b>FIRST MINISTER'S QUESTION TIME</b> .....	10
Covid-19 Pandemic (Scottish Government Decisions) .....	10
Covid-19 Inquiry.....	15
Cabinet (Meetings) .....	18
Measles .....	20
Water Charges.....	22
National Treatment Centres .....	23
Northern Ireland Assembly Negotiations .....	25
Mark Scott Leadership for Life Award (Funding).....	26
Higher Education (Widening Access).....	27
Health Visitors.....	27
<b>CHARITY LOTTERIES (SALES CAP)</b> .....	29
<i>Motion debated—[Kenneth Gibson].</i>	
Kenneth Gibson (Cunninghame North) (SNP) .....	29
Jeremy Balfour (Lothian) (Con) .....	33
Alasdair Allan (Na h-Eileanan an Iar) (SNP) .....	34
Paul O’Kane (West Scotland) (Lab) .....	36
Stephanie Callaghan (Uddingston and Bellshill) (SNP) .....	37
The Minister for Equalities, Migration and Refugees (Emma Roddick).....	39
<b>PORTFOLIO QUESTION TIME</b> .....	42
<b>EDUCATION AND SKILLS</b> .....	42
Teaching (Class Contact Time).....	42
Glasgow Primary Schools (Staff Retention and Wellbeing) .....	43
Innovation Centres (Funding) .....	45
University and College Courses (Skills Matching).....	47
Museums (Education on Racism and Colonialism).....	48
Secondary Schools (Special Educational Needs Staff).....	50
Regional Colleges (Lanarkshire and Glasgow) .....	51
<b>BUDGET 2024-25</b> .....	53
<i>Motion moved—[Kenneth Gibson].</i>	
Kenneth Gibson (Cunninghame North) (SNP) .....	53
The Deputy First Minister and Cabinet Secretary for Finance (Shona Robison) .....	58
Clare Adamson (Motherwell and Wishaw) (SNP) .....	62
Sue Webber (Lothian) (Con) .....	64
Claire Baker (Mid Scotland and Fife) (Lab).....	67
Ariane Burgess (Highlands and Islands) (Green).....	71
Kaukab Stewart (Glasgow Kelvin) (SNP) .....	73
Edward Mountain (Highlands and Islands) (Con).....	76
Collette Stevenson (East Kilbride) (SNP) .....	78
Finlay Carson (Galloway and West Dumfries) (Con) .....	80
Clare Haughey (Rutherglen) (SNP).....	83
Colin Beattie (Midlothian North and Musselburgh) (SNP) .....	85
Michelle Thomson (Falkirk East) (SNP) .....	87
Liz Smith (Mid Scotland and Fife) (Con) .....	88
Ross Greer (West Scotland) (Green) .....	90

John Mason (Glasgow Shettleston) (SNP).....	92
Jamie Halcro Johnston (Highlands and Islands) (Con).....	94
Shona Robison .....	96
Michael Marra (North East Scotland) (Lab).....	100
<b>DECISION TIME</b> .....	105

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# Scottish Parliament

Thursday 1 February 2024

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

## General Question Time

**The Presiding Officer (Alison Johnstone):** Good morning. The first item of business is general question time. In order to get in as many members as possible, short and succinct questions and responses would be appreciated.

### Housing (Discussions with Fife Council)

**1. Annabelle Ewing (Cowdenbeath) (SNP):** To ask the Scottish Government when it last met with Fife Council housing officials and what was discussed. (S6O-03046)

**The Minister for Housing (Paul McLennan):** The Scottish Government officials regularly engage with Fife Council housing officials. The last meeting took place on 15 November 2023, and focused on progress with this year's affordable housing supply programme in Fife. I met the housing convener of Fife Council just yesterday, as part of a regular series of meetings.

**Annabelle Ewing:** I wish to raise a serious and urgent housing case, and I will be happy to share the details with the minister.

My constituent has been in a specialist rehabilitation unit for more than a year, following a catastrophic accident as a pedestrian. He is ready to be discharged, but there is simply no housing for him to go to. I implore the housing minister to use his good offices to raise the case with the head of housing at Fife Council, because we need to see some urgency on this case, so that my constituent's young son and daughter can finally have their dad home, and so that we can free up a highly prized rehab space for someone who is in urgent need.

**Paul McLennan:** I thank Annabelle Ewing for raising the case. I am sorry to hear about her constituent's accident. Of course, I share her concern. Although that is a matter for Fife Council, I will ask my officials to liaise with the local authority to try to secure the best possible outcome for her constituent and his family.

### Medicine Shortages (Representations to United Kingdom Government)

**2. Gordon MacDonald (Edinburgh Pentlands) (SNP):** To ask the Scottish Government what representations it has made to the UK

Government regarding any medicine shortages in Scotland. (S6O-03047)

**The Minister for Public Health and Women's Health (Jenni Minto):** The Scottish Government meets routinely with the Department of Health and Social Care and the other devolved nations to discuss and consider mitigations against the impacts of medicine shortages. That is done primarily through the fortnightly United Kingdom medicines shortage response group meetings, which are attended by the chief pharmaceutical officer for Scotland. Medicine shortages are also discussed in other regular meetings with the UK Government, the pharmaceutical industry and the national health service.

Although we are working with partners to try to manage supply issues and to offer advice to healthcare professionals about suitable alternatives, the regulatory powers on the supply of medicines are reserved to the UK Government. NHS Scotland has a robust system in place to manage medicine shortages when they arise, and anyone who is affected by a shortage should speak to their clinical team in the first instance.

**Gordon MacDonald:** I have been contacted by constituents who are extremely worried about their difficulties in obtaining certain prescribed drugs, and how that is impacting on their physical and mental wellbeing. The latest figures indicate that 96 medicines were on the shortage list at the end of last year, which is double the amount in the previous two years. As the minister said, the matter is reserved to the UK Government. What, if anything, can the Scottish Government do to ensure adequate supplies?

**Jenni Minto:** I completely understand the frustrations and worries of patients that disruption in supply of their medicines might cause, and I thank Gordon MacDonald for raising the subject in the chamber. However, it is often the case that a suitable alternative can be prescribed. That is why it is important for people to speak to their clinical team.

Medicine shortages are not unique to Scotland—they have an impact in the whole UK. A number of factors contribute to medicine supplies issues, including Brexit and regulatory processes.

We continue to work with and to press the UK Government, the industry and health boards to find a lasting solution in order to minimise the impact on patients.

**Paul Sweeney (Glasgow) (Lab):** The number of prescriptions for adult attention deficit hyperactivity disorder medication has increased sevenfold over the past decade, and constituents have told me of waiting times of two years, in some cases, for a diagnosis. Can the minister provide an update on the ADHD medicine

shortage in Scotland? How can the Scottish Government address the unmet need of those who cannot get the medication or diagnosis that they need, when they need it?

**Jenni Minto:** As I outlined in my last answer, we continue to press the UK Government, the industry and health boards. I have some dates with regard to ADHD issues, with which I am very happy to furnish Paul Sweeney.

**Liam McArthur (Orkney Islands) (LD):** The minister will recall, from our earlier correspondence, the difficulties that a constituent and general practitioner have raised in relation to Ozempic, which is a diabetes medication. I know that national patient safety alerts have been issued to health boards, reiterating that off-label use of such medicines for weight loss and management of obesity is strongly discouraged. Will the minister, either now or in writing to me, set out the changes that she is looking to take forward with the UK Government to expand regulatory controls over that medication?

**Jenni Minto:** I thank Liam McArthur for raising the issue in the chamber. It is a really important point to discuss. I will be happy to furnish him with the correct information once I get back to my office.

### **General Practitioners and Consultants (Recruitment and Retention) (Rural Areas)**

3. **Sharon Dowey (South Scotland) (Con):** To ask the Scottish Government what steps it is taking to improve recruitment and retention of GPs and consultants, particularly in rural areas. (S60-03048)

**The Cabinet Secretary for NHS Recovery, Health and Social Care (Michael Matheson):** Improving recruitment and retention of GPs and other doctors is vital to Scotland's health in all localities, including rural areas. We provide a range of support to the GP workforce, including a rural-specific graduate entry medical degree, the Scottish graduate entry medicine programme—ScotGEM—golden hellos for harder-to-fill posts and bursaries for GP specialty training, which are all aimed at attracting GPs to work in rural Scotland.

The Scottish Government funds the national centre for remote and rural health and care, which focuses on recruitment and retention, education, training, research and evaluation, leadership and good practice. We will publish our remote and rural workforce recruitment strategy by the end of 2024.

**Sharon Dowey:** Staff shortages mean that the public are waiting too long for in-person, face-to-face appointments. The number of GPs has not increased under the Scottish National Party—it

has decreased. Practices in Ayrshire are closing due to a lack of GPs, and services at local hospitals are being downgraded due to a lack of consultants. That is unacceptable, and it is leaving patients, particularly in rural areas, without the care that they need. Will the cabinet secretary tell the people of Ayrshire what he is doing to reverse the decline?

**Michael Matheson:** I mentioned a range of measures that we are taking to support recruitment of GPs into rural areas. Alongside that, we are increasing the number of training places in general practice. I am sure that the member will be pleased to hear that, in the general practice specialty training programme this year, not only have we had an increase in places, but from the second quarter of the recruitment programme we are at 100 per cent for those who are looking to go into general practice. The combination of increased training places with the incentives that we have put in place to encourage doctors to work in our rural areas is part of the programme of work that we are undertaking to encourage more doctors to work in our rural communities.

**Rhoda Grant (Highlands and Islands) (Lab):** The cabinet secretary will be aware of the recruitment challenges in the Highlands and Islands. A quarter of the general practices in the north Highlands are run by the national health service. The cost of living, including food prices, on islands is 20 per cent to 30 per cent higher than it is in the rest of Scotland. Therefore, services are being withdrawn then being provided by very expensive locums. The Scottish Government does not allow NHS boards to pay a premium that takes into account those costs, for fear of causing internal competition. What will the Scottish Government do to ensure that there is equal access to healthcare, regardless of where people live?

**Michael Matheson:** Of course that is important. If Rhoda Grant wants to write to me about the incentive that she is referring to, I will be more than happy to look at the matter.

I am not entirely clear about the point that Rhoda Grant was making, but I mentioned a range of measures that we are taking to support recruitment into general practice in our island communities, all of which play an important part in helping to address the member's concerns. The establishment of the national centre for remote and rural health and care has a particular focus, in its early work, on primary care, and is looking particularly at issues and challenges in the Highlands and Islands of Scotland.

### **Hernia Operations (Waiting Times) (NHS Dumfries and Galloway)**

4. **Colin Smyth (South Scotland) (Lab):** To ask the Scottish Government when it last discussed waiting times for hernia operations with NHS Dumfries and Galloway. (S6O-03049)

**The Cabinet Secretary for NHS Recovery, Health and Social Care (Michael Matheson):** The Scottish Government meets national health service boards on a regular basis. We also commission and work closely with the centre for sustainable delivery, which was set up to drive service improvement, innovation and redesign. It regularly meets health boards to discuss any challenges that impact on activity and to provide any necessary support. The centre for sustainable delivery last met NHS Dumfries and Galloway on 17 January this year.

The Scottish Government remains committed to reducing waiting times and improving access to services, including for general surgery. We are working closely with all NHS boards, including NHS Dumfries and Galloway, where targeted work is being taken forward with weekend working focused on hernia repair and laparoscopic cholecystectomies, to make sure that we continue to develop programmes for dealing with issues related to hernia repairs.

**Colin Smyth:** I have a constituent in Dumfries and Galloway who, having been diagnosed with a double hernia, has been waiting for treatment for four years. Another person's hernia operation in August 2022 was cancelled 10 minutes before they were due to go into theatre. Because of cancellations, they are still waiting. Another person inquired two months ago about how long they would need to wait and was told by the local hospital that it had no idea and was still looking at referrals from last June. I could go on.

Waiting lists for hernia operations in my region have risen by 175 per cent in the past five years, and a year is now the median wait. Does the cabinet secretary think that that is acceptable? If not, will he tell my constituents when he will bring down those waiting times? Frankly, they are waiting far too long.

**Michael Matheson:** I recognise that individuals are waiting too long, but Colin Smyth will recognise that, in the past five years, there has been a global pandemic that has had an impact on planned treatment.

As I mentioned, NHS Dumfries and Galloway is taking forward work to provide targeted support and to address delays to hernia repairs. That is, along with the work that the health board is doing on gallbladder operations, intended to reduce the waits that the member referred to. We will make sure that health boards will, as they produce their

detailed plans for 2024-25, continue to take measures to reduce those long waits.

**The Presiding Officer:** Let us ensure that we are concise, colleagues. We will get more members in.

### **Adult Neurodevelopmental Pathways**

5. **Michelle Thomson (Falkirk East) (SNP):** To ask the Scottish Government what progress has been made, including through any funding to the national autism implementation team, to help all national health service board areas establish adult neurodevelopmental pathways. (S6O-03050)

**The Minister for Social Care, Mental Wellbeing and Sport (Maree Todd):** Excellent progress has been made in many board areas since we accepted the recommendations of the "Adult Neurodevelopmental Pathways" report last year. We have provided £567,000 for implementation to the national autism implementation team. Nine of the 14 NHS health boards in Scotland now have adult neurodevelopmental pathway strategic groups, and five have a current local action plan. Progress in that area remains a priority.

**Michelle Thomson:** I am pleased to hear about the progress thus far. However, there remain gaps for adults who present with symptoms of attention deficit hyperactivity disorder or other neurodevelopmental conditions while they wait for the establishment of adult pathways. What further help is available at that intervening point until we reach the 100 per cent coverage that the minister clearly seeks?

**Maree Todd:** I absolutely appreciate how difficult it can be to wait for a diagnosis and that the picture is inconsistent across Scotland. That is why we are continuing to fund the national autism implementation team, which works with and supports boards. That work includes establishing and reviewing evidence on best practice, forming strategic groups and responding to specific issues in local areas.

We launched the adult autism support fund last year. In the first six months of the fund, we distributed £500,000 to charities that directly support individuals with a diagnosis and, crucially, those without a formal diagnosis, so that those who are awaiting diagnosis can access support.

### **Gambling (Tackling Harm)**

6. **Kevin Stewart (Aberdeen Central) (SNP):** To ask the Scottish Government what action it is taking to tackle the potential harm of gambling to individuals, families and communities. (S6O-03051)

**The Minister for Public Health and Women's Health (Jenni Minto):** People with a gambling addiction in Scotland can get support, as appropriate, through a range of services, including those signposted on NHS Inform, primary care services, mental health services and secondary care. We have established a gambling-related harms working group with Public Health Scotland to consider what needs to be prioritised for gambling harms research, prevention and treatment.

The United Kingdom Government white paper, "High stakes: gambling reform for the digital age", includes proposals on a levy to fund research, prevention and treatment. The Scottish Government continues to engage with the UK Government to ensure that Scotland benefits from those proposals.

**Kevin Stewart:** Covid has exacerbated the harms from gambling, with more women now reporting that they have a gambling problem. The Greater Manchester Combined Authority has published the "Gambling Harms Action Plan" to try to alleviate the blight on lives that problem gambling creates. Will the Government consider creating a similar gambling harms action plan to help to protect the people of Scotland?

**Jenni Minto:** I will reflect strongly on Kevin Stewart's points about the increase in the number of women gambling. Our gambling harms working group will be considering our local authorities' action plans, as well as the approaches that are taken in places such as Manchester.

I recently met representatives of Glasgow City Council, which hosted a gambling harms summit in 2021 to share knowledge, insights and ideas on tackling gambling harms. From that, it has produced an action plan that takes a whole-system approach to tackling gambling harms.

As I said, we will continue to work with the UK Government on measures in its white paper on gambling reform.

#### **Net Zero Fishing Vessels (Charges) (Engagement with United Kingdom Government)**

**7. Kenneth Gibson (Cunninghame North) (SNP):** To ask the Scottish Government what engagement it has had with the UK Government regarding any charges levied by the Maritime and Coastguard Agency for converting to, and investing in, net zero fishing vessels. (S6O-03052)

**The Minister for Energy and the Environment (Gillian Martin):** The Cabinet Secretary for Rural Affairs, Land Reform and Islands recently wrote to the United Kingdom minister who is responsible for maritime, international issues and security about the fees that are charged by the Maritime

and Coastguard Agency in relation to modifications intended to transition fishing vessels to electric power. They confirmed that, for fishing vessels under 15m long, the fees that are payable relate to the actual costs that are incurred and are recovered in line with regulations.

Supporting and encouraging early adopters of electric technology on board fishing vessels is a key aim of the Scottish Government.

**Kenneth Gibson:** There is a pressing need for the fishing industry to decarbonise. Last year, a study that was produced for Fisheries Innovation & Sustainability warned that failing to invest in alternative technology could leave fleets unviable. Despite that, fishers who are looking to convert vessels from diesel to electricity face sizable fees from the Maritime and Coastguard Agency. Does the minister agree that the UK Government should be encouraging that kind of investment instead of raising unnecessary barriers?

**The Presiding Officer:** Minister, please redirect your microphone a little before you begin.

**Gillian Martin:** Thank you, Presiding Officer.

As Kenneth Gibson rightly points out, our fishers are the most innovative in the world and are early adopters of technology. The Scottish Government has given £900,000 in support of fuel efficiencies and adaptation of fishing vessels.

It is disappointing that the UK Government and the MCA are creating barriers that could prevent small fishing businesses from benefiting from innovative technologies in emissions reduction and autonomy, which is why we wrote to Mairi Gougeon's UK counterpart to raise concerns about that approach. Sadly, the UK Government does not seem inclined to act to help smaller vessels to mitigate and adapt to climate change. However, as always, we will continue to make that important case.

#### **Woodland Planting (Annual Targets)**

**8. Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** To ask the Scottish Government what percentage of annual woodland planting targets have been met in each year since 2017-18. (S6O-03053)

**The Minister for Energy and the Environment (Gillian Martin):** Since 2017, in the face of significant challenges including Brexit, Covid and weather disruption such as storm Arwen, Scotland has delivered, on average, about 75 per cent of the annual woodland creation target. Scotland's contribution to all woodland planting across the United Kingdom over that period is more than that of any other UK nation.

**Rachael Hamilton:** Even before the Scottish National Party Government announced a £32

million cut to the forestry grant scheme, it had already failed to meet five out of its six annual targets. Mairi Gougeon has admitted that the SNP Government will fail to meet next year's target. Is that massive budget cut a sign that the minister has completely given up on meeting net zero targets and woodland creation planting targets? *[Interruption.]*

**The Presiding Officer:** Let us hear the member.

**Gillian Martin:** The funding support is important. However, despite the cut to our capital allocation by the UK Government, we will still create more than 9,000 hectares of new woodland. Woodland creation is a long-term activity, and we have significantly invested in the forestry sector in Scotland to increase its capacity to deliver woodland creation.

Although the reduction in grant funding is not what we wanted, other sources of funding for tree planting are increasing, and we remain committed to increasing woodland creation in the medium term, despite this year's challenges.

**Emma Harper (South Scotland) (SNP):** Scotland outperforms the rest of the UK on tree planting, but further action is needed to ensure that barriers to progress do not prevent us from reaching our targets. Does the minister share my bemusement at the fact that, while the Tories want more money for various initiatives, they are content with Scotland's budget being slashed, as their bosses in Westminster did not lift a finger to stop it?

**Gillian Martin:** Ms Harper makes a good point. A trend is emerging—*[Interruption.]*

**The Presiding Officer:** Let us hear one another.

**Gillian Martin:** —with every decision that we have had to make as a result of a worst-case autumn statement and the capital allocation being cut, yet the Tories ask why we are cutting things in our budget.

The message is clear: farmers and crofters are better off with the Scottish Government than any Westminster Government, whether Labour or Tory. The Tories should not just take our word for it—they should listen to farmers in Lancashire and Wales, who fear for their very existence.

We are—

**The Presiding Officer:** Thank you, minister.

## First Minister's Question Time

12:00

### Covid-19 Pandemic (Scottish Government Decisions)

1. **Douglas Ross (Highlands and Islands) (Con):** An email that was revealed yesterday at the United Kingdom Covid inquiry included—*[Interruption.]* Really? Scottish National Party members are groaning because we are asking about the Covid inquiry, so let me start again.

An email that was revealed yesterday at the UK Covid inquiry included senior SNP Government figures discussing the travel ban to Spain in July 2020. The email said:

"I'm extremely concerned about this ... It won't matter how much ministers might justify it on health grounds, the Spanish government will conclude it is entirely political; they won't forget; there is a real possibility they will never approve EU membership for an independent Scotland as a result."

That was not a low-level consideration. The people who were included in the discussion were Nicola Sturgeon, who is again absent from Parliament; John Swinney, who is again absent from Parliament; Jeane Freeman; and Humza Yousaf. Why was independence even considered in a decision about public health?

**The First Minister (Humza Yousaf):** Of course, it was not. Douglas Ross said that the email came from a senior SNP official, but it came from a Scottish Government civil servant. It did not come from John Swinney, nor did it come from Nicola Sturgeon, me or Jeane Freeman. To suggest that the decision on Spain was made for any other reason than epidemiology is, I am afraid, a fantasy.

Even if we accepted Douglas Ross's framing of the situation—that we were looking at the issue through a constitutional lens and attempting to curry favour with Spain—surely we would have put Spain on the exempt list. We did not put Spain on the exempt list. That is the exact point.

Why did we not do that? Let us look at the epidemiology at that point. Scotland did not include Spain on the exempt list, as England and Wales did. We did not do that because its point prevalence at that time was 0.33. That was four times higher than the point prevalence in Scotland. In fact, at that point, Spain was the only country that was proposed for the exempt list that had significantly higher prevalence than Scotland did.

When I look at the evidence and the advice from the chief medical officer at the time, I see that he expressed concern about the importation risks. Ministers concluded that they should not add

Spain to the list of exempted countries due to the lower prevalence in Scotland and the fact that the prevalence in Spain was four times higher.

Douglas Ross can do his best to spin, to throw insults—

**The Presiding Officer (Alison Johnstone):** Briefly, First Minister.

**The First Minister:** —to misrepresent facts and to malign not just ministers but civil servants, but I believe that the people of Scotland know that, for all the challenges that we had during the pandemic, the Scottish Government always prioritised protecting the public from the harms of Covid. I do not think that Douglas Ross can say the same of what his party did in the UK Government.

**Douglas Ross:** Amid pretty stiff competition, that might be the most bizarre answer that I have ever heard from Humza Yousaf. [*Interruption.*] He is saying that it is fact, so here is a fact.

The day after Humza Yousaf received that email, which spoke about political concerns that there might be with the Spanish Government allowing an independent Scotland into the EU, he announced that the Scottish Government was introducing a travel corridor with Spain. The very next day, the Government opened up travel to Spain and, five days later, it had to close it down again because Covid cases were rocketing. That is the fact and we know it because Humza Yousaf told us. It is down in black and white in evidence to the inquiry that the Government was thinking about independence instead of focusing purely on public health.

We have not seen any evidence of Humza Yousaf's response to that email and Nicola Sturgeon's messages from that time have all gone because she deleted them. The former SNP leader destroyed all her WhatsApp messages, despite knowing that a do-not-destroy order was in place, despite promising grieving families that she would be transparent and despite assuring journalists that all her messages would be handed to the inquiry. She unequivocally told the press that her messages would be provided, so why did Nicola Sturgeon say yes when she actually meant no?

**The First Minister:** I say again that, effective from 10 July 2020, Spain was not included on the first list of exempt countries, due to the fact that it had a four times higher prevalence of Covid than Scotland.

On the subject of WhatsApp messages, Douglas Ross has thrown all sorts of incendiary accusations at people, particularly Nicola Sturgeon, for not retaining WhatsApp messages. He has demanded investigations and reviews.

However, not only did his boss, the Prime Minister, not retain his messages, he took the inquiry to court and lost.

In just the last hour, the UK Covid inquiry heard from Alister Jack, who was Douglas Ross's boss when he was in the Scotland Office. What did Alister Jack say about his WhatsApp messages? He was asked whether he had deleted his WhatsApp messages. He said, "I did delete them", and he deleted them because he wanted to free up storage capacity on his phone. When he was asked whether there was any Government business on those WhatsApps, he said:

"I didn't think anything of it."

When he was asked whether he had considered the needs of the public inquiry—[*Interruption.*]

**The Presiding Officer:** Please be quiet, Mr Sarwar.

**The First Minister:** —here is what he said, which I will quote directly:

"No I didn't. I was quite keen for my phone to start working again."

That is what he said. It is astonishing that Douglas Ross demands investigations and reviews of Nicola Sturgeon for not retaining her WhatsApps when his boss and colleague, who deleted his WhatsApps and did not even think about the inquiry, is perfectly fine. There is one word for that and that word is hypocrisy. The people of Scotland can see right through Douglas Ross.

**Douglas Ross:** It is not perfectly fine. Alister Jack was wrong to delete his WhatsApp messages. He has apologised and he regrets it, but Humza Yousaf cannot step out of the shadow of his disgraced predecessor and say the same. Nicola Sturgeon has not apologised for doing that: she has said that she was right because she was following Government policy. That is a massive difference.

I cannot let the First Minister's confusion about the travel ban with Spain pass. He is saying that the restrictions concerning Spain were kept in place. On 20 July 2020, the day after the email was sent, Humza Yousaf said:

"We are able to lift the requirement for those travelling from Spain."

Five days later, he said:

"The decision to exempt Spain earlier this week was taken when the data showed there was an improvement. The latest data has given us cause for concern to overturn that decision."

He definitely made a decision on the back of that email. [*Interruption.*]

**The Presiding Officer:** I ask the Government front bench to resist any temptation to contribute.

**Douglas Ross:** I think that they are trying to come up with a story, because what the First Minister has said so far does not match what he did in practice in 2020.

We know that the deleted WhatsApp messages were covering up major decisions made by the SNP Government and we know that because of the messages that we have been able to see. When Humza Yousaf was health secretary and was in charge of the national health service, he joked with the national clinical director, Jason Leitch. They laughed about false claims that children were hospitalised because of Covid. In one revealing exchange, Humza Yousaf said:

“I’m winging it and will get found out sooner or later.”

At what point does the First Minister think he was finally found out?

**The First Minister:** Let us look again at the facts. Douglas Ross is right that Spain was not initially exempt from the travel corridor and then was put on a travel corridor. That was because we had data, presented by the UK Government, from the London School of Hygiene—*[Interruption.]*

**The Presiding Officer:** We have so many members who want to put questions to the First Minister. That would be more likely if we could get on with our session and if I do not have to keep asking members on the front benches to resist the temptation to contribute when they should not be.

**The First Minister:** They do not want to listen to the facts. In his own response, Douglas Ross said that the situation improved in Spain, which is correct. The London School of Hygiene and Tropical Medicine showed a marked improvement in the position in Spain, with point prevalence going down to 0.015 per cent. That is the reason why Spain was then put on the exempt list. When the situation worsened considerably, just a matter of days later, all the UK nations decided to take it off the exempt list. Again, we made the decisions for purely epidemiological reasons.

When it comes to the UK Government and the messages that we have seen, I remind Douglas Ross of what has been revealed. He had a Prime Minister, Boris Johnson, who he not only backed to the very end but invited to his party conference. According to the evidence that we have heard, Boris Johnson allegedly said,

“let the bodies pile up high”.

When discussing long Covid, he called it—forgive me, Presiding Officer, for the language—“bollocks”. We had a Prime Minister, Boris Johnson, who partied in number 10 while people missed the funerals of their relatives and loved ones.

Yes, we could have done better when it came to the retention of informal messages, but when it came to steering this country through some of its darkest days, I am very pleased that we had Nicola Sturgeon and the Scottish Government in charge here, as opposed to Boris Johnson.

**The Presiding Officer:** I remind all members of the need for courtesy. *[Interruption.]* Members, I would be grateful if you could desist for a moment.

Let us remind one another of the need for courtesy and respect in the chamber. That applies to using quotations to say words that might otherwise be regarded as unparliamentary. I am also very conscious, as I have said, of the number of members who wish to put questions today. I would be grateful for more concise questions and responses.

**Douglas Ross:** Even after yesterday’s evidence from the former First Minister and the words that we have heard from the Covid bereaved, Humza Yousaf still backs her to the hilt. That tells us everything that we need to know about this First Minister, who is simply the continuity candidate for team Sturgeon.

As health secretary during the pandemic, the First Minister joked about not knowing what he was doing. When he sent that message, by that stage, 10,000 people in Scotland had already lost their lives from Covid. However, he was not the only one who has been found out. Nicola Sturgeon destroyed evidence on an industrial scale. The SNP Government considered independence in making key decisions. It did things for purely political reasons. It broke promises to grieving families and the public, who sacrificed so much. Humza Yousaf was winging it, but has the whole SNP Government not been found out?

**The First Minister:** I go back to the point that I have made several times in these exchanges over the weeks. I absolutely accept whole-heartedly that our retention policy on informal communications clearly could have and should have been better. That is why I have commissioned an externally led review. However, on the big calls, many of the decisions that we made helped to save lives.

If we look at the evidence from Professor Sir Ian Diamond that has been presented to the Covid inquiry—*[Interruption.]* Jackie Baillie is shouting, but she might want to listen to the evidence of Professor Sir Ian Diamond, who is the chief executive of the UK Statistics Authority and the UK national statistician. He gave details of age-standardised mortality rates per 100,000 right across the four nations. This is his data, not my data. That analysis shows that, in Scotland, we had the lowest level of deaths per 100,000, according to the ASMR data. Every single one of

those lives lost is undoubtedly a tragedy—in fact, many of my colleagues on these benches lost a loved one to Covid. However, on those calls, the decisions that we made have helped to save lives.

Let us look at what the World Health Organization said. Again, this is not my data; it is the World Health Organization's data. It estimated that 22,138 lives in Scotland were saved as a direct result of the Covid-19 vaccination programme. I fully accept that, when it comes to informal communications, we could and should have done better. We can also look at other decisions that we made and think that we could have moved quicker or earlier, or done things differently.

Although political opponents may well try to rewrite history and engage in, frankly, smears and insults—

**The Presiding Officer:** Briefly, please, First Minister.

**The First Minister:** —towards Government ministers and civil servants, I can stand up here and say that I know that, every single day of the pandemic, Nicola Sturgeon and the rest of us in the Scottish Government, civil servants included, worked for one reason and one reason only: to protect the people of Scotland from the harms of Covid.

### Covid-19 Inquiry

**2. Anas Sarwar (Glasgow) (Lab):** This is what we have learned after three weeks of the Covid inquiry in Scotland: the most senior ministers and officials knowingly deleted evidence of how they operated during the pandemic, they subverted the Covid inquiry and broke freedom of information laws, and they plotted how to maximise their own political advantage while thousands of Scots fought for their lives. That is a betrayal of the trust that the people of Scotland put into the Scottish National Party Government.

Nicola Sturgeon did not tell the truth to the public, and Humza Yousaf seems to have misled the Parliament in an attempt to defend her. Now, the SNP deputy leader is supporting attacks on the inquiry itself. Why is protecting the SNP more important to Humza Yousaf than getting to the truth?

**The First Minister (Humza Yousaf):** That is simply a complete and utter mischaracterisation of what we have heard. On every occasion that I have had exchanges on the issue, I have, first, acknowledged the impact on the Scottish Covid bereaved of the decisions that we made on informal communications. I do so again, and I apologise again, unreservedly, as I did at the inquiry and directly to those who were representing the Scottish Covid bereaved, for our

mishandling in relation to informal communications. We could and should have done better.

However, I go back to the point that I just made to Douglas Ross, which I will repeat to Anas Sarwar. Yes, we should have done better on the retention policy for informal communications but, over the course of the pandemic, when it came to the important decisions that helped to save lives, I believe that we took the decisions for the right reason.

We can evidence very clearly that protecting the people of Scotland from harm was the number 1 overriding priority. Through the actions that we took, when it came to one measure—I accept that it is only one measure—which was that of age-standardised mortality rates per 100,000 across the four United Kingdom nations, Scotland's rate was 124.9 per 100,000. That was different from England, which had 145 per 100,000; Wales had 144 per 100,000; and the UK averaged 143 per 100,000. That is not to diminish the number of lives that continue to be lost to Covid to this day.

The decisions that we took also ensured that we had, at one point, one of the fastest booster vaccination programmes in the world—certainly the fastest in the UK by quite some distance.

I fully accept that we could and should have done better on message retention. I handed over the messages that I had, of course, and was questioned about them for almost three hours. However, on the big calls that helped to save lives, I believe that we can evidence—we have seen that evidence—that not only did we do things for the right reason, but our interventions helped to save lives here in Scotland.

**Anas Sarwar:** Ministers and officials knowingly deleted evidence for the Covid inquiry. The answer to that betrayal of the Scottish people is a review into how the Scottish Government records information. In 2020, when we had the Salmond inquiry and there were accusations of a cover-up, what did the Scottish Government do? It promised a review. In 2022, when we had investigations into the ferry scandal and there were accusations of a cover-up, what did the Scottish Government do? It promised a review. Now that we have the industrial-scale deletion of evidence for the Covid inquiry, what is the First Minister's answer? It is a review. The Scottish Government simply does not get it.

Yesterday, Pamela Thomas, who lost her brother during the pandemic, said:

"I don't think they're capable of actually telling the truth or being transparent."

Pamela is right, is she not?

**The First Minister:** I express my condolences to every single member of the country who lost a loved one through Covid, including Pamela.

I make the point again to Anas Sarwar that all of us, including members of this Government, lost loved ones to Covid. I have ministerial colleagues who have relatives who continue to suffer the long-term effects of Covid. I have colleagues who had to restrict the numbers who could attend the funeral of a loved one. Many of us, myself included, had children who were impacted by the closure of schools, because of Covid. I say that not because I am trying to garner any sympathy from Anas Sarwar or anybody else, but because we were all in it together. We were not somehow detached from the impacts or the effects of the pandemic. That is why every decision that we made was made with one overarching priority in mind: how to protect as many people as we could from the harm of Covid.

Do I think that we got every decision right? No, I do not. I do not think that any Government or Government leader in the world could put their hand on their heart and say that they got every single decision right. What I can say is that we did it for the right reasons and that, when it comes to the big decisions that were crucial to saving lives, I believe that we got many of them right. Some, of course, we will not have got right.

I promise the families of those who have been bereaved by Covid that we will not only continue to co-operate with both inquiries, but learn the lessons of those inquiries.

**Anas Sarwar:** The Covid bereaved families do not believe the First Minister when he gives those reassurances. The Covid inquiry is about learning the lessons so that what happened can never happen again, but they have been obstructed by this Government, with evidence supplied late or not at all.

The decisions that the inquiry is investigating still weigh on people across this country. Why were Covid-positive patients sent into care homes? Why was inadequate personal protective equipment being supplied to care workers and leaving people exposed? What impact did lockdowns have on our young people, who missed out on years of education?

Three years ago, in an election during the pandemic, many people in Scotland voted for the First Minister's party because they thought that Nicola Sturgeon did the best that she could. They trusted her when she said that this Parliament would be about Covid recovery. Now, those same people have had their trust broken by this Government, and they are appalled at the cover-up.

First Minister, is it not true that it is not just the messages that have disappeared, but the trust in this SNP Government?

**The First Minister:** I tend to leave the verdict on trust to the people of Scotland.

Anas Sarwar is right. One of the major factors why the SNP is back in power is our handling of the pandemic. That was not judged—

**Anas Sarwar:** Wow.

**The First Minister:** Anas Sarwar is shouting, "Wow". I am saying to Anas that he is absolutely correct, and that that is one of the reasons why we are standing here.

During the 2021 election, I do not think that our retention or record management policy was an issue; it was about whether we got the calls right in relation to the vaccination programme and did the right thing in relation to introducing non-pharmaceutical interventions.

Anas Sarwar talks about, in his words, an "industrial-scale deletion". We handed over 28,000 WhatsApp messages and 19,000 documents.

Anas Sarwar is right to ask questions about care homes, PPE, and lockdown and its impacts. Those are exactly the questions that the inquiry is examining.

On Anas Sarwar's suggestion that we are somehow not being transparent, I remind him that not only are we co-operating with a UK inquiry, but we are the only nation in the UK to specifically establish an inquiry in our country. We will also be co-operating with the Scottish inquiry.

Nicola Sturgeon did more than 250 media briefings and ministers in this Government attended this Parliament on not dozens but hundreds of occasions, explaining the reasons why we took decisions.

I go back to the very central point. We did not get everything right, and certainly not in relation to retention of messages. What we did get right was the intention behind our decisions, which was to protect people from harm. According to the World Health Organization, what we did, through the interventions that we took, helped to save more than 23,000 people's lives. Those are 23,000 people who would not be here if it were not for vaccinations and the non-pharmaceutical interventions and decisions that this Government took. I make no apologies for that.

### **Cabinet (Meetings)**

3. **Alex Cole-Hamilton (Edinburgh Western) (LD):** To ask the First Minister when the Cabinet will next meet. (S6F-02773)

**The First Minister (Humza Yousaf):** Tuesday.

**Alex Cole-Hamilton:** Yesterday, we heard striking testimony from the former First Minister at the United Kingdom Covid-19 inquiry about a personal phone on which she retained WhatsApp messages for the Salmond inquiry but deleted them for every aspect of the pandemic, forever denying the bereaved families an insight into the mind of the person who held all the power. Hospitality rules were seemingly made up at random, sending some businesses to the wall, and there are unanswered questions about care homes and school closures. It seems that a secret central committee was in charge of everything, about which the finance secretary knew nothing and of which there are no minutes. It was a Government within a Government.

Humza Yousaf saw all that, and yet did nothing. Why is he now standing in the way of a ministerial code investigation into gold command record keeping, which only he can instruct? Does he agree that Nicola Sturgeon now has a duty to come back to the chamber—which he says that she addressed hundreds of times—and, once more, finally explain herself?

**The First Minister:** Nicola Sturgeon gave hours of testimony and evidence under oath; she was questioned extensively. It will now be for the inquiry to make its judgment. We respect the inquiry, and we hope that others will respect the inquiry and give it the time and space that it needs to make its judgment. *[Interruption.]*

**The First Minister:** I do not know what Anas Sarwar and others are shouting about; I am simply saying that the inquiry should be respected.

Can I say that Nicola Sturgeon or the Government got every decision right? *[Interruption.]*

**The Presiding Officer:** I am sorry to interrupt, First Minister, but I am being distracted by a conversation going on across the aisles. I ask members to refrain from making such contributions while we are trying to hear the First Minister.

**The First Minister:** I think that the Opposition should try to respect the inquiry—that is the point that I am making. As I have already said, and as I can say without a shadow of a doubt, our overarching and overriding priority was always to protect the people of Scotland from Covid harm. Nicola Sturgeon's leadership was in stark contrast with the leadership in other parts of the United Kingdom. She may not have got every decision right, and the Scottish Government may not have got every decision right—I accept that fully—but it is for the inquiry to examine and explore that issue.

On gold command meeting minutes, which Alex Cole-Hamilton asked me about, the Government is

urgently examining and exploring that, and it will hand over to the inquiry any notes that we have on gold command minutes and meetings.

### Measles

4. **Stephanie Callaghan (Uddingston and Bellshill) (SNP):** To ask the First Minister what steps the Scottish Government is taking to prevent a resurgence of measles in Scotland. (S6F-02778)

**The First Minister (Humza Yousaf):** Cases of measles in Europe and England continue to rise, due to undervaccination, while we have seen only two laboratory-confirmed cases of measles to date in Scotland since October. We are acting now to prevent the spread and to protect people. Public Health Scotland has alerted NHS Scotland, and its representatives have met local health protection teams and immunisation co-ordinators to set out measures that need to be taken. Those include early detection and notification, infection control, contact tracing and post-exposure prophylaxis for vulnerable contacts to try to ensure that cases are contained and do not spread any further.

Immunisation remains the most effective way to prevent illness from infectious disease, and the measles, mumps and rubella vaccine is extremely effective at preventing measles. Anyone who has not had both doses of the free MMR vaccine should visit the NHS Inform website and find out how to arrange an appointment.

**Stephanie Callaghan:** Although Scotland continues to perform really well across the four nations of the United Kingdom in its uptake of childhood immunisations, recent data from Public Health Scotland highlights a gradual decline. The overall uptake of both doses has fallen below the World Health Organization's target of 90 per cent—a critical level that protects against the return of large outbreaks. What steps is the Scottish Government taking to highlight the importance of receiving both doses of the MMR vaccine? What strategies are in place to ensure easy access to follow-up appointments for children in cases where vaccinations—whether one or both doses—have been missed?

**The First Minister:** Given the very serious nature of measles and the current risk of importation and onward transmission, we are working with Public Health Scotland and NHS boards on a range of measures to promote vaccination uptake. NHS Inform has been updated to ensure that information is available for the public on how they can receive the measles vaccination. Letters were issued to parents of pupils at nursery schools, in primary 1 and in secondary 1, highlighting the importance of ensuring that young people are up to date with their vaccinations.

Boards have been requested to undertake an MMR status check of all pupils in S1. That check was previously performed in S3, but bringing it forward to S1 provides more opportunities for those who are unvaccinated or undervaccinated to obtain the vaccination that they require.

**Martin Whitfield (South Scotland) (Lab):** I am very grateful for the previous answer from the First Minister. Work has been undertaken in our universities to ensure that measles vaccinations are up to date. He has talked about the work at S1. Can he give us information on any initiatives that are aimed specifically at increasing awareness among parents, guardians and teachers about the importance of maintaining up-to-date measles vaccination by having the two doses?

**The First Minister:** I thank Martin Whitfield for his very important question, and he is right to refer to higher education, too. I will ask the Cabinet Secretary for NHS Recovery, Health and Social Care to write to Martin Whitfield with the full detail of what we have done, including the issuing of letters to parents of nursery school pupils and other pupils in the 2023-24 intake.

The chief medical officer has also sent a variety of letters to health professionals about their interactions with parents and families on the importance of the vaccination, which are often in primary care. I will ensure that the Cabinet Secretary for NHS Recovery, Health and Social Care writes to Martin Whitfield with more details about the actions that we have taken in that regard.

**Fergus Ewing (Inverness and Nairn) (SNP):** The worryingly low uptake of the MMR and flu vaccines in the Highlands increases the risk to public health and the risk of an outbreak of measles. Will the First Minister and his Cabinet Secretary for NHS Recovery, Health and Social Care ask NHS Highland to work with general practices such as that in Nairn, which is keen to resume local provision of the vaccination service from general practices, to bring up vaccination to safe levels? I believe that that approach is favoured by the British Medical Association.

**The First Minister:** Fergus Ewing is right to raise the issue of the particularly low levels of vaccination in Highland, which are concerning. I give him some reassurance that engagement with the health board is already happening.

Fergus Ewing has raised the issue before—he raised it with me in relation to Covid vaccinations, as well—but I am worried about levels of vaccination in Highland. We are taking that up in engagement with the NHS board and will ask the direct question about what the barrier is for general practices that want to resume. We will

examine whether the lower uptake in vaccination in Highland is the result of the model that is in place there. I will ensure that Fergus Ewing is kept up to date on those discussions.

### Water Charges

**5. Graham Simpson (Central Scotland) (Con):** To ask the First Minister what the Scottish Government's response is to reports that Scottish Water plans to increase charges by 29 per cent over three years. (S6F-02770)

**The First Minister (Humza Yousaf):** Let me start by clarifying the arrangements for setting water charges. They are set out in the Water Industry (Scotland) Act 2002, and decisions on charges are rightly a matter for the board of Scottish Water, which will announce its charges for 2024-25 shortly.

Charges for future years have not yet been agreed. They will be set annually by Scottish Water's board, with approval from the independent economic regulator, in line with the price cap across the 2021-27 period. In 2023-24, the average charge in England and Wales is 10 per cent higher than in Scotland, at £448 compared with a charge in Scotland of £408.

**Graham Simpson:** I am not interested in what is going on in England and Wales—*[Interruption.]*

**The Presiding Officer:** Let us hear Mr Simpson.

**Graham Simpson:** Scottish Water is reported to want to increase bills by 8.8 per cent in 2024-25 and then do the same every year until 2026-27. That might be all right for its new chief executive, Alex Plant, who can well afford it on his £295,000-a-year salary, but it is not okay for normal people who are struggling to pay their bills.

Water bills are paid through our council tax. The First Minister has committed to freeze council tax. Is he not prepared to do the same with water charges?

**The First Minister:** The brass neck of a Conservative talking about the impact on people's household bills is quite something to witness.

Let me talk about Scotland and Scottish Water. I have already said that the charges have not been announced but will be announced shortly. They will be reviewed and announced annually.

With Scottish Water, we end up getting better levels of service in comparison to England and Wales. We get lower water charges in Scotland than in England. We get a publicly owned water company, in which every penny of profit is reinvested in the public service, unlike in England, where the member's party is in charge and shareholders get millions in dividends. We get

water quality at 87 per cent good or at a high level, as assessed by the Scottish Environment Protection Agency.

As on so many issues, the Conservative United Kingdom Government would do far better to look at how we run Scottish Water and our public services for the good of the people of Scotland. It seems that the UK Government runs its services into the ground for the profit of shareholders, unlike Scottish Water, which is publicly owned.

### National Treatment Centres

**6. Jackie Baillie (Dumbarton) (Lab):** To ask the First Minister when the Scottish Government expects the remainder of the national treatment centres to be opened, in light of reports that national health service capital infrastructure projects have been paused. (S6F-02767)

**The First Minister (Humza Yousaf):** The next two national treatment centres—NTC Forth Valley and phase 2 of the Golden Jubilee national hospital—are due to open in the coming months to provide additional orthopaedic, endoscopy and general surgery capacity. Our ability to fund capital projects has, of course, been detrimentally impacted and affected by the twin challenges of unprecedented levels of inflation, which have been caused in some part by Brexit, and disastrous United Kingdom Government decisions, one of which is the cut in our capital budget. Our infrastructure investment plan identified priority health capital projects, including national treatment centres, for funding within that period. As a result of the almost 10 per cent cut in our capital budget from the UK Government, a revised pipeline of infrastructure investment will be published in the spring this year. All due consideration will be given to what projects can be included and on what timescales. That will, of course, include national treatment centres.

**Jackie Baillie:** The First Minister knows that national treatment centres are key to the Scottish National Party's national health service recovery plan. We have learned that those promises to patients and staff are in tatters. Treatment centres in Ayrshire and Arran, Lanarkshire, Lothian, Grampian and Tayside are all delayed and at risk of cancellation, but those treatment centres are not the only NHS capital infrastructure projects that have been put at risk. The Aberdeen Baird family hospital and ANCHOR—Aberdeen and north centre for haematology, oncology and radiotherapy—project are delayed. The institute of neurosciences in Glasgow is delayed. The Monklands replacement project in Lanarkshire is delayed. The Edinburgh cancer centre and the eye pavilion are delayed. The Caithness, Raigmore and Belford projects are delayed. Health centres in Kincardine, Lochgelly and East Calder are

cancelled. Barra community campus has been cancelled. I could go on. With almost one in six Scots on waiting lists, how will the First Minister end their suffering when those developments were so central to his plan?

**The First Minister:** As always, Jackie Baillie comes to the chamber ignoring the fiscal reality and effectively acting as a human shield for the Conservatives, who are cutting our capital budget by 10 per cent. The fact that she thinks that a 10 per cent cut can be imposed on us with no consequences shatters any credibility that she has on the issue.

We have, of course, made a dent in waiting times through the improvements that we are looking to make. When it comes to activity in the NHS, new out-patient activity was up on the previous quarter and up 2.3 per cent on Q3 last year. Over the 12 months to September 2023, activity was up by almost 1.24 million, which is 2.5 per cent more than in the previous 12 months. In-patient day-case activity for Q3 was at its highest since the start of the pandemic.

We are doing what we can, notwithstanding the financial constraints and the cuts that we are receiving from the UK Government, and we will continue to invest in that capacity.

It would, of course, be very helpful if Jackie Baillie could use any influence that she has with her UK Labour colleagues, who have thus far refused to confirm that they will reverse the capital cut.

**Miles Briggs (Lothian) (Con):** Last year, 59,240 patients attended the Princess Alexandra eye pavilion. For a patient in Edinburgh or the Borders with a detached retina, the need for urgent emergency surgery is critical. The Cabinet Secretary for NHS Recovery, Health and Social Care has suggested that, if the Edinburgh eye pavilion is not replaced, more surgery will be centralised in the Golden Jubilee national hospital in Glasgow. Does the First Minister think that it would be acceptable for eye surgery to be centralised in Glasgow? Will he agree to meet Lothian MSPs urgently to discuss those concerns and get ministers to change their mind and commit to a new, replacement eye hospital?

**The First Minister:** The clue is, of course, in the name. We are building national treatment centres and, where they can offer assistance across the country, they should be utilised in that way. We know that patients are willing to travel if necessary.

Our commitment to the eye pavilion remains. That is why we will bring forward details on what we can take forward with regard to our investment plans.

I am more than happy to ensure that the Cabinet Secretary for NHS Recovery, Health and Social Care meets Miles Briggs, but it would be more helpful if Miles Briggs demanded that his UK Government Conservative colleagues reverse their 10 per cent cut to our capital budget. They could do that in the spring budget next month. Let us see whether Miles Briggs and the Scottish Conservatives, who come to the chamber demanding that money be spent on capital projects, have any influence. Somehow, I think not.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** Plans for a new Belford hospital have made great progress in recent years, with Scottish Government support. It is deeply unfortunate that the UK Government's 10 per cent cut to our capital budget has postponed the actual build. Will the First Minister commit to enabling the design process to progress so that the project is shovel ready when capital funding becomes available, in order to allow the actual build to start?

**The First Minister:** We are absolutely engaged on that issue at the moment. Kate Forbes has suggested a sensible approach, and we will certainly seek to do that. It is essential that NHS boards continue to plan for how they will improve and reform services, and we remain committed to supporting them in that process. I go back to the point that many capital projects across the country are under threat not because of anything that the Scottish Government has done, but because of the UK Government's disastrous mismanagement of the economy, as well as the 10 per cent cut to our capital budget, which will impact not just health projects but capital projects across the country. Once again, we appeal to the UK Government to use the spring budget next month to reverse that devastating cut in order to allow those important health capital projects to go ahead.

**The Presiding Officer:** We move to general and constituency supplementary questions.

### Northern Ireland Assembly Negotiations

**Finlay Carson (Galloway and West Dumfries) (Con):** Will the First Minister join me in welcoming the very positive progress that has been made in the negotiations that are likely to see the restoration of the Northern Ireland Assembly at Stormont? Will he also welcome the huge boost to jobs and investment that could be delivered as part of the proposed investment zone extending to Stranraer and Cairnryan, in my constituency, which is the main point of entry for goods from Northern Ireland that go to Great Britain along the A75 and the A77?

**The First Minister (Humza Yousaf):** I absolutely welcome what I hope will be the restoration of power sharing in Northern Ireland.

For too long, the people of Northern Ireland have had to put up with no elected Government being in place. It is good news for the people of Northern Ireland, and we welcome it whole-heartedly.

I have been to a number of British-Irish Council meetings over the years and during my time as First Minister. In the past couple of meetings that I have attended as First Minister, the absence of any elected members from Northern Ireland has been noted, and their presence has been missed. As part of the Good Friday agreement, it is incredibly important that power sharing be restored.

It would be fair to say that we were not given any advance sight of the command paper that was published by the UK Government yesterday. There was no meaningful engagement by the Westminster Government. The UK Government appears to have decided unilaterally that there will be no border control post at Cairnryan—it has not consulted us on that decision. I note that the Secretary of State for Northern Ireland offered a £3.3 billion package to address public spending and pay pressures in Northern Ireland. Again, that is welcome, but those pressures exist in Scotland and, I suspect, in Wales, too. I know that the Deputy First Minister and her Welsh counterpart have said to the Chief Secretary to the Treasury that devolved Governments should be treated fairly, in line with the Barnett formula.

### Mark Scott Leadership for Life Award (Funding)

**Paul O'Kane (West Scotland) (Lab):** Mark Scott was murdered in 1995 as he walked through Bridgeton on his way back from a Celtic game. The murder was a brutal, unprovoked sectarian attack. However, from that tragic murder came hope in the form of the Mark Scott leadership for life award, which is now delivered by the Outward Bound Trust and brings young people together to share experiences and reduce racism, sectarianism and intolerance. The Scottish Government has provided core funding since 2012, which has allowed the award to leverage other funding from alternative sources. That amount stands at £75,000, but the trust has been told that the funding will be removed from next year. Surely the First Minister agrees that this life-changing award for young people that tackles sectarianism in the best way that I can think of cannot be allowed to fail due to Government cuts? Given that I am meeting the trust today, will he engage with me to find a solution and reinstate the funding?

**The First Minister (Humza Yousaf):** Paul O'Kane raises a very important point. I know of the work that the Mark Scott foundation has done over the years, alongside the Outward Bound Trust. I

have met some of those who have taken part in the project. The organisation has done incredibly well. It has had a really positive impact on young people, and I have engaged with the organisation over many years. I confirm to Paul O’Kane and to the chamber that the Mark Scott foundation will receive £75,000. We will ensure that it is funded fully to carry on the excellent work that the leadership award has done over many years, which is a lasting legacy for, and testament to, Mark Scott and his family.

### Higher Education (Widening Access)

**Kaukab Stewart (Glasgow Kelvin) (SNP):** This week, Liz Smith endorsed the reintroduction of back-door tuition fees, which would deter disadvantaged students from going to university. That follows Labour leader Keir Starmer ruling out free tuition under a United Kingdom Labour Government. Can the First Minister outline what progress the Scottish National Party Scottish Government has made in widening access? Will he reaffirm his commitment to keeping tuition free? *[Interruption.]*

**The First Minister (Humza Yousaf):** It is hardly a surprise to hear the Conservatives heckling when we mention free education—*[Interruption.]*

**The Presiding Officer:** Let us hear the First Minister.

**The First Minister:** I was absolutely delighted to see the progress that we have made in that regard highlighted this week by the commissioner for fair access: there has been a 45 per cent increase in the number of students from our most deprived communities entering university since 2013-14. It is no wonder that the Conservatives were groaning—they do not like it one single bit.

The commissioner also points out that that increase has not been at the expense of other cohorts of Scottish students, with increases in the number of home students across the board. Unlike Labour and the Conservatives, we are absolutely committed to the principle that access to education should be based on the ability to learn, never on the ability to pay.

### Health Visitors

**Meghan Gallacher (Central Scotland) (Con):** Mums and babies across Scotland are missing out on vital health visitor appointments. I know that, because it happened to me—my daughter was not seen for more than 10 months. Parents in Angus have been told that their babies could be without a visit for up to a year.

Health visitors are important, because they check on a child’s wellbeing but can also identify if mums are experiencing postnatal depression. The First Minister and the Cabinet Secretary for NHS

Recovery, Health and Social Care cannot bury their heads in the sand over the issue. Will the First Minister therefore intervene urgently to ensure that mums and babies are not denied those crucial visits because of staff shortages?

**The First Minister (Humza Yousaf):** Meghan Gallacher is absolutely right about the importance of health visitors, for the range of reasons that she articulated very well. Health visiting remains a universal service, and teams across Scotland work hard to deliver that entitlement. The latest published data that we have show that the overwhelming majority of eligible children receive their key health visitor contact between 10 days and five years of age.

That is not to say that there are not challenges. I am happy for the health secretary to write to Meghan Gallacher to give her the details of not only what we are doing to invest in the service but what we are doing in particular to further support health visiting services in areas where we are seeing disparities. I put on record my thanks to every single health visitor for the incredible work that they do.

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

12:47

*Meeting suspended.*

12:48

*On resuming—*

## Charity Lotteries (Sales Cap)

**The Deputy Presiding Officer (Liam McArthur):** The next item of business is a members' business debate on motion S6M-11319, in the name of Kenneth Gibson, on lifting the £50 million charity cap. The debate will be concluded without any question being put. I invite members who wish to participate to press their request-to-speak buttons.

*Motion debated,*

That the Parliament acknowledges the incredible amount of money raised by charity lotteries in the UK, including the Scotland-based People's Postcode Lottery, the players of which have raised what it sees as a phenomenal £1.2 billion for good causes across the country; understands that the demand for funding from charities has greatly increased amid the cost of living crisis and the aftermath of the COVID-19 pandemic; believes that the current £50 million cap on annual charity lottery sales serves no purpose, and that it is impacting the ability of charity lotteries to increase the amount of funding that they can provide to charities and good causes; notes the view that charities, including those in the Cunninghame North constituency, will continue to miss out on millions of pounds of funding so long as the sales cap remains in place, and further notes the calls for the UK Government to remove the charity lottery annual sales limit as a matter of urgency so that charities across the country are not missing out on vital funding when they need it most.

12:49

**Kenneth Gibson (Cunninghame North) (SNP):** I am pleased to bring to the chamber this members' business debate on the pressing need for the United Kingdom Government to lift the £50 million cap on charity lottery sales. I thank Scottish National Party, Conservative and Labour members who have supported my motion to enable the debate to take place.

Although lotteries policy is reserved, the issue impacts greatly on charity policy, which is of course devolved, and on many charities that are based in Scotland. Despite their existing to fund charities and good causes rather than to make private profit, charity lotteries are the only type of gambling or fundraising that have a cap on their sales. To illustrate the absurdity of the situation, figures that have been released by the Gambling Commission show that the total revenue to United Kingdom gambling firms in the past financial year was a staggering £10.9 billion, excluding reported lotteries.

It is now virtually impossible to attend or watch a football match without being bombarded by every conceivable type of gambling advert. According to the University of Glasgow researcher Dr Robin Ireland, a single English Premier League game

between Newcastle Football Club and Wolverhampton Wanderers Football Club, both of which have gambling sponsors, resulted in 716 gambling exposures over the course of the game.

As members of the Scottish Parliament, the vast majority of us have seen first hand how devastating problem gambling can be for individuals, their families and, indeed, whole communities. Online betting, gaming machines and betting shops are all commonly cited sources of debt and despair for problem gamblers.

Charity lotteries are not, but as things stand under the UK Gambling Act 2005, only charity lotteries are the subject of an annual cap on sales. The cap serves no purpose other than to place an artificial ceiling on an important fundraising stream for charities and good causes that are doing phenomenal work in, for example, my Cunninghame North constituency, across Scotland and, indeed, across England, Wales and Northern Ireland.

The reason why the charity lottery sales limit exists at all is unclear. The only stakeholder opposition to raising the limit came from Camelot, which until today held the licence to run the national lottery. The company's opposition came from a desire to diminish competition with the national lottery. However, that notion has been thoroughly debunked. Evidence has consistently shown that charity lotteries complement, rather than compete with, the unique position of the national lottery.

A 2022 report by the UK Digital, Culture, Media and Sport Committee into the future of the national lottery founder stated:

"society lotteries play a different role from the National Lottery and do not pose a threat to the National Lottery's charitable giving."

I know that the charity lottery sector has been struggling with the issue for many years now, so it is heartening to have cross-party support across the Scottish Parliament for this common-sense move to free up additional charity funding for good causes, at no cost to the taxpayer. I hope that today's debate will send to Westminster a strong message about the long-overdue need for action.

On a UK-wide basis, charity lotteries generate more than £420 million per annum for charities and good causes of all sizes, and that amount is growing each year. The largest and best-selling operator is, of course, Scotland's own People's Postcode Lottery, which is a true Scottish fundraising success story. To date, its players have raised more than £1.2 billion for good causes, which is a scarcely believable number. Players now raise more than £18 million per month for good causes across Britain. From its central Edinburgh headquarters, it employs more

than 400 people, two of whom—Nick Cook and Andrew Murray—join us in the public gallery. I thank the People's Postcode Lottery for its debate briefing.

Grass-roots constituency projects and organisations such as the Arran Youth Foundations school holiday programme and Largs First Responders have received more than a quarter of a million pounds of People's Postcode Lottery funding. Only last week, four winning tickets in a Saltcoats neighbourhood resulted in six charities—The Ayrshire Community Trust, Input SCIO, the Ayrshire branch of Breastfeeding Network, the Trussell Trust, Ayrshire Children's Services CIC and the North Ayrshire Forum on Disability—receiving five-figure sums for local projects.

In respect of large national charities, Scotland-based organisations such as Children First, Maggie's and the Ellen MacArthur Cancer Trust, which operates out of Largs, are in receipt of long-term multimillion-pound annual funding awards. It is clear that charity lotteries are an integral part of the charitable fundraising mix in communities up and down the country. The unrestricted nature of the funding only increases its importance.

However, People's Postcode Lottery has raised concerns about the current restrictive limit and how it is impacting on its players' charitable giving. As things stand, four of the 20 trusts that are administered by People's Postcode Lottery have had to take action to ensure that they do not breach the £50 million annual sales cap—a figure that does not rise with inflation. That means that those trusts will not be able to increase the amount of funds that they give to the good causes that they support, even if ticket sales continue to increase.

Ten postcode trusts are set to be within 3 per cent of the legal sales limit in 2024, which means a larger funding gap and a growing number of charities being affected. The current £50 million annual sales cap that came into effect in July 2020 is well short of the £100 million that was identified as the UK Government's preferred option in its 2018 consultation, towards which, it has since stated, it remains sympathetic. Due to high inflation and the cost of living crisis that we are experiencing that is, in effect, a year-on-year real-terms funding cut for those charities. Today, £50 million represents a 17.4 per cent decrease in real terms from when the cap was lifted in 2020.

People's Postcode Lottery has highlighted the charities that are likely to be affected by annual sales caps, as well as the individual amount that they are projected to lose over the next five years—2024 through 2028—without the removal of, or significant reforms to, the annual sales limit. I will not mention all the dozens and dozens of

charities on People's Postcode Lottery's website, but I will mention some. Dogs Trust is projected to lose £4.9 million; British Red Cross, £4.9 million; Save the Children, £4.5 million; Breast Cancer Now, £3.6 million; the Royal National Institute of Blind People, £3.2 million; Action Against Hunger £1.6 million; and Mary's Meals, £1.3 million. At the top of the tree is Amnesty International, which will lose out on £5.7 million.

The problem will only grow in the years to come, unless the cap is raised or, better still, abolished. It is also worth pointing out that in each of the 20 postcode trusts are individual Scottish charities in their own right that are registered with the Office of the Scottish Charity Regulator, which has itself backed reform in the area. Over the next five years, 100 supported charities will lose an estimated £175 million or more in extra funding due to the lottery cap. It is frankly disgraceful and astonishing that good causes that are providing services to some of society's most vulnerable people will lose out on essential funding due to an outdated and nonsensical regulation.

The UK Government has a real chance to make a difference to charities by removing the charity lottery annual sales limit, and it should act now. The Scottish Government and MPs across the board—including my wife, Patricia Gibson MP, who raised the matter last year and again, most recently, in the House of Commons on 11 January—back removal of the limit, as part of an overall strategy to ensure that we help the charity sector in Scotland to thrive.

I also know that its removal has received support across this Parliament. Successive cabinet secretaries for social justice have lobbied the Department for Culture, Media and Sport to ask the secretary of state to remove the annual sales limit as a matter of urgency. It is astonishing that it has not happened already, and I am sure that the minister will touch on that in her remarks.

If the Scottish Government had the powers, it could and would remove the limit, but, as things stand, it does not. I thank colleagues across the chamber for taking the time to debate and support this important issue, and I hope that the UK Government takes note of the strength of cross-party support in Scotland's Parliament for the common-sense changes. I urge the UK Government to act to remove the charity lottery fundraising cap without delay. It will cost the taxpayer nothing and will be appreciated across the board.

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

12:57

**Jeremy Balfour (Lothian) (Con):** I thank Kenneth Gibson for bringing this important matter to the chamber for debate.

There are many disagreements on policy across this Parliament daily, but it is encouraging that the issue of charity lottery funding does not appear to be one of them. It seems to be clear that needless and outdated bureaucracy is holding back the fundraising of Britain's charity lotteries.

As has been noted, the sector raises almost £0.5 billion in funding each year, and analysis shows that, with the correct regulatory reforms, it could generate still greater funding. As regards the UK Government, it is only fair to acknowledge that UK ministers partially reformed the charity lottery annual sales limit at the turn of the decade to the present £50 million cap. However, it is also only fair to acknowledge that that fell short of that Government's own preferred option to raise the limit to £100 million, which it promised to do but failed to deliver.

Given the time that has now passed, the most sensible course of action is the one that is being advocated by the charity sector—to remove the annual sales cap in its entirety. Removing the cap would future proof the sector and avoid the need for the Government to have to revisit the matter continually, which I think is in nobody's interests. I am pleased that Scottish Conservatives continue to advocate for that important reform. That includes Douglas Ross, who has made representations to the Department for Culture, Media and Sport and to the Chancellor of the Exchequer.

The People's Postcode Lottery's analysis demonstrates that removing the annual sales limit would generate more than £175 million for charities over the next UK parliamentary session. It seems to be a fundamentally Conservative way to fund the third sector across the whole United Kingdom. To that end, I join others in urging the Chancellor of the Exchequer to consider the measure for inclusion in the forthcoming spring budget.

As the official regulator, the Gambling Commission has stated on the record that it is unclear why the annual cap exists in the first place. The commission has shown that returns to good causes from sales by the National Lottery and charity lotteries have reached record levels in recent years, and it is clear that both types of lottery can exist happily together.

It will come as little surprise to colleagues that I am not a great gambler—although I am happy to bet with Mr McLennan on which football team in Edinburgh will end up higher than the other at the

end of the season, if he wants to give me his money.

I am concerned about the potentially harmful effects of the commercial gambling and betting industry. For that reason, it is important to place on the record that not-for-profit charity lotteries are recognised by the UK Government, the Gambling Commission and academia as low risk and quite distinct from the commercial gambling sector. I am pleased both that the People's Postcode Lottery is headquartered here in my region and that its game is recognised as

“one of the safest in the worldwide gambling market”

by distinguished professor of behavioural addiction at Nottingham Trent University, Professor Mark Griffiths.

Maggie's, the cancer centres charity, which does so much important work in the Lothian region supporting people on their cancer journey, currently receives £3 million every year from the People's Postcode Lottery, but if the annual sales cap were to be lifted it could receive an extra £5.5 million over the next UK parliamentary session. As the owner of a former Holyrood dog of the year winner, I declare an interest, at this point. The Dogs Trust, which also receives £3 million every year, would be in line to receive almost £4 million in extra funding over the next five years, were the cap to be removed.

It is impossible to deny that the third sector, here in Scotland and across the entire United Kingdom, faces a major challenge in its funding environment. The scale of the challenge is such that it cannot be solved with ever greater amounts of public funding—and nor should we aspire for it to be so. As a society, we are stronger when civil society can flourish, which in the case of charities means deploying their expertise to support the most vulnerable people. Removing the annual cap on charity lottery sales would help to fund the third sector better at no cost to the public purse, so I am very happy to support the motion.

**The Deputy Presiding Officer:** Thank you, Mr Balfour. It should be noted that Mr McLennan did not seek to intervene to pick up your gauntlet. That will not have gone unnoticed.

13:02

**Alasdair Allan (Na h-Eileanan an Iar) (SNP):** I thank Kenneth Gibson for bringing this important debate to the chamber. It focuses on an important source of funding for many charities, and highlights a completely needless obstacle that many of them face.

I am a long-standing supporter of charity lotteries, which raise funds for good causes and are operated, as others have said, on a not-for-

commercial-gain basis. However, those lotteries are being hampered in their ability to support deserving causes by an unnecessary and unreasonable funding cap, which was originally implemented by the UK Government to protect the national lottery from competition.

The Gambling Commission, in its advice to the UK Government seven years ago, stated that it believed that there was no need for such a cap to remain in place, given the record levels of both national lottery and charity lottery sales in recent years. During the UK Government's 2018 consultation on charity lottery limits, its preferred option was raising the annual sales limit to £100 million. However, six years later, charity lotteries are still being constrained by a limit half that size. As Mr Gibson pointed out, when the UK Government could be bringing forward legislation to free up millions of pounds of funding for good causes, its continued lack of action on the issue is hard to fathom.

Working to remove the annual sales cap is an SNP manifesto pledge and an issue that the Scottish Government has supported for many years. I understand that the Scottish Government has made representations to the UK Government about it on numerous occasions, frustratingly without progress. The legislation on the matter is, unfortunately, fully reserved to the UK Parliament.

Several of the fantastic charities based in Scotland that the People's Postcode Lottery supports, such as Maggie's centres and Mary's Meals, are seeing their funding indefinitely capped due to the outdated charity lottery annual sales limit. That is despite the People's Postcode Lottery's desire to increase its activity in support of charities. It is estimated that, over the next five years, Maggie's may lose out on £5 million of additional funding, while Mary's Meals may lose out on more than £1 million. During a cost of living crisis, when charities are on the front line of providing support across the country, how is that fair? What end does such a cap serve?

Charity lotteries have raised hundreds of thousands of pounds for good causes in my constituency, with organisations such as the Stornoway Trust, the Bernara Community Association and Western Isles Foyer benefiting from vital funding.

Players, as well as charities, benefit from those lotteries. When my constituents in North Uist and Bernaray won £3 million through the People's Postcode Lottery, the prize was shared between 101 fortunate individuals. Much of the winnings were spent locally, which gave an economic boost to the whole community.

Charity lotteries provide transformative funding to charities. To pick up on a theme raised by Mr

Balfour, they do so in a way that deliberately does not include highly addictive forms of gambling, such as scratch cards. The lotteries therefore pose a very low risk of gambling-related harm to players. They exist to fund and support good causes, and it makes no sense at all that they should face far more regulation than the purely for-profit bookmakers, which make astronomical sums of money for their shareholders and pose a much higher risk of gambling-related harm. I urge the UK Government to break a long-standing habit and do something positive, which would be to remove the unfair and illogical annual sales cap on charity lotteries.

13:06

**Paul O'Kane (West Scotland) (Lab):** It is a pleasure to contribute to the debate. I thank Kenneth Gibson for securing the debate and for his opening speech, which set out in detail many views that we would all share, across the chamber, about why the cap feels arbitrary and unfair, and why reform is so necessary. Mr Gibson got to the heart of the difference that charity lotteries can make in communities such as Cunninghame North or, more widely, across West Scotland, which I represent.

I declare an interest in that, in a previous life, I had the job of setting up a charity lottery for Enable Scotland when I worked there. I know the difference that that lottery has made, even in its infancy, although it is probably not reaching the cap at this stage. It certainly makes a difference in the funding for charitable projects for people who have a learning disability. We see that in the variety of organisations that are supported, including our hospice movement across West Scotland, which relies on charity lotteries to support its work.

We have heard about the important work that has been done by the People's Postcode Lottery and the limitations that have perhaps been placed on it due to the cap. In my local community in East Renfrewshire, I have seen funding from the People's Postcode Lottery make a real difference, whether that is community organisations supporting older people and reducing isolation or organisations such as Back to SchoolBank in East Renfrewshire, which provides new uniforms and school equipment to children. Those organisations have benefited from funding from the People's Postcode Lottery. It is a real shame that that is limited by the effects of the cap.

In the context of higher and higher demands on our third sector, and at a time when we see funds being stretched further and further, it does not make any sense to cap the ability to generate funds and, in turn, share funds with organisations that need them. Analysis carried out by the

People's Postcode Lottery has demonstrated that the annual sales cap on the sector restricts funding that can be provided to its 40 large charity partners. As we have heard, that is millions of pounds annually that could be doing more good in our communities and is currently being restricted from being raised in the first place. We have heard from colleagues across the chamber that a variety of organisations would share that view, including, not least, the Gambling Commission, the Charity Commission in England and Wales and, I am sure, Office of the Scottish Charity Regulator.

It is clear that there is consensus across the chamber and in the House of Commons on lifting the cap. Indeed, I was reading the *Hansard* of the Westminster Hall debate that was held in July, to which Patricia Gibson MP and others contributed. I was pleased to see the efforts of Opposition parties in coming together to say that the cap needs to change, that it will not cost the taxpayer money and that it will improve charities. In responding for Labour, my colleague Alex Davies-Jones called on the minister to take action, take a step forward, get a move on with removing the cap through consulting the charities and organisations that are most directly impacted and find a way to do that. If the current UK Government is not willing to do it, it can get out of the way and let another party come in and take the issue forward, because it is important and it commands consensus.

I am conscious of time, so I will leave it there. The strength of feeling in the Scottish Parliament and at UK level shows that it is time to do the right thing and remove the cap.

13:10

**Stephanie Callaghan (Uddingston and Bellshill) (SNP):** I, too, am pleased to be contributing today, and I congratulate my colleague Kenneth Gibson on securing the debate and calling for the removal of the annual sales limit in charity lottery fundraising.

The idea that there could be a restriction on funds raised for the betterment of society is a bit baffling. However, under the UK Gambling Act 2005, society lotteries are subject to a maximum sale of £50 million, as we have already heard. The limitation is seemingly in place to uphold their primary purpose and to ensure that their fundamental mission of raising funds for good causes remains intact. However, a striking disparity emerges when we consider that other forms of gambling, particularly those that are deemed harmful, operate freely without similar constraints.

To provide some insight, I note that the Gambling Commission reported that, excluding all the reported lotteries, the gambling industry

generated an eye-watering total revenue of £10.9 billion last year; that figure was already cited by Kenneth Gibson, but it is certainly worth repeating. Not only is that gambling revenue amassed by preying on society's most vulnerable people, but it exacerbates issues such as homelessness, crime, fractured relationships and mental health problems; it even contributes to suicide rates. The impacts are far reaching and profound.

Meanwhile, we impose a £50 million limit on society lotteries from which no private profit is gained and funds instead go towards organisations that diligently work to eliminate some of the very inequalities that gambling supports. That is nothing short of ludicrous.

Faced with the post-pandemic era and the relentless squeeze of the cost of living crisis, charities and voluntary organisations are grappling with the dual challenge of increasing demand while their resources are diminishing. As a result, around half such organisations are struggling to deliver their essential core services. That is outlined in the "Third Sector Tracker Report" by the Scottish Council for Voluntary Organisations. To put it simply, organisations are absolutely crying out for a funding lifeline and, with society lotteries generating an impressive total of £420 million annually and displaying signs of significant growth, they are well placed to provide that essential support.

I, too, welcome to the public gallery the representatives who are here today from the People's Postcode Lottery, and I thank them for the leading role that they have played in the campaign and for their tireless efforts to remove the absurd upper limit.

Reading the briefing for the debate today, I found it disheartening to learn that, taken over the next five years, the existing cap on annual sales will jeopardise a staggering £175 million in crucial funding for 100 supported charities. It is clearly ridiculous that such a substantial contribution to charities is being seriously hindered by the outdated legislation, especially, as we have already heard, when it would cost the public purse absolutely nothing.

Nevertheless, community grants from the People's Postcode Lottery of £26,400 have been distributed across my constituency of Uddingston and Bellshill, and that support has translated into tangible benefits for various projects that affect people on the ground. Examples include funding for equipment for the nurture in nature initiative and funding that was awarded to Viewpark Gardens allotment and community gardens, which allowed it to buy a range of seeds, plants, food containers and gardening tools for its grow in the community projects. The funding has been transformational, and my team is happy to

encourage and support more local organisations to apply to society lotteries. I am grateful to Paul O’Kane for highlighting Enable Scotland, too.

Although lotteries policy is a reserved matter, I hope that the UK Government is listening closely to today’s debate and the call to remove the charity lottery fundraising cap. The growth of the fantastic organisations in our community and voluntary sector should be celebrated and nourished. We cannot and should not put a limit on social good, and it is time for the UK Government—to use Paul O’Kane’s words—to get a move on and sort it out.

13:15

**The Minister for Equalities, Migration and Refugees (Emma Roddick):** I thank Kenneth Gibson for organising today’s debate on the £50 million cap on charity lotteries and for setting out so clearly what he described as the “absurdity” of that unique limit.

It is lovely to have consensus today, although it is not a surprise, given how ridiculous the cap is. The fact that we have all agreed on that highlights how inarguably absurd the cap is, particularly when we consider that, as Kenneth Gibson and Alasdair Allan mentioned, such lotteries are a less addictive form of gambling than the potentially harmful forms of gambling that are not subject to the same limit. Stephanie Callaghan was right to mention that charity lotteries often play a part in supporting people who have suffered harm as a result of gambling addiction.

Charity lotteries play an important role in funding thousands of good causes in Scotland, from large national charities that operate across the country to grass-roots good causes that are focused on their local communities. In my Highlands and Islands region, charity lotteries have raised millions of pounds for local good causes, such as Inverness Highlanders junior ice hockey club, Aviemore and Glenmoor Community Trust and the Ledge.

Charity lotteries also support large charities, such as Maggie’s and Guide Dogs, that have a presence across all of Scotland. Having just visited Maggie’s Highlands, I know that even the smallest amount of money can make a huge difference to the people whom it supports. Mary’s Meals, which was founded in my region, has received almost £4 million from charity lotteries across the years. Valued partners of the Scottish Government, including Crisis and the British Red Cross, which I work closely with in our efforts to support asylum seekers and other new Scots, are also missing out.

The Scottish Government fully supports the removal of the charity lottery annual sales cap. As

Alasdair Allan pointed out, we have written to the UK Government about that on numerous occasions. Simply put, it would free up more funding for charities at no cost to the taxpayer. Unfortunately for charities across Scotland, the merry-go-round of secretaries of state at the Department for Culture, Media and Sport has led to that important campaign not getting the attention that it deserves. It is bizarre that the UK Tory party, which is purportedly the party of scrapping red tape and regulation, has allowed an outdated and unneeded limit to remain in place for the 12 years for which it has been in power.

I was glad to hear Jeremy Balfour, on behalf of the Scottish Conservatives, urge the Chancellor of the Exchequer to take action and agree that the current limit falls short even of the preferred option in the UK Government’s previous consultation—indeed, it sits at half that level. He is right that removing the cap would be in everybody’s best interests. Unfortunately, the infighting and chaos in his party down south have directly led to charities missing out on millions of pounds of essential funding at a time when it is needed more than ever.

After more than a decade of Tory austerity, many charities face incredible demand for their services, coupled with skyrocketing costs as a result of inflation. Those charities often fill the gaps in areas where the UK state has pulled back, and they should be given the opportunity to receive as much funding as possible. In Scotland, we have many charity lotteries, such as the People’s Postcode Lottery and the Scottish Children’s Lottery, which raise millions of pounds of funding each month. Regardless of whether Paul O’Kane’s Enable Lottery is currently harmed by the cap, I know what good work Enable Scotland does, and there should not be a limit on its aspiration to help as many people as possible.

Players of the People’s Postcode Lottery alone have raised more than £1.2 billion for good causes, which is a truly astronomical sum of money that has made a real difference to thousands of organisations, including many in my region of the Highlands and Islands. Recently, those that have benefited have included An Talla Solais in Ullapool, which is a fantastic organisation that I had the privilege of visiting last year, as a local MSP and in my ministerial role, to learn about how the opportunities that it offers help to address social isolation and loneliness in Ullapool, as well as tackling depopulation in the area by retaining local artists and offering those who have left the option to return. Last year, the organisation received £18,000 from the People’s Postcode Lottery.

People’s Postcode Lottery support for Transition North Ronaldsay has had a widespread positive

effect, including regular beach cleans, an extremely beneficial community garden and the promotion of sustainability throughout Orkney's northern isles. That group got £24,950 from the People's Postcode Lottery last year.

I was shocked to learn that figures from the People's Postcode Lottery show that dozens of charities are set to miss out on millions of pounds of funding over the next five years, due to the current £50 million cap. To highlight just one example, Mary's Meals faces a funding shortfall of more than £1.1 million over the next five years, because of that cap.

The charity sector, charity lotteries and politicians from all parties have been calling for further reform for some time. I can see no logical reason why the outdated law should remain in place. It is, frankly, unclear why there is any limit in place when all that does is to act as a blocker on the ability of charity lotteries to raise funds.

Scotland's brilliant charities deserve access to the largest possible amount of funding. As Kenneth Gibson said, we would be happy to make changes here in Scotland if we had the power to do so, but we do not. I, and the rest of the Scottish Government, will, as a matter of urgency, continue pushing the UK Government regarding those limits and calling for the cap to be removed, and I am sure that many colleagues here today will do so too.

13:21

*Meeting suspended.*

14:30

*On resuming—*

## Portfolio Question Time

### Education and Skills

**The Deputy Presiding Officer (Annabelle Ewing):** Good afternoon. The next item of business is portfolio question time. The portfolio this afternoon is education and skills. If a member wishes to ask a supplementary question, they should press their request-to-speak button or enter "RTS" in the chat function during the relevant question.

### Teaching (Class Contact Time)

**1. Willie Rennie (Mid Scotland and Fife) (LD):** To ask the Scottish Government whether it will provide an update on when it will deliver its commitment to reduce teacher class contact time by 90 minutes per week. (S6O-03038)

**The Cabinet Secretary for Education and Skills (Jenny Gilruth):** The Government is committed to reducing class contact time for teachers by 90 minutes per week by the end of the current parliamentary session, and work is ongoing with our key stakeholders to achieve that aim.

To inform those discussions, I have commissioned an external modelling and research exercise, which will consider a range of factors including current teacher numbers, pupil to teacher ratios and the projected decline in the number of school-age children in Scotland. Any reduction in class contact time will require the agreement of the Scottish Negotiating Committee for Teachers.

**Willie Rennie:** That is so slow. To claim that the manifesto commitment that was so breathlessly delivered in 2021 was never intended to be implemented for another five years is, frankly, to take teachers for fools. Teachers are struggling now, and they need the promise to be delivered now. Will the cabinet secretary set out exactly what she has done, since she came to her post, to deliver the policy much sooner than she has indicated?

**Jenny Gilruth:** In my initial response to Willie Rennie, I set out the action that I have taken since coming to post as cabinet secretary. I have commissioned the external modelling work that we require at a national level to look at class contact time at local level. We do not yet have that detail. I do not yet have that report, which will inform the progress that needs to be made in delivering the commitment.

However, I absolutely agree with the sentiment behind Mr Rennie's question. Reducing class contact time is vital, particularly when it comes to workload, but also when it comes to school reform, which is another substantive issue to which the profession will respond in due course. I look forward to working with Mr Rennie to that end.

**Liam Kerr (North East Scotland) (Con):** The workload reduction task force in England has made a number of recommendations to address teacher workload pressures. Many suggest that those are easily mappable on to a Scottish situation. Which of those recommendations does the cabinet secretary think are particularly worthy of consideration, and what is she doing to implement them?

**Jenny Gilruth:** I have to confess that I have not seen that group for England, nor its recommendations, and I am not sure that recommendations that have been made in other parts of the United Kingdom would necessarily always apply to the Scottish system. That being said, I would be more than happy to look at recommendations that have been made in other parts of the UK, albeit that I recognise that education is devolved.

**Pam Duncan-Glancy (Glasgow) (Lab):** The cabinet secretary will be aware that similar reports were written in Scotland almost 10 years ago. The workload reduction task force and the working group on tackling bureaucracy highlighted a number of areas—including forward planning, assessment, monitoring and so forth—that could help to reduce workload. I know that trade unions have written to the cabinet secretary about that. Will she revisit the actions in the report, and is she willing to meet trade unions and me to discuss the matter?

**Jenny Gilruth:** I regularly meet teaching trade unions, and I am keen to work with them on the issue, which is part of our wider response to school reform in a post-Covid environment. I recognise the challenge, and I will continue to engage with trade unions and with Pam Duncan-Glancy on the issue.

**The Deputy Presiding Officer:** Annie Wells joins us remotely.

### **Glasgow Primary Schools (Staff Retention and Wellbeing)**

**2. Annie Wells (Glasgow) (Con):** To ask the Scottish Government what steps it is taking to support staff retention and wellbeing in primary schools in Glasgow. (S6O-03039)

**The Cabinet Secretary for Education and Skills (Jenny Gilruth):** Glasgow City Council is responsible for the employment of teachers in its area. That includes staff retention and wellbeing.

Notwithstanding that, we are supporting the recruitment and retention of teachers by providing councils with £145.5 million to protect teacher numbers. In addition, the strategic board for teacher education is considering issues relating to the recruitment and retention of teachers.

The Scottish Government has allocated more than £2 million to support the wellbeing of the education workforce, in addition to our investment in the historic pay deal for teachers, which means that they are the best paid anywhere in the United Kingdom. Ultimately, however, primary school staff retention and wellbeing are matters for the respective employers.

**Annie Wells:** Toryglen primary school, in my Glasgow region, has had no fewer than five headteachers in just three years. Inspectors have noted that, despite the hard work and dedication of staff, the school suffered from a lack of leadership. Although individual circumstances are, of course, a factor in every school, that example, combined with the fact that, in Glasgow alone, almost 37,500 days were lost to staff mental health absence in 2022-23, certainly gives cause for concern. Does the cabinet secretary agree that more substantive action is required to improve staff wellbeing in primary schools across Glasgow and beyond?

**Jenny Gilruth:** Annie Wells raises an important point about teacher wellbeing. Since October 2020, we have allocated £2 million specifically to support the wellbeing of the teacher education workforce. It is vital that staff in our schools and nurseries are able to access the right support that they need when carrying out their important duties. In this instance, Glasgow City Council is, of course, the employer. In relation to wellbeing, we have invested an additional £200,000 this year to support coaching for staff who work in schools and in early learning and childcare.

I will continue to engage with the Convention of Scottish Local Authorities on the issue, but I am also happy to engage with Annie Wells and, if required, Glasgow City Council directly, because I recognise and support the points that Annie Wells made.

**Martin Whitfield (South Scotland) (Lab):** The cabinet secretary talked about the retention of staff across Scotland. Is the Scottish Government leveraging data and insights about teacher numbers to inform future budgetary considerations and policy design, particularly to address concerns raised by the stand up for quality education campaign regarding funding and resources for schools?

**Jenny Gilruth:** We already undertake our annual teacher workforce planning exercise, which is done at a national level but is informed by local requirements. It involves a statistical model that

estimates the number of initial teachers required to maintain pupil to teacher ratios, which, as Martin Whitfield will know, are at a record low. The model is based on inputs and projections on the number of pupils in the education system, the churn in teacher numbers—for example, in relation to retirement and maternity leave—and the retention rates of initial teacher education students.

There has been consultation on that exercise, which takes place in partnership with key stakeholders—namely, COSLA, but there are also representatives from the General Teaching Council for Scotland, our universities, our teaching unions, which relates to Martin Whitfield's point, and the Scottish Funding Council.

I will continue to work with our workforce planning partners to that end, but I recognise Martin Whitfield's point about forward planning to meet the needs of the sector and our teachers.

**The Deputy Presiding Officer:** I will take a supplementary question from James Dornan, who—I hope—joins us online.

**James Dornan (Glasgow Cathcart) (SNP):** A big aspect of attracting staff to work in Scottish schools is competitive pay. Will the cabinet secretary outline how pay in Scotland compares with that elsewhere in the UK?

**Jenny Gilruth:** We have been proud to support pay deals for the public sector across the board. The current teacher pay deal is the most generous since 2001. The 28-month deal has had a cumulative value of 14.6 per cent and means that pay for the majority of classroom teachers will increase overall by more than £6,100. Unpromoted teachers at the top of the main grade scale are also better paid in Scotland, with a salary of £48,516. That is certainly welcome news and shows how this Government values our teachers in Scotland.

### **Innovation Centres (Funding)**

3. **Ivan McKee (Glasgow Provan) (SNP):** To ask the Scottish Government what its position is on the Scottish Funding Council's decision to stop funding three—almost half—of Scotland's seven innovation centres. (S6O-03040)

**The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey):** Scotland has a rich research and innovation ecosystem that drives the creation of new knowledge and delivers economic, social and environmental benefits across the country. The innovation centre programme forms an important part of that ecosystem.

Since its launch, close to £175 million has been invested in the programme by the Scottish Government and delivered by the SFC. The

programme has supported and will continue to support the seven existing innovation centres until late 2024. However, it was always envisaged that, beyond that period, funding for the innovation centre programme would be reviewed by the SFC to determine future approaches to investment.

Following completion of that review, four centres will receive further funding from the SFC. The other three centres have benefited from 10 years of public funding, which has built their capacity and will enable them to explore new models of public and private investment and continue to deliver impact.

In addition, the Scottish Government, via the SFC, will continue to support research and innovation in aquaculture, precision medicine and sensors and enabling technologies through its core funding for universities and colleges.

**Ivan McKee:** Last year, the Scottish Government launched its innovation strategy, recognising that its seven innovation centres have been at the heart of the delivery landscape. The strategy is based on identifying where Scotland has genuine world-leading potential in supporting those technologies, and it calls for joined-up delivery across the innovation ecosystem.

Clearly, the Scottish Funding Council did not get the memo. Will the Government be rewriting its innovation strategy, given that a significant part of the delivery landscape that it relies on will no longer exist?

**Graeme Dey:** Scotland's network of innovation assets is extensive and includes a number of centres of excellence funded by the Government in addition to the SFC-funded innovation centre programme. As the member knows, they include the National Manufacturing Institute Scotland, the Net Zero Technology Centre, the medicines manufacturing innovation centre and a number of centres of excellence funded through the city region and growth deals.

As the member rightly points out, the innovation centre programme is an important part of that landscape. The key aims of the SFC's recent review of the programme were to promote greater alignment between centre activity and the Scottish Government's ambitions, including those outlined in the national innovation strategy. Public sector support for innovation is provided through our enterprise agencies, as part of the national innovation strategy's implementation work with those agencies on a public sector innovation funding review, which is under way and focuses on increasing the alignment of funds, reducing unnecessary duplication and addressing any gaps in the funding landscape.

**Marie McNair (Clydebank and Milngavie) (SNP):** There are clearly pressures on all aspects

of the Scottish Government, including the Scottish Funding Council. In light of those financial challenges, will the minister commit to continuing the Scottish Government's prioritisation of the widening access agenda?

**Graeme Dey:** I was delighted to see the progress that we have made being highlighted this week by the commissioner for fair access, who pointed out that the increase that has been made has not been at the expense of other cohorts of Scottish students, with increases in the number of home students across the board. That directly contradicts claims that we have heard previously from Labour and Tory members. Perhaps they might want to reflect on what they have heard from that independent source and consider correcting the record. In the same week that that progress has been confirmed, we have heard calls from members of the Tory front bench to bring back tuition fees, which would put that progress at risk, and Keir Starmer is U-turning on free tuition.

On widening access, we will not rest on our laurels. There is much work still to be done, and we will set about doing it.

#### **University and College Courses (Skills Matching)**

4. **Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** To ask the Scottish Government how it matches up the skills required in the economy with the courses on offer at Scotland's colleges and universities. (S6O-03041)

**The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey):** As I confirmed to Parliament recently, and as is set out in "Purpose and Principles for Post-School Education Research and Skills", the Scottish Government will lead skills planning at the national level and will support the development of skills planning at regional levels, in recognition that we must better align our education and skills system offering with the strategic skills need of the economy. We are developing those approaches in close collaboration with colleges and universities, along with other partners—particularly employers—and we are looking to get the clearest possible picture of the skills need across Government portfolios, now and for the future.

**Willie Coffey:** We know the self-inflicted, damaging effect that Brexit is having in this area, and the refusal by Labour and the Tories to support returning to the European Union any time soon will not help that one bit. Could the minister give some indication of what more we can reasonably do to help bridge the gap between what our local economies need and the capacity of our colleges and universities to deliver? In particular, how can we encourage more young

people to start their own businesses in the trades that our economy so desperately needs?

**Graeme Dey:** Willie Coffey makes a number of important points there. In all this, we need to draw a clear distinction between skill shortages and labour shortages. That is incredibly important. There is an issue about access to workforce, and Brexit has been a large part of that. We are trying to mitigate the damage that has been done to an extent. We are undertaking an exercise across Government at the moment, whereby I am asking colleagues across portfolios to engage with employers, colleges and universities to identify whether the cause behind some of the shortages relates to provision—and, if so, what we can do to address such causes.

The Government has taken a number of other measures, but Willie Coffey makes an interesting point about how we encourage young people to start up businesses. I have seen some good, leading examples of that in a number of our universities, which I think we could roll out more widely.

**Audrey Nicoll (Aberdeen South and North Kincardine) (SNP):** Ensuring fair access to higher education is clearly critical in ensuring that Scotland has the skilled workforce that we need for the future. I ask the minister for his response to the report from the Commissioner for Fair Access that was published earlier this week.

**Graeme Dey:** I think that I covered most of that a moment ago. There is no doubt that the report makes positive reading—and even our political opponents would have to acknowledge that. However, we have some ground to make up to complete the journey that we set out on. Therefore, within days of receiving the report, I have tasked officials with considering how we build on the achievements so far, including how we overcome some of the data-sharing issues that are an impediment, so that we can move forward, as we all want to do.

**The Deputy Presiding Officer:** I am afraid that, although Ms Chapman was hoping to join us online for question 5, we have noted that the internet connection has been coming in and out. I do not think that there is any point in starting off something that we might not be able to complete. I apologise to members who were seeking to ask supplementaries, but the internet connection is not stable. We will move to question 6.

#### **Museums (Education on Racism and Colonialism)**

6. **Foysoil Choudhury (Lothian) (Lab):** To ask the Scottish Government what action it has taken to ensure that pupils can interact with museums as

part of their education to help address racism and the legacy of colonialism. (S6O-03043)

**The Cabinet Secretary for Education and Skills (Jenny Gilruth):** Pupils engage with museums and exhibitions in a number of ways. For example, young people co-curated the “Glasgow—City of Empire” exhibition at Kelvingrove art gallery and museum that was launched in November last year. It is important that we build on that approach, which is why the Minister for Culture, Europe and International Development accepted all the recommendations of the “Empire, Slavery and Scotland’s museums” report last week. They include the recommendation that

“Museums should support efforts to promote and embed race equality and anti-racism in the curricula in a meaningful, effective, and sustainable way.”

We will continue to work with Museums Galleries Scotland to implement that recommendation, which aligns with our new breaking-the-mould anti-racist curriculum principles and supports our programme for government commitment to advance inclusive education and promote a decolonised curriculum.

**Foysoyl Choudhury:** Last week, I visited Kelvingrove art gallery, which has recently launched the exhibition that the cabinet secretary mentioned. The organisers worked with communities to tell the story of the empire and how it still affects communities in Scotland today. What discussion has the Scottish Government had with Education Scotland regarding access for children across Scotland to such educational exhibitions? How will it ensure that pupils leave school with a robust understanding of racism and colonialism and the impact that they have had on our society?

**Jenny Gilruth:** Mr Choudhury and I have previously exchanged comments in the chamber on that matter, so I recognise his interest in it.

I should say that it is for local authorities to support schools in developing partnerships with Kelvingrove art gallery or other museums in their local areas. However, Education Scotland has an important role to play in facilitating and encouraging links between museums and schools and local authorities. For example, it is planning an online webinar for April this year to raise schools’ awareness about education resources in museums and how to make use of museums as part of the school curriculum. Important practical materials are contained in National Museums Scotland’s Atlantic slave trade learning resources, which support the learning and teaching of the transatlantic slave trade component of a national 5 qualification. Education Scotland will continue to promote such resources to schools.

As we embark on a period of reform in Scottish education, we should be cognisant of the work that Education Scotland has undertaken, and we should support that through the curriculum development that will happen in the coming weeks and months.

### **Secondary Schools (Special Educational Needs Staff)**

7. **Alasdair Allan:** To ask the Scottish Government how it is supporting local authorities to provide appropriate levels of special educational needs staff for secondary schools to ensure a safe and encouraging learning environment for all pupils. (S6O-03044)

**The Cabinet Secretary for Education and Skills (Jenny Gilruth):** The most recently published figures indicate that almost £5.9 billion was spent on education by local government in 2021-22, and that spending on additional support for learning reached a record high of £830 million. We currently have the highest recorded level of pupil support assistance as a direct result of our investment of £15 million each year to help schools to respond to the individual needs of their pupils. We have also outlined in the programme for government our commitment to work with teachers to provide additional professional learning opportunities while seeking to build on the additional support for learning action plan.

**Alasdair Allan:** Another key factor in ensuring a good learning environment for such education is the fabric of our school buildings. I know that the cabinet secretary is aware of the current significant issues at Castlebay school in my constituency. Will she provide an update on what progress her officials have made on that issue since she met the local authority last month?

**Jenny Gilruth:** I recognise Alasdair Allan’s continued interest in that matter, given his constituency. We had a helpful meeting on the issue towards the end of last year with the local authority and Alasdair Allan. The Scottish Government and the Scottish Futures Trust continue to engage closely with the local authority, and my officials will meet the council again in the coming weeks to discuss the issues relating to the health elements of the proposed Barra and Vatersay campus. Those sit outwith my responsibilities, of course, but I will write to Alasdair Allan with a further update once that meeting has taken place. I am very much committed to engaging with the council directly on the matter. I recognise the important points that Alasdair Allan has made about the school building.

**Sue Webber (Lothian) (Con):** We may have the highest level of pupil support assistance, as outlined in the cabinet secretary’s response, but with a marked rise in the number of students with

additional support needs—it is now almost 37 per cent of all pupils—can the cabinet secretary say what further specific measures are in place to increase the number of ASN teachers and support staff without abdicating the responsibility to local authorities?

**Jenny Gilruth:** Obviously, the number of pupils who have been identified with additional support needs has increased markedly since 2010. Part of the change relates to the way in which we measure additional support needs, which is much more transparent than it has been in the past.

We have invested an additional £15 million a year since 2019-20, and we provide over £11 million of funding to directly support pupils with complex additional support needs and services to children and families. We have a legislative framework that is clear about the responsibilities for the provision of additional support for children and young people, and the additional support for learning action plan, which I mentioned in my previous response, is the way in which we can enact change by working with local authorities and recognising the responsibilities at the local level and also those that sit at the national level.

### Regional Colleges (Lanarkshire and Glasgow)

**8. Graham Simpson (Central Scotland) (Con):** To ask the Scottish Government when a decision will be made regarding the Scottish Funding Council's recommendation to end the regional colleges arrangement in Lanarkshire and Glasgow. (S6O-03045)

**The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey):** My officials and I continue to work through the advice set out in the SFC's options appraisal to determine the most suitable way forward in the Lanarkshire and Glasgow college regions.

I met the chair of Glasgow Colleges Regional Board in December, and I am due to meet the chair of the Lanarkshire regional college board next week as we continue to explore, as a first step, what could be achieved within the existing statutory framework to enable timely delivery of improvement. However, it is likely that primary legislation would be required for more substantive reform of regional college boards. We have been clear that any changes must not weaken the oversight and accountability of the colleges; rather, they should further support regional co-ordination of skills planning and pathway provision.

**Graham Simpson:** At the Public Audit Committee meeting on 11 January, Karen Watt, who is the chief executive of the Scottish Funding Council, spoke of

“a range of other issues”—[*Official Report, Public Audit Committee*, 11 January 2024; c 34.]

that were delaying the consideration of its recommendations. Does the minister know what those other issues are? Can he further expand on the timescale for delivering that?

**Graeme Dey:** The chief executive of the SFC would have to explain that herself. As I have indicated, that is a live issue for me. We are working on finalising a position on both matters.

I particularly recognise the urgency on providing clarity in Lanarkshire, and I am entirely mindful of the asks around reform in Glasgow and the rationale behind them. However, if we are to change the existing regional structure, I would want to be satisfied that the governance arrangements that replaced that provide robust oversight of the activities of individual colleges, that the new landscape encourages co-operation and collaboration across the three colleges in Glasgow and beyond, and that it serves to discourage any possible predatory thoughts or activities between institutions. However, the matter is live, and I hope to be able to update members on it in the coming weeks and months.

**The Deputy Presiding Officer:** There will be a short pause before we move to the next item of business to allow front-bench teams to change positions, should they wish to do so.

Before we move on, I advise members that the next item of business will be follow-on business. Sadly, we appear to be missing a number of members who had indicated that they would be seeking to participate in the debate. As far as I have been advised, they should already have been in the chamber.

## Budget 2024-25

**The Deputy Presiding Officer (Annabelle Ewing):** The next item of business is a debate on motion S6M-12035, in the name of Kenneth Gibson, on behalf of the Finance and Public Administration Committee, on the Scottish budget 2024-25. I invite members who wish to speak in the debate to press their request-to-speak buttons.

14:55

**Kenneth Gibson (Cunninghame North) (SNP):** I am pleased to open the pre-budget 2024-25 scrutiny debate on behalf of the Finance and Public Administration Committee. The debate provides an opportunity for committees to discuss findings from their pre-budget reports and to explore how the Scottish Government has responded through its budget. I look forward to hearing more from members during the debate about the work of their committees. For example, this year, the Citizen Participation and Public Petitions Committee undertook pre-budget scrutiny for the first time ever, which will be of particular interest.

For 2024-25, the FPA Committee further developed its guidance for committees, including providing ideas for different approaches that can be taken, signposting to relevant Government and performance information and highlighting cross-cutting issues such as fiscal transparency, equalities, national outcomes and net zero scrutiny. The Scottish Parliament information centre has also taken on an enhanced co-ordination support role by identifying and publishing common themes that have arisen during pre-budget scrutiny across committees.

Before we start, I thank all members of the Finance and Public Administration Committee for their diligence in the work that has gone into producing our reports. I also thank our clerking team and SPICe for the exceptional support that we have received.

We need more transparency and accountability, and we need to see the reasoning behind decisions and the measurement of progress. Concerns regarding data gaps and delayed programmes have also been highlighted by various committees. Many such issues are also explored in the FPA Committee's pre-budget report, to which I now turn. In its May 2023 medium-term financial strategy, the Scottish Government projected a potential £1 billion resource spending gap in 2024-25, rising to £1.9 billion by 2027-28. Inevitably, that will mean that there are difficult decisions ahead in relation to the Government's approach to taxation, prioritisation of spending and the reform of public services.

The Scottish Fiscal Commission's fiscal sustainability report, which was published in March last year, suggests that the longer-term funding position is no less challenging. The SFC projects that Scottish Government spending over the next 50 years will exceed the estimated funding available by an average of 1.7 per cent each year, or £1.5 billion in today's prices, under current Scottish and United Kingdom Government fiscal policies. The UK is in a similar predicament. Scotland's population is expected to continue to grow older, with potential implications for the future demand for public services, as well as Government spending and tax revenues.

It is against that background that the FPA Committee focused our pre-budget scrutiny on the sustainability of Scotland's public finances. In January last year, we expressed concerns about the Scottish Government's lack of strategic long-term financial planning and wanted to see what progress had been made in that area. However, we found little evidence to suggest that there had been a shift away from a short-term approach to financial planning. We also set out our concerns that affordability does not appear to be a key factor in Scottish Government decision making.

Our report also includes the findings and recommendations arising from a recent inquiry into the Scottish Government's public service reform programme, given that the Scottish Government identified that as a clear area of focus to help it to balance the books. We found an absence of an overall strategic purpose and objectives for the reform programme, as well as delays in publishing the further detail that the Government had previously promised. The deputy convener will explore that area of our report in more detail when closing the debate.

In its 2023 medium-term financial strategy, the Scottish Government committed to publishing refreshed multiyear spending envelopes alongside the 2024-25 budget. We recommended in our report that that should include sufficient detail to enable meaningful parliamentary scrutiny and allow public bodies to plan ahead. However, the Scottish Government has published only single-year spending plans for 2024-25, and explains that that is because

"the nature of the Autumn Statement and the Office for Budget Responsibility's forecasts make future prospects more volatile and it could be misleading to plan too far ahead across the board."

The Government plans to revisit the multiyear outlook in its next MTFs, in May 2024.

The SFC told us that

"In our role as the independent fiscal institution for Scotland we encourage the Scottish Government to plan its Budgets over the short, medium and long term."

The commission suggests that that approach is even more important against a backdrop of uncertainty, and the committee shares that view.

Our report noted that the Scottish Government plans to target spending towards delivering its three missions of equality, opportunity and community. We therefore recommended that

“the Scottish Government explicitly sets out in the Scottish Budget 2024-25 if there are any areas of spending it has assessed as not meeting its three missions test and where funding will, as a result, be reduced or ceased entirely”.

The Scottish Government’s response states that

“The published portfolio allocations will reflect where investment has been sustained and prioritised”.

Nevertheless, although the figures that the Scottish Government provided show where funding has been reduced or, indeed, increased, there is little explanation of why those decisions have been taken. Our budget report, which was published yesterday, calls for greater explanation in future years of how the Scottish Government has targeted its spending towards delivering on its key priorities.

We are disappointed that the capital funding that is available to the Scottish Government continues to fall. That is particularly concerning during times of financial strain, when Governments should be investing in infrastructure to stimulate economic growth. As members are aware, the capital budget comes primarily from the UK Government through the block grant.

The latest figures from the SFC are even more concerning. In the medium term, the SFC expects total funding for resource and capital to increase by 4 per cent in real terms between 2023-24 and 2028-29—assuming the Treasury’s gross domestic product deflator of 1.7 per cent as the measure of inflation. However, even using that modest figure, capital funding is expected

“to fall by 20 per cent in real terms”

over the same period, as stated on page 5 of the Scottish Government budget document.

During our scrutiny of the Scottish budget for 2024-25, we heard that the decline represents particular difficulties for areas of the budget that rely on capital funding, such as the affordable housing budget. The Scottish Government has responded favourably to the committee’s recommendation that, to support transparency, it should

“adopt a similar approach to that of the UK Government and Scottish Fiscal Commission in comparing”

its budget plans for spending with the latest estimates or outturns from the previous year’s spend.

Although that information is not provided in the budget document, the Scottish Government responded that it would

“set out the requested detail in an additional on-line publication in January 2024.”

That progress is welcome, but the data does not, as yet, appear to be published so, unfortunately, we have been unable to factor it into our scrutiny. Therefore, we call for earlier publication in the future.

Along with the SFC, we have previously called for budget data to be published by the classification of the functions of Government—COFOG—such as health, economic affairs and environmental protection. That allows spend to be tracked and measured more easily year on year, regardless of whether ministerial portfolios change. This is the second year that the Scottish Government has published COFOG data alongside the Scottish budget, which is very welcome.

This year, the SFC has also produced analysis based on that COFOG data and additional detail from the Scottish Government. Unfortunately, we have not been able to consider that analysis as part of our scrutiny this year due to a late January publication date, but members who attended yesterday’s SPICe—I have forgotten the word—briefing, which I chaired, with the SFC, will have heard great discussion and detail about COFOG data and how it makes measurement of spend much clearer. We asked the Scottish Government to provide that detail to the SFC at an earlier date to maximise the opportunity for parliamentary scrutiny of that analysis.

In our pre-budget report, the committee welcomed the establishment of the tax advisory group, as announced by the Scottish Government in May last year. Outcomes from the TAG were to feed into the Scottish budget 2024-25. We saw that as a step towards the creation of a clear strategy for taxation in Scotland and concluded that

“it is imperative that this work progresses at pace.”

However, there is no information in the budget on whether the advisory group has fed into the Scottish Government’s tax policies as announced.

The committee has heard much evidence in recent years about the potential for an increase in income tax to cause behavioural change. Given the uncertainty in that area, we asked the Scottish Government to confirm how it is considering potential behavioural impacts as part of its decisions on taxation policy in 2024-25, and as part of its planned new strategy for taxation to be published in May this year. We note the work that HM Revenue and Customs is doing in that area

and hope that the analysis will help to support future decision making.

The committee recommended

“that the Scottish Government produces a full response to the SFC’s Fiscal Sustainability Report setting out the actions it will take to start addressing the longer term challenges ahead.”

However, disappointingly, the Scottish Government’s response is silent on that recommendation. That is crucially important given the challenges that Scotland faces. We have therefore restated our recommendation in our budget report.

The committee has consistently recommended that more action is needed to increase productivity, wage growth and labour market participation in Scotland. The Scottish Government has pointed to its national strategy for economic transformation as key to addressing the issues. We therefore asked what progress has been made on delivering actions under the NSET to help to increase productivity, wage growth and labour market participation. We also asked what plans are in place to broaden Scotland’s tax base.

The Scottish Government provided examples from the NSET, such as the roll-out of its Techscaler network to support start-ups and boost entrepreneurship; green hydrogen funding; the reaching 100 per cent broadband programme; and the introduction of fair work conditionality. The NSET annual progress report that was published in June 2023 set out a fresh focus on the new actions that the Government will progress to deliver a growing economy.

This year, we continued our focus on establishing the extent to which spending decisions impact on the delivery of the national outcomes under the national performance framework. That follows our “Report on the National Performance Framework: Ambitions into Action”. We have looked ahead to scrutinising the national outcomes that are proposed to arise from the Scottish Government’s recent statutory review, in which many committees will have a scrutiny role. In its response, the Scottish Government explained that its

“approach is embedded across Scottish Government activity”.

However, it is still difficult to see exactly how budgetary decisions align with the national outcomes. We hope that the Scottish Government will take the opportunity of the upcoming review to make that much clearer.

In our pre-budget report, we welcomed the Scottish Government’s approach to enhancing its taxonomy information. For the first time, that approach identifies and categorises by their

climate impact all spending lines across the Scottish Government, for resource as well as capital. We understand the Scottish Government’s position that, as that analysis is new for 2024, it does not include a comparison with previous years; instead, it aims to set a provisional baseline from which to learn. We look forward to continued developments to support parliamentary scrutiny of how the Scottish Government’s spending decisions are impacting on climate change.

In the available time, I have been able to touch only on key issues in the committee’s pre-budget report and the Scottish Government’s response. However, I am sure that other committee members will expand on those points during the debate.

I move,

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

15:07

**The Deputy First Minister and Cabinet Secretary for Finance (Shona Robison):** I recognise the debate’s importance as part of the Parliament’s scrutiny of the Scottish budget, and I thank the Finance and Public Administration Committee for its recognition of the budget challenges that are faced. I thank all parliamentary committees for the scrutiny that they have undertaken and I thank the clerks for supporting that process.

Developing the budget has been extremely challenging, given that it has been set in the most turbulent circumstances. As I have said before, the UK Government’s autumn statement in November represented a worst-case scenario for Scotland. As the Institute for Fiscal Studies noted, the tax cuts that the chancellor announced in November will be paid for by real-terms cuts in public service spending.

One particular challenge of the autumn statement was that the need for the agenda for change pay consequentials was not recognised, and I take the opportunity to urge the UK Government to use the spring budget in March to rectify that critical misjudgment. The International Monetary Fund echoed that call this week when it said that the UK Government needs to be investing in public services, not cutting taxes for the wealthy.

The UK Government did not deliver for Scotland’s budget, which has resulted in a real-terms reduction in our total block grant and a settlement that falls far short of what is required. That is why I continue to press the UK Government to use the spring budget to prioritise investment in public services over offering tax

cuts, which would deliver a much-needed increase in capital investment and provide the support that households deserve during the on-going cost of living crisis.

As I said in Parliament in December, the UK Government's fiscal settlement for Scotland has serious consequences for the delivery of our public services and we must manage that reality for the budget. It is essential to strike a balance between the funding that is available for Scotland and what can be delivered within it, which means difficult choices. With Scotland's limited fiscal powers, there has been no choice but to reduce our spending to match the available funding.

**Liz Smith (Mid Scotland and Fife) (Con):** I hope that the cabinet secretary can put on record that she welcomes the new fiscal framework, which allows greater flexibility for the Scottish Government.

**Shona Robison:** Of course I do, and I have said that before, as Liz Smith will be aware. However, it helps on the margins and does not help with the central problem that the quantum available does not match the scale of what is required, and capital availability is a significant challenge to the infrastructure needs of our country. That is a point that I, the Welsh and the Northern Irish made to the Chief Secretary to the Treasury at our meeting last week.

As I indicated to the committee on 16 January, the cuts to capital funding are causing real issues for the Scottish budget, particularly our health and housing capital budgets. I fully understand the difficulties that that creates. Those are top priorities to be addressed, as I said at the committee, should additional capital become available. We emphasised that point to the Chief Secretary to the Treasury at our meeting.

That is why our fair and progressive approach to taxation is so important. It enables the Scottish Government to increase the funding that is available for the Scottish budget. Our tax approach means that, in 2024-25, we will have an estimated £1.5 billion of additional funding to support Scotland, compared with what we would have had if we had followed UK Government tax policies.

I thank the Finance and Public Administration Committee for its report on the budget, and we will respond fully to it ahead of stage 2. As has been indicated to the committee, further work is under way to update the infrastructure investment pipeline to ensure that it is affordable and deliverable and provides best value for money. We plan to publish that alongside the next medium-term financial strategy, as it is important that future investment plans are embedded in our wider thinking on fiscal sustainability. That will be after

the spring budget comes out, when we will have a better idea of what that fiscal event means for our budget.

I also recognise the committee's desire for genuine public service reform. That is why we have laid out broader goals and a programme of action. That area is complex and difficult. We have set out our objectives, our approach and our structure, and we are now working across Government on our critical path to delivery. It is also important that we take our workforce with us in that process. I met the civil service trade unions again this morning, and we discussed that matter alongside other issues.

For the 2024-25 Scottish budget, I have carefully balanced the growing asks against the available funding. I have made decisions against our key missions of tackling poverty, addressing net zero, sustaining public services and, of course, economic growth. The budget for next year gives our national health service the protection of an uplift above real terms—we are investing more than £0.5 billion in our front-line boards, taking total investment to £13.2 billion in the year ahead. That means that our resource funding for health and social care has more than doubled since 2006-07.

I also recognise the vital services provided by local government, which, like the rest of the public sector, faces significant budget challenges. I am pleased that, despite the challenge, our local government revenue funding is now 2.6 per cent higher in real terms than it was in 2013-14, as confirmed in the recent Accounts Commission report. I do not underestimate the challenges that are faced by local government, which is why this budget is providing record funding of more than £14 billion. That includes £144 million of funding for a council tax freeze, to provide certainty and support for households across Scotland.

I also appreciate the interest from local government in the new funding, estimated at £45 million, that is anticipated as a result of the new local government funding for social care that was announced for England on 24 January. I am very sympathetic to local government's interest in the new funding. It has not been confirmed as yet, and we have to wait for the UK to confirm it. The earliest that that can occur is the spring statement on 6 March.

I wholly support the Parliament's recognition of the importance of supporting the economy. That is why this budget is supporting a fair, green and growing economy with £5 billion of investment across the Government. The enterprise agencies are important in that, and they help us to deliver more widely on the Scottish Government's three missions. In recognition of their role, we are providing more than £307 million to our enterprise

agencies over the coming year. That funding will support their work to create jobs and business growth, and it is fundamental in our efforts to tackle poverty and generate the investment that is required to improve our public services.

The Scottish budget represents distinct choices, including our single largest investment, which is £6.3 billion in social security benefits and payments—an increase of more than £1 billion compared with 2023-24. That supports people with disabilities to live full and independent lives, helps older people to heat their homes in winter and aids low-income families with their living costs.

The 2024-25 budget also prioritises support for our young people, with nearly £2 billion of funding for universities and colleges supporting the delivery of high-quality education, training and research.

In terms of delivering on our net zero ambition, £4.7 billion is being spent on climate positive activity. I appreciate the interest in the £200 million of ScotWind funding that is used in the budget to help support climate change activity and the delivery of vital public services.

The Government also values the contributions that are made by our remote and rural communities, and we are providing £4.3 million of capital investment to support the delivery of our national islands plan and our carbon neutral islands project, which is helping to tackle the climate crisis. In addition, £15 million is being restored to the rural affairs portfolio budget, which will be used to support farmers, land managers, rural communities and businesses across a range of programmes.

The positive impacts that culture has on our nation's health and wellbeing cannot be overstated. By recognising the transformational power of culture and the value of the contribution that it makes, the Scottish Government will deliver significant benefits for the people of Scotland. We are able to confirm that we will increase funding for the culture sector next year to £196.6 million, which is an increase of nearly £16 million.

Underpinning our support for communities is the financial investment that we are delivering in our justice system. We are investing £3.8 billion across the justice system, which represents an 11 per cent increase in resource funding compared with the current year.

I conclude by recognising the work of the Equalities, Human Rights and Civil Justice Committee. The equality and fairer Scotland budget statement, which was published alongside the budget, looks at the impact that the Scottish budget will have on the people of Scotland.

I thank the committees for their constructive engagement and I look forward to further discussion, not just this afternoon but in the weeks to come.

15:18

**Clare Adamson (Motherwell and Wishaw) (SNP):** I am pleased to be speaking on behalf of the Constitution, Europe, External Affairs and Culture Committee. The focus of our budget scrutiny, as it has been throughout the parliamentary session, has been the Government's culture portfolio spend. That approach has the benefit of building on previous working positions and gives us an opportunity to better assess progress over the years.

Through our cumulative scrutiny over three years, we have heard a consistent narrative around the on-going financial challenges. Although Covid support was welcomed and acknowledged, recovery for the sector has been a varied landscape. For example, Historic Environment Scotland experienced a fall of 80 per cent in revenue in 2020, but it is now seeing an increase in visitor numbers, and foreign visitor numbers are recovering. It caveats that, however, with a concern around the impact of cost of living and fuel bill costs on households and, indeed, the pressures on its own buildings.

We approached the budget scrutiny with three questions. How has the culture sector evolved in the past 12 years? What progress has been made in that time on accelerating innovative solutions to budgetary pressures? What are the challenges to the future of the sector and the need for a strategic approach to ensure its sustainability? The Scottish Government's culture strategy will be key to that.

A year ago, we found that the budgetary challenges that the sector was facing had become much more acute. We were contributing to a perfect storm of long-term financial pressures, reduced income generation and increased operating costs. In written evidence this financial year, Edinburgh International Festival suggested that

"The perfect storm ... has worsened in the last 12 months."

Glasgow Life agreed that the storm

"shows little sign of abating and is perhaps deepening."

External and public funding pressures persisted. There was the cost of living, fuel costs and the commitment to fair work. The sector remained under significant financial strain, with the risk to its future sustainability more severe. The cabinet secretary observed:

"The responses ... to the committee's call for views ... make sombre and extremely stark reading."—*Official*

*Report, Constitution, Europe, External Affairs and Culture Committee*, 5 October 2023; c 2.]

Last year, the committee concluded in its report on culture in communities that

“funding constraints within the current financial environment”

pose

“a significant challenge to the successful delivery of place-based cultural policy, including with respect to the funding of ... local government cultural services, and of publicly owned community spaces where cultural activity can take place.”

The committee recognises the current challenging economic circumstances and the urgent need to restore confidence in the culture sector as it continues to face significant pressures.

The First Minister has committed to increasing the Scottish Government’s investments in artisan culture by £100 million over the next five years. The evidence that the committee received during our pre-budget scrutiny predated that announcement. The committee did not have an opportunity to scrutinise the commitment further until well into the budget process, but the cabinet secretary provided us with more information about the commitment when he appeared before the committee two weeks ago. We have since written to the cabinet secretary to seek further detail on what the sector can expect in the years after 2025-26. As cultural bodies and stakeholders repeatedly told us, and as the cabinet secretary noted in his opening remarks to the committee on 18 January,

“there remains a need for longer-term clarity and confidence.”—[*Official Report, Constitution, Europe, External Affairs and Culture Committee*, 18 January 2024; c 30.]

Let us not underplay the importance of the creative economy to Scotland. Culture adds colour to our lives, shapes how we see ourselves and contributes to our shared sense of community and wellbeing. It plays a role in how we position ourselves globally. I am about to risk the wrath of our many brilliant cultural organisations by highlighting just a couple, but I mean no disrespect to the others. We are in the midst of Celtic Connections, which is one of our brilliant festivals, along with the Edinburgh International Festival and the other Edinburgh festivals. It is a thriving sector, which stands out. Our screen sector is also booming at the moment—a very welcome movement.

The growth sector statistics show that the gross value added by our creative industries in 2020 was £4.4 billion. That is a 62 per cent increase over the previous decade. However, over the past year, the existing budgetary challenges faced by Scotland’s culture sector have become even more acute, as they have in many walks of life and in many areas

that we will discuss in the chamber this afternoon. We want to see what progress can be made with innovative funding solutions. We know the asks, but we need to see progress on multiyear funding and cross-portfolio funding models that embed culture in the wellbeing society, and on approaches to additional public funding, such as those that consider how the transient visitor levy might be used or how we engage with more private investment in culture.

The committee found little progress on those fronts when we reported last November, and we are calling for much greater urgency and a clear pathway to make tangible progress on implementing those funding models. The cabinet secretary told us last year that the Scottish Government is still in the foothills of making progress in cross-portfolio working. In our “Culture in Communities” report, the committee recommended that the Scottish Government now set out how it will accelerate that work.

In our pre-budget scrutiny report, we said that there is a need for much “greater urgency” and we strongly urged

“the Scottish Government to set out detailed plans for the steps it will take to achieve tangible year-on-year progress”.

As I have already mentioned, the culture strategy for Scotland, which has been warmly welcomed by the sector, will be key to doing that. As the strategy states,

“We will engage across government to mainstream culture in policy making, prioritising health and education in the first instance. Our work will recognise the transformational power of culture and value the contribution it makes to achieving key policy outcomes.”

15:25

**Sue Webber (Lothian) (Con):** I welcome the opportunity to speak in the debate on behalf of the Education, Children and Young People Committee.

For our budget scrutiny, the committee focused on issues including funding for further education and local government education budgets. The work of colleges and their funding allocations have been a considerable focus for the committee throughout this parliamentary session. Our colleges, which are largely dependent on public funds, are facing significant financial challenges. The committee has repeatedly raised concerns about the extent and impact of those challenges, not only in our scrutiny ahead of this budget but in our scrutiny of the 2023-24 budget and in our college regionalisation inquiry report.

Ahead of last year’s budget, the sector projected significant staff reductions of around 200 to 300 full-time equivalent staff per year from 2022-23 to

2026-27. Those projections were based on a flat cash settlement for the sector across that period.

Although an allocation of £701.7 million was initially announced for colleges for 2023-24, which was £26 million higher than the year before, the Scottish Government took the decision to withdraw those additional funds. Audit Scotland pointed out that that meant that the Scottish Government's funding for the sector had reduced by 8.5 per cent in real terms between 2021-22 and 2023-24. Similarly, universities saw £20 million of their funding removed. Further in-year cuts of £56 million across university and college sectors during 2023-24 have placed further financial pressure on them.

We know that colleges are critical in providing opportunities for learners of all ages and, importantly, in ensuring the realisation of the Scottish Government's national strategy for economic transformation, or NSET. The committee is concerned about the scale of the cuts that are projected by the sector and the impact that they will have. The committee has therefore asked whether the Scottish Government has modelled the potential impact of college staffing cuts on its NSET. I would welcome a response to that from the minister, cabinet secretary or whoever closes the debate later today.

The question is even more pertinent for 2024-25, given the Scottish Government's decision to reduce the resource allocation to colleges by 8.4 per cent in cash terms and 9.9 per cent in real terms, compared with last year's budget. Universities will also have a reduction in their resource allocation from the £809.2 million that was initially announced for 2023-24 to the £760.7 million figure that was announced for 2024-25, which is a reduction of 5.9 per cent in cash terms.

The committee recognises that colleges need more resource, but also acknowledges the challenging nature of the current financial climate for the Scottish Government. The committee has therefore consistently raised the need for colleges to have as many financial and operational flexibilities as possible.

We noted that the Scottish Funding Council introduced some flexibilities for colleges this academic year, including reducing the level of activity that colleges must deliver for their funding and ensuring that a proportion—20 per cent—of their funding is not directly related to the delivery of credits and, therefore, cannot be clawed back if activity targets are not met, to recognise the semi-fixed costs that colleges have. In his evidence to the committee, the Minister for Higher and Further Education and Minister for Veterans explained that colleges had not used those flexibilities as expected, largely due to a "lack of understanding".

I hope that the minister will continue to work with colleges to ensure that those flexibilities are fully understood and, therefore, to allow colleges the opportunity to really benefit from them.

The minister has committed to exploring what other flexibilities are possible for colleges as part of tertiary sector reform. We welcome that commitment, but we urge him to consider what further interim flexibilities are possible, ahead of such reforms. Colleges cannot afford to wait.

In scrutinising funding for local government education budgets, the committee took evidence from the Association of Directors of Education in Scotland and the Chartered Institute of Public Finance and Accountancy Scotland local government group. Witnesses from ADES welcomed the fact that education budgets have been protected, but they highlighted that, as a result, other areas of local authority spending have borne the burden of savings targets. They also highlighted that savings elsewhere still have an impact, because education depends on other council services to operate.

The committee noted that ring-fenced grants and directed funds—including the £130 million for pupil equity funding—make a significant contribution to the spending on education by local authorities. However, witnesses highlighted that when such directed or ring-fenced funds are provided for the first year but are not uprated for subsequent years, that amounts to a cut in funding, with local authorities needing to make up the shortfall from elsewhere in their budgets. Given the pressure on local government budgets and the fact that inflation remains high, the committee believes that, when the Scottish Government provides directed or ring-fenced funds, it should be clear about how it will uprate those funds for subsequent years.

As part of their evidence, witnesses also highlighted the fact that, on several policies, including free school meals and absolute teacher numbers, inputs rather than outputs continue to be measured. In our letter to the cabinet secretary, we reiterated that it is of critical importance that there is a focus on the outcomes that policies are expected to achieve, rather than the inputs. We also stressed the need for such evidence-based decision making, especially at times of financial constraint, to ensure the most effective use of funding. It is essential that the Scottish Government understands what the impact of policies will be when it decides which ones to pursue. After all, we know that such choices will be difficult to make, and having evidence on their impact will go some way in helping to justify and understand those choices.

I am conscious of time. The committee recognises the pressure on the Scottish

Government's budget. We further recognise that the Scottish Fiscal Commission's financial outlook indicates that such financial challenges will continue over the medium term and that, consequently, the Scottish Government will not be able to keep funding all public services to the level at which they have previously been funded.

It is essential that the Scottish Government is clear about what its priorities are, and that it communicates that to the people and organisations that work in, and are reliant on, the sector, to ensure that there is widespread understanding of what is to be achieved.

**The Deputy Presiding Officer (Liam McArthur):** I call Claire Baker, who will speak on behalf of the Economy and Fair Work Committee.

15:32

**Claire Baker (Mid Scotland and Fife) (Lab):** Today's debate gives conveners an opportunity to talk about their committees' scrutiny of the budget, but, first, I want to thank the Finance and Public Administration Committee for its report and its considered comments on the budget.

I begin by highlighting the Finance and Public Administration Committee's reflections and evidence on the economy. According to its report,

"The Committee is unclear, in light of spending cuts to further and higher education, enterprise agencies and employability, how the Scottish Government has, as intended, prioritised its spending towards supporting the delivery of a fair, green and growing economy."

The committee goes on to say that some individual decisions

"appear to conflict with the priorities of tackling poverty, growing the economy and prioritising public services."

That opinion reflects views that were expressed to the committee in evidence, including by Professor David Bell of the University of Stirling, who said that

"it does not look like the budget particularly favours economic growth",

and the Fraser of Allander Institute, whose representative stated that he

"would not say that the budget is particularly focused on growth."—[*Official Report, Finance and Public Administration Committee*, 9 January 2024; c 10, 9.]

That is where my committee's session with the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy began yesterday morning. Part of the frustration that my committee experiences in looking at the annual budget relates to the fact that only a limited number of budget lines in the portfolio point towards demonstrating an economic growth strategy. Although the national strategy for economic transformation is to be refreshed, the

budget lines for the portfolio are largely on the decline.

The cabinet secretary made the case for investment in public services, which, as the Finance and Public Administration Committee identified, are principally in health and social security, but the Government must be mindful of the fact that investing in the economy and supporting businesses to expand and increase employment produces increased revenues for such investment. In the 2024-25 budget, funding for the wellbeing economy, fair work and energy portfolio has been reduced by more than 8 per cent in real terms, compared with last year.

In her opening speech, the cabinet secretary emphasised the role of the enterprise agencies, but this year's budget particularly impacts on all three, with support for Scottish Enterprise reduced by nearly 17 per cent in real terms, for Highlands and Islands Enterprise by 14 per cent and for South of Scotland Enterprise by almost 22 per cent. If financial transactions are included, the capital budgets of the three enterprise agencies will reduce by more than 24 per cent in real terms.

The VisitScotland budget falls by 12 per cent in real terms, primarily because of a significant two-thirds reduction in the capital budget. That largely impacts on the rural tourism infrastructure fund, but the Scottish Tourism Alliance also told us that that will lead to a slide in core marketing, international competitiveness and creating awareness. Although budgets are being reduced, there is a lack of detail about the expected impact of those cuts on the enterprise network and VisitScotland, on their staffing levels and on the support that they can provide to businesses.

I do not imagine that the cabinet secretary is unaware of the significant concerns that are being raised by the tourism and hospitality sectors about the precariousness of their businesses. There is recognition of the negative impact of energy costs and of the wider UK economic environment, but the committee also heard about the sector's frustration at the lack of Scotland-specific action and lack of engagement with the sector.

For the second year, although Barnett consequentials of around £260 million have come to Scotland through the retail hospitality and leisure business rates relief scheme, no similar scheme has been introduced here. Wales has introduced such a scheme and Scottish businesses describe operating at a disadvantage.

**John Mason (Glasgow Shettleston) (SNP):** Would the convener and her committee accept that although some businesses in the retail and hospitality sector need support, others are doing very well?

**Claire Baker:** It was interesting that the committee heard that although some businesses might appear to be doing well, the issues that I have raised already, such as energy costs and other business pressures, are reducing profitability margins. We have all seen the closures, particularly in retail and hospitality, across the country. Those businesses are still in a precarious situation.

The Scottish Government has said that hospitality businesses on Scottish islands will benefit from 100 per cent rates relief for 2024-25. That is welcome, but the cost of that is understood to be just £4 million.

The committee was told that businesses feel unsupported and that there was a “lack of respect” in the run-up to the budget. UK Hospitality Scotland said that the budget was an opportunity to see what difference the new deal for business had made, but there was frustration about lack of engagement and concerns were raised about conflicting priorities—an issue that was also identified by the Finance and Public Administration Committee.

We recognise that the small business bonus scheme supports businesses in the sector, but an estimated 10,000 businesses are not eligible for the scheme. The cabinet secretary said yesterday that the Government is looking at what can be done on business rates reform in the long term. The Government must address that issue, but we have no timescale for action.

My committee also asked about changes to taxation and the impact of tax divergence within the UK, which we heard could present recruitment and retention challenges. I welcome the Finance Committee’s call for the Scottish Government to review the potential impacts that differing income tax policies have on business and the economy.

In 2021, one of the Government’s stated priorities was to provide £50 million of funding support for a women’s business centre. Despite regularly asking for updates, the committee has seen no progress. Following Ana Stewart’s review and the “Pathways: A New Approach for Women in Entrepreneurship” report, the recommendation is now for a national network of pre-start centres, which the Government is supporting. Yesterday, the cabinet secretary said that that will be resourced by £1.5 million in the innovation and industries line of this year’s budget, which is somewhat short of the £50 million that was pledged in 2021. The committee will continue taking an interest in that area.

In our pre-budget letter, we asked for an update on the Scottish Government’s £100 million commitment to help businesses to improve their digital skills, capacity and capability. By last

February, only £38 million of the allocated £100 million had been spent. That £38 million represented support that was provided through digital development grants, digital development loans, the DigitalBoost national programme and a pilot project on digital productivity. It is disappointing that

“due to financial pressures and new priorities”

those four programmes are paused, when the evidence that we heard was that they were oversubscribed and that Scotland is behind other countries in terms of our digital business offer. In this area, more strategic funding is being retained but the direct support to businesses, which they really valued, is going.

In addition to scrutinising business support, the Economy and Fair Work Committee continues to focus on the investment needed for workplace training and skills development. Supporting businesses to address priority skills and skills gaps is vital, and the committee has concerns about removal of the flexible workforce development fund and the impact that that will have on employee development.

It is regrettable that the employability budget for next year is down by more than 24 per cent. In particular, the fair start Scotland budget will fall by £13.9 million, thereby closing it to new referrals. That is against the backdrop of last year’s reduction in planned spending.

With the labour market pressures that we are experiencing and there being a real risk of a rise in unemployment, employability services are vital for supporting those who wish to work but face barriers in doing so. Last year, we asked for assurances on equality impact assessments, as cuts in this area risk marginalising people and reducing their opportunities. The Fraser of Allander Institute continues to provide analysis highlighting why employability spend is important. The committee will shortly turn its attention back to Scotland’s disability employment gap and what more is needed to address it.

We all want to see investment in public services that everyone benefits from, but one key source of revenue to enable investment is a strong economy, and the Government must be mindful that cuts in this area can have negative long-term consequences. It must do all that it can to generate economic activity in communities across Scotland.

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

15:41

**Ariane Burgess (Highlands and Islands) (Green):** I am pleased to speak in this debate on behalf of the Local Government, Housing and Planning Committee. The committee's pre-budget scrutiny this year focused on workforce issues in local government. However, that has, in the course of budget scrutiny, broadened out to wider consideration of the financial sustainability of local government. It is on that broader perspective that I will focus my comments.

Being mindful of the committee's remit, however, it would be remiss of me not to reflect on the proposed cut to the affordable housing supply programme budget. Before I turn to the primary focus of my comments, I will touch briefly on that. Although we have not yet scrutinised the implications of that potential cut, the committee wrote to the minister asking for an indication of the considerations that informed the cut, and of its implications. In his response, the minister pointed to a 10 per cent real-terms fall in UK capital funding over the medium term between 2023-24 and 2027-28 as precipitating the cut. He notes that a review of deliverability of the affordable housing supply programme scheduled for 2026-27 will be brought forward to 2024. He also notes that, in parallel, the Scottish Government will accelerate work with the financial community in Scotland and elsewhere to boost private sector investment in Scotland and to help to deliver more homes.

We will be holding round-table sessions later this month to look at the Scottish Government's "Housing to 2040" strategy and the extent to which its aims are being delivered or, indeed, whether they continue to be the right ambitions for housing in Scotland. As part of that, we have asked participants to reflect on the implications of those cuts for the deliverability of the strategy and for meeting Scotland's housing needs more generally. We will reflect on the minister's response to us.

I look forward to sharing the findings of this work with Parliament. As Charles Schulz, the Snoopy author, said:

"That's the secret to life ... replace one worry with another".

With that in mind, I turn to reflect on our consideration of the local government budget. The challenges that councils are facing are, undeniably, sizeable. Among other things, councils are having to face the challenges of pay inflation and living wage costs; costs associated with Covid-19 recovery; energy inflation; non-pay inflation, including in the cost of materials and construction costs, and contract inflation; and demand for and price sensitivity of chargeable services, and the related impact on income from fees and charges.

In that context, at the end of last year, the Local Government Information Unit published its first-ever survey looking at the state of local government finance in Scotland. It found that confidence in council finance is critically low—indeed, the survey report said:

"Respondents from eight different councils said that there was a danger financial constraints could leave them unable to fulfil their statutory duties".

In our budget considerations last year, we stressed the importance of local and national government concluding a new deal to meet the challenges. We stressed in particular the importance of agreeing a fiscal framework, and we welcomed the Government's commitment to that. It is pleasing, therefore, one year on, to see that progress has been made. The committee was immensely pleased to see the Verity house agreement, which was published last June.

It is pleasing, too, that, although there have been significant challenges since then to the relationship between local and central government, particularly in the council tax freeze, both sides remain committed to the agreement and to progressing with its ambitions. Nonetheless, the ambitions of the Verity house agreement are yet to be realised, and we must see significant progress being made towards them in the course of this year.

Central to realising the ambitions of the Verity house agreement, and to meeting the immense challenges that local government faces, must be the immensely complex efforts to agree a fiscal framework. Those have been on-going for many years. Nonetheless, it is critical that a fiscal framework be agreed as soon as possible. A framework must be in place in time to inform next year's budget and enable the Scottish Government and local government to work together more effectively. We cannot wait another year.

In the absence of a fiscal framework, unfortunately, we found our budget considerations again beset by different interpretations of the budget figures. I am confident that such a sentiment will have been expressed by all my predecessor conveners of the various iterations of the local government committee over the past 25 years. We cannot keep on doing this for another 25. The Scottish Government and the Convention of Scottish Local Authorities must agree a common understanding of the figures and how best to present them, so that we can focus on outcomes for our communities, not debate different interpretations of figures.

There must also be clarity and certainty around what is ring fenced and what is not, and what spend is directed and what is not. We continue to hear different interpretations of those, and we

must get beyond that so that councils can be clear on their flexibility to deliver for their communities.

The Verity house agreement expresses an ambition “wherever possible” to provide “multi-year certainty” to local authorities. We appreciate the challenges in providing local authorities with that certainty; however, the committee would welcome any further reflections on how, as part of a fiscal framework, there could be a move to multiyear funding.

The committee looks forward to working with the Scottish Government and local government this year, in the drive to progress the Verity house agreement and, in particular, in the drive towards a fiscal framework. We cannot be here again, next year, saying the same things.

**The Deputy Presiding Officer:** I call Kaukab Stewart to speak on behalf of the Equalities, Human Rights and Civil Justice Committee, for around seven minutes.

15:48

**Kaukab Stewart (Glasgow Kelvin) (SNP):** As convener of the Equalities, Human Rights and Civil Justice Committee, I am happy to contribute to the debate.

The three principles of human rights budgeting are participation, transparency and accountability. In our 2024-25 pre-budget scrutiny, we set out on a three-year plan to look at each of those principles in turn. We started with participation; transparency will be explored in 2025-26 and accountability in the 2026-27 pre-budget scrutiny.

Over the summer, instead of a typical call for views, we ran a public survey, which was aimed at understanding how people relate to the budget. More than 100 people responded to that survey, and we saw clearly that people understand budget decisions in the context of how they affect their lives. We also got the impression that it is often difficult for citizens to see the positive impacts of the Scottish Government’s decisions. I thank the people who took part, because the survey gave us information that touched on almost every portfolio, and their input showed the value of reaching out beyond our usual stakeholders.

Alongside the survey and hearing evidence from stakeholders including BEMIS, COSLA, the Health and Social Care Alliance Scotland and the Scottish Women’s Budget Group, the committee put a specific focus on engaging and working with a citizens panel.

The committee’s officials, the clerks, the Scottish Parliament information centre and the participation and communities team identified a group: the whole family equality project, which is supported by Capital City Partnership. It agreed to

take part in work to help us, the politicians, learn how they, the people, view and understand the budget process and, in particular, how the budget impacts on their lives.

Before I talk about the citizens panel process itself, I say a massive thank you to the citizens for their willingness to engage with us. They demonstrated a lot of passion and it was good to see their confidence and understanding grow throughout the process to the point that, if they were not happy with something, they would certainly let us know.

At the end of August, our officials met 12 participants from the project to build capacity within the group, discussing roles and the differences between the Parliament and the Government, and giving the panel an introduction to the budget process. That was followed by an online drop-in discussion to help the panel prepare for the next stage of the deliberative process, which was a facilitated workshop with the committee on 12 September, which was also attended by Collette Stevenson as convener of the Social Justice and Social Security Committee.

It was an opportunity to discuss how and when people should be able to participate in the budget process and the barriers to that. It also allowed the participants to share their lived experience and explain how they felt that spending decisions had influenced their experiences in areas such as social care, health, local government and education and young people.

On 24 October, five members of the panel spoke to the committee in public session, during which they told us questions that they would like us to put directly to the minister—and we did exactly that. However, there was disappointment among the panel as they felt that the minister was not able to answer the questions in sufficient detail, due to the intersectional nature of their questions, which meant that they covered issues across portfolios. We followed up by writing directly to the appropriate portfolio ministers.

It would be fair to say that previous iterations of this committee have encountered similar issues. If equalities, inclusion and human rights are to be properly mainstreamed, there needs to be a clearer sense and demonstration of ministers working collegiately across portfolios. One thing that came through loud and clear during our engagement with the panel is that people—citizens—see the Government as one entity, not as a range of disparate silos. It is important that we, as members and as committees, recognise that. If we do not, what impact will we have?

Citizens were very clear in their understanding that there are competing budget demands and that difficult choices need to be made, but they needed

more information on the rationale for decisions. As well as being expressed by our citizens panel, that point came through loud and clear in our post-budget session this Tuesday, when our witnesses, Professor O'Hagan, Heather Williams and Clare Gallagher, all said that it is really difficult to understand how budget or spending decisions and allocations have been reached.

We all acknowledge that times are challenging and that the Scottish Government and others have very tough decisions to make on how they allocate money. That said, as Heather Williams pointed out, people will have different views on how funds should be allocated or what should be prioritised, and they may well disagree with some decisions. However, if there was a better or clearer explanation as to how tough decisions were reached, at least people would be able to better understand the reasoning and processes behind them.

Witnesses remarked that progress is, indeed, being made; however, it is very slow and very much a work in progress. It is important to recognise where progress is being made. A good example of that is the increased linkage between the budget and the programme for government, which is welcome. An observation on how that can be further improved is that we need clearer links to performance against outcomes. The upcoming refresh of the national outcomes is an opportunity to consider how that might be made possible. We should all give some thought as to how we can assist the process through our scrutiny. We need to encourage as well as challenge.

We regularly recommend that the Scottish Government mainstream equalities. Our predecessor committees also encouraged more mainstreaming of equalities and human rights across all committees' scrutiny of the budget. That must be further developed and become embedded.

There are opportunities. We can be creative and innovative. For example, there are opportunities for joint committee working in some aspects, to ensure that the fullest scrutiny is applied. We can make recommendations to the Scottish Government, and we can ask what it is doing, but there is nothing to stop us working in partnership with real people in citizens panels, listening to them and considering the solutions that they suggest.

The SPICe blog that was published yesterday provides useful context and offers some helpful pointers on how all committees might adapt their scrutiny.

Following our experience of working with the citizens panel, I would strongly encourage other committees to consider that approach.

**The Deputy Presiding Officer:** I now call Edward Mountain to speak on behalf of the Net Zero, Energy and Transport Committee.

15:56

**Edward Mountain (Highlands and Islands) (Con):** I welcome the opportunity to speak on behalf of the Net Zero, Energy and Transport Committee. It is our role to scrutinise the Scottish Government's actions to secure progress towards becoming a net zero nation and to check whether it has the resources that it needs to tackle the climate and nature emergencies. We have a huge remit, and in the time I have I can pick out only a few highlights.

Last year I stood up in the same debate and undertook, on behalf of the committee, to hold the Government to its commitment to increase transparency around the carbon footprint of its budget. Some progress has been made this year, with the publication of the climate change and carbon assessment alongside the budget, which we welcome. However, on Tuesday morning, just as we were starting to take evidence from the Government, we were told that some of the figures used in the assessment were inaccurate. Clearly, there is a huge amount of work still to be done for the Government to reliably articulate to the Parliament how budget decisions contribute—or indeed do not contribute—to reductions in carbon emissions.

One theme of our budget work has been funding for public transport, which is a vital component of the Scottish Government's own ambitions to reduce car travel by 20 per cent. On buses, we heard about grants and funds being reduced to zero, with late notification of that to key organisations such as the Strathclyde Partnership for Transport. We are unclear how such decisions will help to deliver the step change to net zero.

The committee has dedicated much of this parliamentary session to ferry services, as did our predecessor committee in the previous session, so it will come as no surprise that I mention that issue here. It is disappointing to hear that money has not been allocated for work to upgrade the harbour at Ardrossan; it will merely continue to a review of the business case for that harbour. We also heard that no decision has been made to procure vessels through the small vessel replacement programme, although funding has been "earmarked". We still do not know what the final costs of hulls 801 and 802 will be.

The electric vehicle charging infrastructure has been another theme of our budget work. We were pleased to hear about the delivery of 2,700 chargers through £65 million of funding for ChargePlace Scotland. However, progress

through the electric vehicle infrastructure fund is less clear. The fund is to develop 6,000 new charge points over four years. We are now half way through that period. We heard this week that £20 million of the fund has been committed but not yet drawn down, and the fund has yet to deliver any charge points. That raises questions about the effectiveness of spending and the pace of progress under the fund.

Another part of our pre-budget work has involved assessing the budget settlement for Scotland's environmental regulators. We were pleased to see that both NatureScot and the Scottish Environment Protection Agency have received a real-terms increase in funding for this year. We hope that that will translate into real progress in areas such as habitat restoration and robustly enforcing existing laws and regulations that protect the environment.

Before I make my next point I remind members that I am a partner in a farming partnership. The land concerned has trees on it, but I have not applied for any planting grants in the past 10 years. My point is that the trouble with the good news about SEPA and NatureScot is that it is somewhat undercut by the news elsewhere in the budget. For instance, we need to see an acceleration in tree planting, both for habitat restoration and to absorb carbon emissions, but funding for Forestry and Land Scotland and woodland creation schemes has been reduced, despite setting ambitious targets that have already been missed since 2017. We know that this is a tough financial year, but we question the consistency of decision making and its implications for the Scottish Government's reaching its own goals. We remind it that forestry is not a tap that it can turn on and off as required.

I turn to the budget allocation for energy. The Scottish Government's ambitions for the offshore wind sector are welcome. However, we have raised questions about the efficacy of funding for as long as we continue to have somewhat clunky marine consenting and licensing arrangements. The cabinet secretary told us that the decision to kick-start the £500 million fund for offshore wind energy meant that funding for hydrogen energy innovation was not being prioritised in this budget year. We note that, so far, only 7 per cent of the £100 million previously committed to hydrogen energy over the parliamentary session has been allocated, with no additional moneys being made available in this budget.

The Scottish Government has previously committed to spending its considerable revenues from ScotWind leasing on tackling the climate and nature emergency, yet we have heard that the money drawn down so far has been used to support the overall budget, and that that might be

the case for the foreseeable future. Again, we appreciate the Government's financial predicament, but it is worth reflecting on the long-term benefits that ring fencing could afford.

We are at a crossroads in our journey towards net zero—2030 now looks pretty close to us. There are questions about whether some of the decisions in this year's budget maintain the momentum that we will need if we are to meet our 2030 and 2045 targets. To that end, I add a note of qualified optimism. There will be a climate change plan this year. Some of us wish that it could have been produced sooner. I am told that it will be delivered by November. It would have helped the committee's budget scrutiny had we had it in our hands, but we are where we are. The plan will set out what the Government intends to do to deliver its carbon reduction targets and details of the associated funds that are needed. Alongside the Parliament's other committees, we look forward to considering that plan and, I hope, achieving a better understanding of the Scottish Government's policy choices, which it now thinks it will still be able to deliver by 2045. Indeed, that plan should make our budget scrutiny next year more meaningful.

16:03

**Collette Stevenson (East Kilbride) (SNP):** I am delighted to speak in the debate on behalf of the Social Justice and Social Security Committee. First, I put on record our thanks to all the organisations that assisted with our pre-budget work.

I will speak about a few key areas of the committee's scrutiny. As other members have mentioned, the setting of the budget must be seen in the context of challenging financial circumstances and difficult choices. Our scrutiny focused very much on poverty and the impact that the Scottish Government's budget could have on addressing it. Given that many people continue to face difficulties in making ends meet as cost of living impacts persist, we recognise the importance of maintaining the real-terms value of benefits. That is why we called on the Scottish Government to uprate all Scottish benefits by September 2023's consumer prices index rise of 6.7 per cent, and we are pleased that it did so.

The vast majority of the £7.5 billion social justice budget—£6.7 billion—is for social security. The £1 billion increase in investment on social security compared with last year will provide support to more than 1.2 million people. The Scottish Government has chosen to spend more on social security in delivering 14 benefits, seven of which are unique to Scotland. That includes the Scottish child payment, which is worth £25 per eligible child per week. The Cabinet Secretary for Social Justice

advised that the payment is lifting 50,000 children out of poverty this year.

Although child poverty is still too high, the cabinet secretary assured the committee that the Government is relentless in its focus on reaching the targets on child poverty and it has promised to provide an update on progress.

We also note that the Government's approach to the application process for the adult disability payment has resulted in a higher number of claimants receiving support. That is very welcome. Ensuring that people with long-term health conditions and disabilities get the support that they need is crucial to building a fairer Scotland.

On the scale of social security investment, the Scottish Fiscal Commission told us that social security spending in 2024-25 will be almost £1.1 billion more than the Scottish Government receives from the UK Government through the social security block grant adjustment. It is estimated that the difference will rise to £1.5 billion in 2028-29. The committee acknowledges that increased investment in social security has to be funded and that that has implications for the Government's budget decisions in other areas.

Another key theme that was examined in our pre-budget scrutiny was homelessness. Recent statistics show that the number of homelessness applications increased in 2022-23. Shelter Scotland and the Scottish Refugee Council called for housing to be prioritised in the budget. They referred to the current situation as "a housing emergency", but Shelter Scotland highlighted that

"it is not just one crisis. It is an affordability crisis, an accessibility crisis, a crisis for children and a crisis of cost, and all those crises have come together as an emergency."—[*Official Report, Social Justice and Social Security Committee*, 5 October 2023; c 26.]

When the cabinet secretary appeared before the committee, we asked why, given the importance of new affordable housing to reducing poverty and homelessness, the Scottish Government had cut the affordable housing supply programme budget. She highlighted the impact of the UK Government's decision to slash capital spending. We also heard about the impact of inflation and Brexit-related workforce challenges on housebuilding costs, and that the Scottish Government will work with stakeholders to maximise value for money. We hope to hear confirmation from the Scottish Government soon about its ambition to build 110,000 more affordable homes by 2032, and we will continue to monitor the budget's impact on homelessness.

A further area of stakeholder interest was the proposed parental transition fund. The cabinet secretary advised us that the fund cannot be delivered as originally planned due to the

interaction with reserved tax and benefits, but that the Scottish Government will continue to deliver on the overarching policy aim to support parents into employment. We wanted to understand the decision that was taken. The importance of parental employment in addressing child poverty cannot be overestimated.

Our recent report on tackling child poverty through parental employment takes an in-depth look at the cross-cutting actions that are needed to make progress. We were keen to know what the Scottish Government will do to support those parents who would have benefited from the fund. The cabinet secretary stressed that the Government is still spending £90 million on employability support. We have yet to discuss the Government's response to our report, but I am sure that we will carefully consider follow-up work and the impact of the budget.

I will briefly touch on fair funding principles for the third sector. We continue to press the Scottish Government for updates on the provision of multiyear funding, as the Scottish Council for Voluntary Organisations has made a plea for more consistency. We look forward to receiving a detailed update from the Government on that, as well as on its commitment that organisations will be notified of approved funding for 2024-25 in March. That would afford organisations the best opportunity to deliver crucial services in the coming financial year and to seek match funding, particularly as many of those services provide essential support to people with complex needs who are experiencing poverty.

We all recognise the challenging fiscal circumstances. The committee welcomes the Scottish Government's decision to increase investment in social security. Estimates suggest that, overall, Scottish Government policy is lifting 90,000 children out of poverty. We will monitor that and continue to scrutinise the impact of Scottish and UK Government policies on social justice, and committee members will listen closely to the Scottish Government's response to the debate.

16:11

**Finlay Carson (Galloway and West Dumfries)**

**(Con):** I apologise to the Presiding Officer, members and Kenny Gibson in particular for my late arrival to the chamber at the start of the debate. I am pleased to contribute on behalf of the Rural Affairs and Islands Committee. I want to reflect on our pre-budget scrutiny as well as on our session with the cabinet secretary three weeks ago following the publication of the budget.

I will be honest and open with members in saying that the time that was allocated for our pre-budget scrutiny exercise has, once again, been

significantly squeezed as a result of the volume of legislation that the committee is considering currently. As, I am sure, other committees will have experienced, the year-round approach to financial scrutiny is challenging when committee time is mostly taken up with bills and legislation. For that reason, the committee took the decision to continue with its previous approach to scrutiny by specifically focusing on the funding commitments that are associated with the implementation of the national islands plan, with a broader, more general overview of the rural affairs and islands portfolio. I will update members on our pre-budget scrutiny, before concluding with comments on the budget.

The implementation of the national islands plan is supported by the capital funding for the islands programme. The Scottish Government's stated aim for the islands programme is to help to fund "critical and transformational" infrastructure projects while addressing "pervasive problems" for island communities.

The Scottish Government's 2021 programme for government included a commitment to invest £30 million over five years through the island programme but, at the time of our pre-budget scrutiny, there was no specific capital allocation for the islands plan for 2024-25. The committee recommended that funding levels should be maintained in line with the commitment that was made in the 2021 programme for government. We now note that £4.3 million in capital funding for the islands programme, with funding for the carbon neutral islands project, has been announced for 2024-25.

Most of our scrutiny centred on the capacity and funding of the islands programme and on its ability to make what the Scottish Government has said are "critical and transformational" infrastructure projects address the real challenges that our island communities face, such as the disproportionate impact of the cost of living crisis—the Shetland Islands Council suggests that the cost of living is as much as 20 to 65 per cent higher for some island communities than the UK average—fuel poverty and depopulation.

The cabinet secretary emphasised that no single intervention would address the issue of depopulation and that support for island communities straddled multiple portfolios. The islands plan, its 13 strategic objectives and its associated funding will shortly be reviewed. The committee will want to see clear evidence of the benefit of those critical and transformational infrastructure projects within island communities.

I turn to the budget that was published last December and the cabinet secretary's evidence to the committee in January. The first thing to note is that the rural affairs, land reform and islands

portfolio had the largest percentage reduction in its capital and resource budget: a 7.8 per cent reduction in cash terms and a 9.3 per cent reduction in real terms.

We heard from the cabinet secretary that the Scottish Government has

"had to take difficult decisions and make very difficult choices".—[*Official Report, Rural Affairs and Islands Committee*, 17 January 2024; c 3.]

The committee sought reassurance that budget reductions would not impact negatively across the agricultural, fisheries and forestry sectors.

The cabinet secretary provided some clarification of where the Scottish Government anticipated being able to meet current demand despite budget cuts. The committee will continue to keep a close eye on matters to ensure that on-going spend can deliver the Government's stated ambitions.

We were told of the return of £15 million to the portfolio. However welcome that may be, it should be noted that that is only a fraction of the £61 million that was taken out of the portfolio as part of the 2022 emergency budget review.

We heard evidence from the Confederation of Forest Industries—Confor—that the £32 million—or 41 per cent—cut to the budget for woodland grants would be devastating and would mean that the tree planting targets would not be met. In addition to the resulting impact on climate change targets, the cut would lead to job losses, lead to the destruction of millions of trees and be a blow to sector confidence that will take a long time to recover from. The cabinet secretary conceded that that was "particularly disappointing" and highlighted some of the work that is being done to move forward. The committee has only recently taken on forestry as a policy area, but it is clear that we will need to monitor it closely.

Our pre-budget scrutiny looked at the level of funding for developing science and technology in the marine sector, and we welcome the cabinet secretary's response, which sets out her intention to make science and technology funding one of the top priorities of the marine directorate. The committee looks forward to hearing more about how that commitment will improve the scientific evidence base to inform fisheries policy, particularly for inshore fisheries. We look forward, in due course, to further discussions with the cabinet secretary on the funding that is available for marine science and technology.

Finally, the cabinet secretary told us that one of the reasons for the cut in the marine directorate budget was the decision not to proceed with highly protected marine areas.

16:16

**Clare Haughey (Rutherglen) (SNP):** The Health, Social Care and Sport Committee recently concluded its pre-budget scrutiny for 2024-25. The exercise highlighted several important themes as key areas for the Scottish Government to work on over the coming years.

The first of those themes relates to multiyear budgeting. Many respondents to the committee's call for written views highlighted that the current model of single-year budgeting hampers the delivery of services and stands in the way of the transformative change that is required in the sector.

Following calls from our committee for the Scottish Government to bring forward its refreshed medium-term financial framework for health and social care, I note the cabinet secretary's commitment that it will be published in the spring. I reiterate the committee's request that the framework provides more detailed analysis than was previously set out in the medium-term financial strategy and the resource spending review.

In previous years, the committee has highlighted concerns about the availability and accessibility of data related to health and social care spending, and the Scottish Government subsequently gave a commitment to make progress in that area. However, the committee has heard evidence of on-going issues with data and the challenges that that creates in measuring and reporting on progress towards meeting defined budget and policy goals.

I welcome the cabinet secretary's response to the committee's pre-budget scrutiny letter, which sets out the range of data that is currently available to support decision making, analysis and scrutiny and indicates that there is

"ongoing work to improve availability and accessibility, and to improve transparency."

The committee's pre-budget scrutiny highlighted the importance of the NHS Scotland resource allocation committee formula in determining levels of funding to be allocated to individual health boards in Scotland. In his response to the committee, the cabinet secretary confirmed that

"Work to review the formula is underway",  
but that it "will take time" to complete.

We also heard concerns from Audit Scotland that a number of Scotland's 14 territorial NHS boards might not be able to break even by the end of the latest three-year financial planning period, as they are currently required to do. It would be helpful to receive reassurance from the Scottish Government today that robust contingency plans are in place to deal with such an eventuality.

The cabinet secretary also told the committee that the level of co-operation between boards in reducing costs, particularly through shared services and functions, is "variable". The committee would be grateful if the Scottish Government could keep it updated, as data becomes available, on how it is encouraging further co-operation between boards and on how effective that has been.

The committee heard evidence that workforce capacity remains the biggest risk to the recovery of NHS services after the pandemic. Equally, there is concern that any increases that have been committed to in the health and social care budget might be consumed by recent—welcome—pay settlements, which avoided strike action by healthcare staff in Scotland, and by the impact of inflation.

In that context, I welcome the cabinet secretary's update that progress has been made towards reducing NHS Scotland's reliance on agency staff. As the workforce is the sector's most important asset, it is vital to retain a focus on getting the best out of the workforce, which includes using innovation to free up capacity while ensuring that the workforce's health and wellbeing are consistently and proactively supported.

Issues that relate to preventative spend have been a recurring theme in the committee's financial scrutiny this session. Evidence that was submitted to the committee highlighted the significant challenges of moving towards a preventative approach to health and social care spending in the context of acute short-term demand for services.

During the committee's budget scrutiny session, the cabinet secretary made the point that performance on two key measures has been moving in the wrong direction—mortality rates are increasing and health inequalities are widening. A reinforced focus on preventative spending could have a real impact on reversing those negative trends.

We acknowledge that, in the face of the current severe budgetary pressures, maintaining a focus on prevention will be a huge challenge. However, for the long-term sustainability of health and social care services, we should not let that weaken our determination to keep that focus.

Many who submitted evidence to the committee argued for initiating a national conversation to involve the public in discussions about the future of health and social care in the context of increasing demand, demographic change and finite budgetary resources. I welcome the cabinet secretary's acknowledgement in responding to our pre-budget scrutiny letter that, although the Scottish Government is committed to ensuring that

the fundamentals of Scotland's NHS do not change, reform is required.

Furthermore, the committee received oral and written evidence that highlighted significant shortcomings in linking health and social care spend to specific outcomes. On the basis of that evidence, the committee asked the Scottish Government how it intends to shift away from a focus on short-term targets towards a long-term outcomes-based approach.

In response, the Scottish Government highlighted that its care and wellbeing dashboard provides a framework to drive progress towards a common set of long-term outcomes. In its updated format, that is a welcome innovation. As part of the annual budget process, it would be helpful to map progress towards the long-term outcomes against health and social care spending.

As part of the forthcoming five-year review, the committee would welcome a debate about how the national performance framework can be reformed to become a more effective tool to support strategic outcomes-based policy making and spending in health, social care and sport.

The committee's scrutiny of the budget for 2024-25 highlighted key challenges that we need to confront to place health and social care spending on a more sustainable footing for the long term. I and my fellow committee members look forward to continuing to scrutinise the extent to which the coming year's budget is meeting those challenges in the months ahead.

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

16:23

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I welcome the opportunity to contribute to the debate as chair of the Scottish Commission for Public Audit. One of the commission's main roles is to scrutinise and report to Parliament on Audit Scotland's budget proposals.

Last Friday, we published our report on Audit Scotland's budget proposal for 2024-25. Audit Scotland's budget comes from two sources: the fees that it charges audited bodies and the funding that comes from the Scottish consolidated fund. Our report notes that Audit Scotland's budget proposal represents an overall 8.4 per cent increase on the funding that was required from the Scottish consolidated fund under last year's budget.

The commission met in December last year to consider Audit Scotland's budget proposal—specifically, the £13.229 million of funding that is

required from the Scottish consolidated fund. The 8.4 per cent increase represents an additional £1.029 million on last year's budget.

We heard that, of the proposed 8.4 per cent increase, costs relating to Scotland's participation in the biannual national fraud initiative made up 1.9 per cent, and the costs of delivering non-chargeable audits to organisations such as the Scottish Government, Environmental Standards Scotland and Consumer Scotland made up another 1.8 per cent. Although we understand that only 4.7 per cent of the total increase is within Audit Scotland's direct control, we raised concerns at the level of the overall increase, particularly in the context of the significant pressures on Scotland's public finances.

As members know, Audit Scotland is unable to carry reserves, so any of its budget that remains at the end of the financial year is returned to the Scottish consolidated fund. However, that leaves very little time for the money to be reallocated and spent effectively before the end of the financial year. Given the significant and on-going pressures on Scotland's public finances, we sought reassurance on the robustness of Audit Scotland's proposed expenditure and efficiency savings, and we noted its focus on productivity and efficiency. In our report, we ask Audit Scotland to, in the future, apply more focus on ensuring that accurate financial planning is undertaken at the outset of developing its budget proposal, in recognition of the fiscal constraints across the public sector.

Audit Scotland's budget proposal also sets out plans for its audit modernisation project. The budget proposal states the importance of ensuring "that public audit is efficient and effective, both now and in the future".

Year 1 of the audit modernisation project, which is 2024-25, is expected to cost £148,000. That will be funded through internal efficiency savings. We heard from the Auditor General for Scotland that audit modernisation will be a significant factor in budget proposals for the next three years but that, at this stage of the project, any future cost estimates would be speculative.

Our report draws the Parliament's attention to our plans to strengthen our function of scrutiny and challenge in relation to Audit Scotland. As part of that, we plan to hold additional informal meetings on emerging priorities, and we have identified the audit modernisation project as one such priority. We also plan to review the timetable and written agreement for the submission of Audit Scotland's budget proposal to ensure that we have sufficient time to fully examine and discuss the detail of the proposal with Audit Scotland prior to its formal submission.

The final budget allocation for Audit Scotland is, of course, a matter for the Scottish Government, but, in closing, I draw the Parliament's attention to the conclusions that are set out in our report on the steps to be taken in the future. We expect in future years to see more evidence from Audit Scotland on how it plans to achieve efficiency savings and avoid underspends. We also set out the steps that the commission plans to take to strengthen its scrutiny and challenge of Audit Scotland on those matters.

16:27

**Michelle Thomson (Falkirk East) (SNP):** Only this week, the IMF reset its predictions for the UK economy. It predicts that the UK will be the second-worst performer in the G7 this year and the joint third-worst performer in 2025. We have had, in essence, and as reflected in the Finance and Public Administration Committee's report, no growth over the course of 2023.

A response to the dire performance of the UK Government was made in the committee by the Office for Budget Responsibility:

"the real spending power of Government departments in England goes down by about £19 billion over the forecast period ... If those spending plans are sustained, there will be fewer real increases in Barnett consequentials—[*Official Report, Finance and Public Administration Committee*, 12 December 2023, c 9, c10.]

In other words, we have to expect further cuts in Scotland's budget.

The context that we are discussing today exposes yet again the fundamental weaknesses and uncertainties that are involved in operating within a framework of UK dependence. The only way of fully addressing public sector funding pressures, particularly in the absence of appropriate borrowing powers, is to maximise efforts to create long-term sustainable growth.

The consequence of the UK Government's economic failure has profound implications. I deeply regret, and have spoken often about, the cut in the capital budget. Regrettably, it has led to the Scottish Government making cuts to affordable housing. We know and understand that investment in house building has very positive benefits, not least in terms of growth. We know also that the Joseph Rowntree Foundation has described the cut as

"brutal in the context of the housing situation in this country".—[*Official Report, Finance and Public Administration Committee*, 9 January 2024; c 3.]

I absolutely appreciate the difficulty that the Cabinet Secretary for Finance has been placed in by dependence on the UK, but I hope that that proves to be a short-term cut. As soon as possible, it must be fully restored and the impact

on the Scottish Government's commitment to complete 110,000 affordable homes by 2032 minimised. We know that a lack of affordable homes leads to rises in homelessness and poverty and has negative impacts on health and education.

Another area considered in committee that is important for long-term planning is the opportunities that are presented from offshore wind. During 2022-23, more than £756 million was raised from the leasing of seabed rights for offshore wind farms. I noticed the view of Professor David Bell that such funds should be regarded

"as equivalent to a sovereign wealth fund",

which

"should be used to support future generations".

He explained that,

"To be equitable, it should not be spent only on the generation that has been lucky enough to have that revenue gathered."—[*Official Report, Finance and Public Administration Committee*, 9 January 2024; c 14.]

He also agreed with the suggestion that fiscal rules should be applied to protect the funds, and I was pleased to see that included in the report from FPAC. I understand and totally empathise with why the cabinet secretary took a different view and focused on revenue spending, but we need to find a way to give some priority to future generations, to our future economy and society, and, critically, to enabling growth.

My final comment concerns public administration. The need for reform is overwhelming. I absolutely sympathise with the complexity and expense of the situation. It is time consuming, populated by vested interests and so on, but the landscape is beyond cluttered and it has to be reduced. Only—

I am sorry; I do not have my glasses today, so I cannot read what I have written.

I suspect that, over too many years, the solution has been seen as creating a quango, a commission or whatever, and now we have a real problem that needs to be solved. The cabinet secretary has faced an unenviable task, and I think that she deserves our support, not just now but in the future, in navigating through an extremely difficult set of circumstances.

16:32

**Liz Smith (Mid Scotland and Fife) (Con):** I do have my glasses.

I welcome the budget report and, as well as thanking the clerks and our special adviser, I think that the convener deserves considerable credit for his level-headed focus and, indeed, award-winning

leadership of the Finance and Public Administration Committee, because that has helped us along the way considerably.

It is an important report, not just because budgets are always important, but because the circumstances are difficult. Obviously, there are on-going difficulties from inflation and the increasing volatility in global relations with, of course, the knock-on effect on trading routes, supply chains and so on.

Next week, in stage 1, we will take our party-political stances on the budget, setting out our different perspectives and how we would cost that. However, today is all about setting out some of the issues that have arisen not just in the Finance and Public Administration Committee but in the other committees, the leaders of which have spoken this afternoon.

Central to all of that is the desperate need to raise an increasing amount of revenue but, at the same time, to improve productivity and economic growth, and to address economic inactivity, which is definitely at a worrying level. The committee therefore believes that the Parliament should be fully focused on policies that will encourage more people back into the labour force, which in turn raises questions about economic structures and public sector reform. The conclusions about that in our report are very clear, given the extent of our concerns in that regard.

We should note, at this point, that it is the common view of many economic commentators and of key business groups that Scotland is in desperate need of many more highly paid jobs. There are encouraging signs in the energy sector, green technology, gaming and financial services, but we need to address the other sectors and to ensure that there is a just transition for oil and gas. However, that needs to be properly supported, too, given that it is so important to the revenues that we bring in.

The other significant tension, which has been the major focus of the committee's scrutiny, is taxation and the associated behavioural changes. Committee colleagues will agree that some worrying data has been presented to us by the Scottish Fiscal Commission and other forecasters showing that current tax policies, while increasing revenues in the short run, are likely to have detrimental effects on consumer and business behaviour. We are very interested in the modelling of that, which, to date, does not appear to have been undertaken.

The committee is also very mindful of the issue of longer-term strategic planning and the Scottish Government's prevarication in that respect. The huge rise in predicted future spending for health and social care, and social security, demonstrates

the scale of the black hole that the Scottish Government is facing in the years ahead. Inevitably, that raises interesting questions around the fiscal framework. Ariane Burgess made an important point earlier. It is not just about the fiscal framework between the UK and Scottish Governments but about a fiscal relationship between the Scottish Government and local authorities. When it comes to that, we would like to see progress on a three-year funding basis.

The convener has rightly raised concerns about the timescales for public sector reform, and the lack of detail, given what was previously announced by the Scottish Government. That is an important point, given the significant implications for budget planning and, indeed, for forecasting. On the same note, we have an issue about the extent to which public sector pay deals will affect the forthcoming budgets for 2024-25 and the years after that.

Then there is the capital issue, which is important. Michelle Thomson was right to speak about that, because it is not just the Scottish Government but the UK Government that has problems with that. No doubt we will have more debate on that next time.

I will end with the issue of forecasting. The committee would welcome assurances from the key stakeholders—the Scottish Fiscal Commission, the Office for Budget Responsibility, the Office for National Statistics and HMRC—that they are working as closely as possible to provide all the detail that is so important to the Finance and Public Administration Committee and all the other committees in this Parliament in order that they can scrutinise effectively how the Scottish Government raises its revenue and spends taxpayers' money.

16:36

**Ross Greer (West Scotland) (Green):** I echo other committee members' thanks to the Finance and Public Administration Committee clerks.

This budget was set in a more difficult context than any that we have seen so far in the devolution era. As the committee's convener noted at the start, we went in with a £1.5 billion gap in our public finances, a huge cut to the capital budget—10 per cent by the measure that the Scottish Government uses and 20 per cent by the Scottish Fiscal Commission's measure—and a deeply dysfunctional process, particularly at the end, when we have a mad dash for a couple of weeks between the UK autumn statement and the publication of the draft Scottish budget.

Regardless of that, a budget should reflect a Government's priorities and make clear what it believes in. Indeed, that is what the Deputy First

Minister says in the first line of her foreword to the budget document. The Scottish Government outlines its three priorities, or missions, which are equality, opportunity and community. Those can all be agreed on, but there is a bit of a problem there: what does not meet one of those priorities? Priorities imply that there are other things that are not priorities, which is good and necessary when we have a budget that does not stretch far enough.

I want to highlight some examples of what I think are high-value areas of spending that are aligned with those missions. In contrast to what is said about my party an awful lot, there are lots of things that the Greens want to see grow. We want more high-quality lasting jobs in green industries, for example—preferably in businesses that are owned in Scotland, and even more preferably in businesses that are owned by their workers. We are proud of the fact that that is happening in Scotland. Around the same time as the draft publication of the budget, the Fraser of Allander Institute report showed that, in 2021 alone, we went from 27,000 to 42,000 jobs in green energy. That trajectory should continue, with new measures, such as those in national planning framework 4, shortening the decision time for onshore wind applications and creating certainty for businesses in the sector.

The budget includes £67 million for the offshore wind supply chain. To me, that is spending to seize opportunities, which is very much aligned with the opportunity mission. The jobs that will be created will add to the tax base, continuing the positive trajectory that we have seen for tax revenue in the past couple of years, after a difficult period of losing similarly high-paying jobs in the oil and gas sector in the years previous to that.

Alongside the solar targets that the Government has set, and other measures, we will continue to see jobs growth in a really important sector for our economy. It will also strengthen the tax base. Edward Mountain, speaking for the Net Zero, Energy and Transport Committee, mentioned the real-terms uplift for NatureScot's and SEPA's budgets. Obviously, as a Green, I am pleased to see that. In addition, at the Finance and Public Administration Committee, the chief executive of NatureScot, Francesca Osowska said:

"I see in the budget a shift towards recognising the long-term challenges of climate change".—[*Official Report, Finance and Public Administration Committee*, 9 January 2024; c 42.]

So, there is alignment with that mission.

I contrast that alignment with the note that the FPA Committee report makes on the council tax freeze not aligning with the equality mission. The £140 million that is not aligned with that mission is no small amount. Again, there is a contrast. That

is £140 million, but there is £1 billion more going into the social security budget. That is a clear demonstration of the commitment to the equality mission, to continue the progress that has been made this year in lifting 90,000 children out of poverty.

However, we must be up front about the implications. Across all parties, we agreed that it was necessary to uprate social security payments in line with inflation, but that clearly outstrips the Barnett consequentials that are available. The money has to come from elsewhere, as it is a priority. The Scottish Government has chosen, with the support of all our Parliament, to prioritise supporting the most vulnerable, but we must be honest about the implications of that. There are demands—mostly reasonable ones, many of which we have heard this afternoon—for spending elsewhere, but that is not possible when we have chosen what to prioritise within a limited budget.

I have highlighted climate and child poverty as spending examples because those are two areas that are linked to statutory targets that, again, were agreed by all parties in the Parliament. If we cannot prioritise everything, we certainly must prioritise those. We have a legal obligation to do so, but it comes at the expense of other areas of the budget, which we need to be far more honest about. We must create more space in the Parliament to do that—outside what is obviously a very politicised budget process after this point—and, outwith the budget process, I hope that the Government will take the opportunity to hold more debates in Government time for us to air those longer-term issues.

16:41

**John Mason (Glasgow Shettleston) (SNP):** Unlike Liz Smith, I will not start by praising the convener of the Finance and Public Administration Committee. He has a high enough opinion of himself already.

Thank you, Presiding Officer, for the opportunity to speak. I realise that today's debate is primarily for conveners to put forward their committee's angles on the budget, but it is good that the Finance and Public Administration Committee members get to contribute as well.

There are a lot of angles on the budget, so I can touch on only a few. There is a tremendous increase for social security, from £5 billion to £6 billion. That is unmatched in other parts of the budget, partly because it is demand led and possibly harder to limit. The Scottish child payment and the adult disability payment are both necessary if we are serious about tackling poverty and inequality, but we will need to consider

carefully how the budget grows, as the Scottish Fiscal Commission has suggested that it might.

One suggestion from witnesses has been to consider whether the Scottish child payment could be increased even further. It is widely accepted as one of the Scottish Government's greatest successes, and it has had a real impact on child poverty, so it is worth seriously considering whether the council tax freeze, which costs £144 million, or a further increase in the Scottish child payment would be more effective in supporting households in poverty. Some organisations that are active in that sector have argued that a council tax freeze tends to benefit the well-off more.

On taxation, Liz Smith painted a slightly gloomy picture on possible behavioural change. At the committee, we have had different kinds of evidence on whether raising taxes will put off organisations and individuals being in Scotland. However, we should remember a few other things. A mortgage in London is likely to be £8,000 a year more expensive than it would be in Scotland, and the quality of life here is better in many regards—for example, there are no student tuition fees.

In the bigger picture, the UK tax level is too low to sustain quality public services. In the UK, some 38 per cent of GDP goes to tax and public services, which is much lower than the figure in countries such as France, where it is 47 per cent, and Belgium, where it is 53 per cent.

Linked to tax are the anomalies between the UK and Scottish systems, especially around national insurance and personal allowances, which we point out on page 11 of our report. The Scottish Government has indicated that the UK Government has been “unwilling to engage” on that issue. It seems to me that we can have a proper, joined-up and logical income tax system only if the full system is devolved, including national insurance and personal allowances.

Public service reform has been mentioned by other members and has been a theme that the FPA Committee has considered over a period of time. We realise that it is a tricky area and that there could be losers as well as winners. However, we do not think that there should be procrastination on that, and we would like to see clear and definite plans as soon as possible.

A specific aspect of public service reform is the increasing number of commissioners and other office-holders. The Scottish Parliamentary Corporate Body's role is, clearly and correctly, to ensure that commissioners and others have the resources that they need to be able to undertake their functions effectively. We agree with that. However, the committee has concerns about the growing number of commissioners and about whether resources are being diverted away from

front-line services. That is why the committee will carry out an inquiry on the topic.

Another theme throughout the budget process has been whether we need to wait for the Westminster spring budget before setting out more longer-term plans, such as an updated infrastructure investment plan. I accept that we need to get the balance right in all of this, because we are very dependent on Westminster budgets and other decisions. The more information we have, the better. However, I fear that there is almost always uncertainty coming down the line and we need to plan ahead, even if those plans have to be changed later on.

My seventh and final point is on non-domestic rates. There have been calls for us to copy England in hospitality and give greater relief to businesses across the board. However, we know that some parts of hospitality are doing extremely well and do not need Government support. Therefore, I agree with the Scottish Government's approach of targeting support where it is most needed—for example, in the islands. In an ideal world where finances were less limited, we could do more, but we must choose our priorities. If Opposition parties think that the priorities should be different, they need to tell us where to spend more and where to spend less.

**The Presiding Officer (Alison Johnstone):** I call Jamie Halcro Johnston, who will be the final speaker in the open debate.

16:46

**Jamie Halcro Johnston (Highlands and Islands) (Con):** I join my fellow committee members in thanking our clerks, for their work in putting together the report; our adviser, Professor Mairi Spowage, for her guidance, which was particularly helpful for me, as a relatively new member of the committee; the witnesses who gave their time and expertise; and SPICe, for its support.

During our scrutiny of the draft budget, I focused largely on how it might impact on the rural and island communities that make up so much of my Highlands and Islands region. Of course, that involves looking not only at the rural affairs budget, but at all areas in which decisions might have consequences. In our evidence session with the Deputy First Minister, I listed the various budget lines where cuts had been made and my concerns about the impact that that could have on our rural and island communities. Such concerns were raised by Fin Carson in his contribution.

I recognise that the Deputy First Minister's response is that the Scottish Government has tried to prioritise the sector's priorities within a tough budget, but that leads me on to how decisions are

made and the transparency of that process, which some of our witnesses raised as an issue, and which our convener, Kenny Gibson, highlighted in his speech. Although the budget shows us where funding has been reduced or ended, we found that there was little explanation of why those decisions had been taken.

One example of that is in relation to reductions in the housing budget, which was mentioned earlier. Another example, which was highlighted by the Fraser of Allander Institute and mentioned earlier by Fin Carson and Edward Mountain, relates to the forestry budget. That budget experienced a significant increase in last year's budget, but it experienced a significant cut this year.

In our pre-budget report, the committee recommended that the Scottish Government should set out explicitly any areas of spending that had been assessed as not meeting its three-missions test and in which funding would, as a result, be reduced or ceased entirely, but we remain unclear about how the Scottish Government has assessed its decisions in line with its priorities. Therefore, the committee agreed that it would be helpful to have a more detailed explanation of how such decisions are reached and of the trade-offs that the Scottish Government has to make in taking them.

That would be of interest in relation to the cuts in the budgets of some of the key drivers of economic growth. The committee was unclear about how reductions in the budgets for further and higher education, enterprise bodies, including Highlands and Islands Enterprise in my region, and employability would deliver the economic growth that most of us agree is so vital.

Although I recognise that the Deputy First Minister expects enterprise bodies to focus on their priorities, they will have to do so with decreasing support. It will be important to know how the Scottish Government intends to assess any impact on economic growth, and I look forward to that information being provided to the committee.

I turn briefly to council tax and, in particular, the impact of the proposed freeze on bills. Witnesses highlighted that it will impact councils differently. The Fraser of Allander Institute highlighted the example of Orkney Islands Council, which is my home council. Council leaders in Orkney have been considering a 10 per cent increase in council tax, but if agreement is reached between the Scottish Government and COSLA to compensate councils for only a 5 per cent increase next year, councils such as Orkney Islands Council risk being left short. In contrast, those councils that might have sought to increase their council tax bills by less than 5 per cent would, as the Fraser of

Allander Institute made clear, gain from that approach.

There is a risk that any council tax freeze will create winners and losers. The committee also noted that any such freeze does not expressly target those living in poverty and asked how the policy is in line with the Scottish Government's stated plan to prioritise spending that delivers on its three missions.

There is only so much that can be covered in a four-minute speech. I hope that colleagues from across the chamber will ensure that the key concerns and recommendations included in the committee's report are raised and, most importantly, that the Scottish Government takes those on board.

16:50

**Shona Robison:** I thank all the speakers, particularly the committee conveners, who have contributed to what has been a largely consensual debate, although Liz Smith struck a slightly ominous tone when she reminded us that that might be quite different when we come to the stage 1 debate next week. Let us keep up the consensual tone while we can.

I will begin with a general comment before moving to the specific issues that were raised. As I anticipated, and as we will see again when we move through the other stages of the budget, the focus has inevitably been on where budgets are reducing, rather than on where they are increasing. It is inevitable that we will reduce some budgets: we have less money and must make difficult choices. We cannot fund everything and have tried to ensure, by and large, that funding decisions are made in line with our key missions.

That brings us to some quite difficult choices. Claire Baker talked about some issues that have been raised by the hospitality sector, which has had quite a lot of engagement with ministers. I met with the sector recently and Tom Arthur has had on-going engagement. Understandably, the hospitality sector would like £260 million of the £310 million of consequential for 2024-25 to flow through into cuts in business rates. However, from a Scottish Government point of view, that would have meant less money for the NHS and for other front-line public services. I was very up front with the sector about that when we met.

Those are difficult choices, and we make them not out of a lack of respect for any sector but because we must focus on our priorities. When I made those choices, in collaboration with colleagues, funding front-line public services had to take priority at this difficult time. I will continue discussing how we can support the sector in a way that we can afford.

I have one more general comment to make before I turn to specifics. Many members have, rightly, mentioned the challenge caused by capital budget reductions, not least in the housing budget. I reiterate my commitment to look at that as a key priority. I take into account Kenneth Gibson's comments about different ways of analysing the figure, but I will stick with the idea of a 10 per cent reduction. It is worth reminding members that in real terms—money terms—that amounts to a £540 million cut each year up to 2027-28, or a cumulative reduction of £1.6 billion. In reality, that is the replacement cost of a large hospital, half the affordable housing budget, numerous areas of capital spend or the purchasing of a lot of trees.

I make that point for public consumption, apart from anything else, because, sometimes, when we talk about a 10 per cent cut in capital budgets, we wonder what that actually means in reality. In reality, it means £1.6 billion. That is why one of my key asks of the Chief Secretary to the Treasury—who is, I hope, in listening mode, as we had a very constructive meeting—which is the same as the ask from the Welsh and Northern Irish Governments, is that we revisit that decision at the spring budget.

That is also why the infrastructure investment pipeline is so important. It is difficult to not wait until the spring budget, because if we get some movement on capital—which I really hope we do—that will have a major impact on what we are able to fund in that pipeline. Therefore, the sequencing and timing of those key decisions are important.

In the remaining time, I will address some of the comments from members. As always, the convener of the Finance and Public Administration Committee, Kenneth Gibson, set out some of the key issues that we are facing, including the issues around data, tracking and behaviour. The HMRC analysis and work that it is undertaking will be very important in that space. As I have said before, it is of benefit to the Scottish Government to have in front of us the evidence from all sources around the impact of some of the decisions that we make.

We still have positive net in-migration to Scotland. People of working age are making the decision to come and live here. However, we take the comments of the Scottish Fiscal Commission and the committee's deliberations on that very seriously.

Members, including Kenneth Gibson, mentioned the long-term fiscal sustainability issue. We will very much come back to that. My suggestion is that we align the longer-term debate with the next medium-term financial strategy in May, but I am open to discussion with members about the best timing for that. I give a commitment to revisit the matter.

Clare Adamson, on behalf of the Constitution, Europe, External Affairs and Culture Committee, talked about innovative funding solutions and cross-portfolio working. In difficult financial times, we must be imaginative about how we use the collective funding that we have, and we need to get out of silos. That is not just in the culture sector; it is across the board.

Sue Webber made some interesting points about the additional operational flexibilities. There is a requirement on Government and ministers, when times are tough, to maximise some of those flexibilities in the college sector and elsewhere. We must also be clear about our priorities—if there is less money, in our enterprise agencies or in any other body, we have to be very clear about what our priorities are. Not everything can be a priority, and we cannot ask organisations to do more if budgets are stretched. We have to be really clear, so that is a fair point.

I also agree that outcomes are more important than inputs, but the harsh reality of political discussion on teacher numbers, for example, then comes into the arena. The more we can focus on outcomes across the board, the better, but the issue runs up against quite hard political discussions in this place.

I have mentioned Claire Baker's comments about the NDR choices, so I will not labour that point—excuse the pun.

Ariane Burgess talked about the fiscal framework and the progress that has been made. That is very important for local government. We might have our differences around council tax freeze policy with COSLA, but we agree that the local government fiscal framework will be important in ensuring that we help local government to move on to a more sustainable footing.

Kaukab Stewart reminded us of the importance of equality in all our budget setting.

Edward Mountain reminded us of the importance of our net zero ambitions. Despite the reference to some of the budget corrections in the annex, the overall £4.7 billion remains a commitment to positive action on climate change.

**Edward Mountain:** Will the cabinet secretary give way?

**Shona Robison:** Do I have time?

**The Presiding Officer:** Yes.

**Edward Mountain:** Annex J is the one that is in question. Will the cabinet secretary address when the committee might get that? We were told late in the day, when we were discussing it. It has not yet been received.

**Shona Robison:** I will follow that up as a matter of priority and make sure that we get it to the committee as quickly as possible. I think that it is imminent, but I will double check that once the debate is over.

Collette Stevenson talked about the importance of the funding that we are investing in the Scottish child payment and social security as a whole. She reminded us of the key mission to reduce poverty. It is a huge investment, and there is a question for us about making sure that that investment is sustainable. I think that John Mason made that point. We have to consider that as part of the longer-term horizon.

Clare Haughey talked about multiyear budgeting. Her request was about the contingency plans for health boards and the requirement for a sustainable footing. I agree with that absolutely, and we have commissioned three-year plans from NHS boards—to 2026-27—for that very reason. Given the level of spend that our health boards deploy, and the pressure—not least pay pressures—that they are under, we have to support them to make sure that they can deliver what we are asking them to deliver.

Michelle Thomson made some excellent points. She reiterated the IMF comments, which are pertinent and timely, the restriction of the levers that we have, our dependency on UK Government funding decisions in Whitehall, and the consequences of those. She talked about reform and about the decluttering of the landscape, which are absolutely crucial. We are determined to play our part. There is a parliamentary element to that—I think that John Mason referred to that. There might be space for cross-party working on that, but it must not become a bun fight about which organisations should continue, or be formed or not be formed. There is a recognition that, collectively, we need to pause to think about the numbers of commissioners and public bodies. I am certainly up for that discussion, if others are.

Liz Smith was very complimentary of our award-winning Finance and Public Administration Committee convener, but I am not sure whether that will continue. The point is that we have an opportunity in some of the things that we agree on. We disagree on lots of things, but there are things that we can agree on, and we should try to create some space to work together on those areas.

Ross Greer reminded us that not everything can be a priority and that we need to be clear on why some areas are a priority and some are not. I take that challenge on board.

**Finlay Carson:** Will the cabinet secretary give way?

**The Presiding Officer:** The cabinet secretary must conclude.

**Shona Robison:** I am keen to conclude on others' comments.

Ross Greer pointed to the importance of investment in green energy—the £67 million investment in the offshore wind supply chain, which is part of a £500 million ambition.

John Mason challenged us on the need for evidence when looking at the decisions that we make on the social contract, and the importance of that.

**The Presiding Officer:** Be brief, please, cabinet secretary.

**Shona Robison:** I will finish on this point. I very much agree on the complexity of a hybrid taxation system and the need for the complete devolution of the tax system. I look forward to further engagement over the next few weeks.

**The Presiding Officer:** I call Michael Marra to wind up the debate on behalf of the Finance and Public Administration Committee.

17:04

**Michael Marra (North East Scotland) (Lab):** I am happy to start this speech as deputy convener of the Finance and Public Administration Committee by setting out my appreciation for all my colleagues. I will not pick out anyone in particular, but the expertise that they bring to our discussions and the very collegiate nature in which we have those discussions is greatly appreciated.

I thank all members who have contributed to this useful debate to get insights into the work of the various committees on what is a very challenging budget for the Government. There are clearly areas of common interest and themes across committees, some of which I will touch on.

I ask the Scottish Government to reflect and make greater progress on those issues, as the cabinet secretary has already committed to doing. I highlight that those issues include enhancing transparency and accountability—which is a key concern of our committee—providing more explanation on decision making, and avoiding slipping timetables for the delivery of programmes and strategies, which has too often been the case.

The latest example of that is that, although the Scottish Government is committed to providing outturn figures by the end of January, we are into February, and the committee still has not seen those figures. I know that tax returns were being completed in the past few days, but it would have been good to see those figures in front of Parliament.

As well as touching on members' contributions, I will talk a little bit about the focus on public service reform, which is a key element in our pre-budget

report. My colleagues on the Finance and Public Administration Committee have set out some of the broader economic challenges that we face as a country. Michelle Thomson rightly referenced the IMF's note of significant caution for the UK chancellor in the face of downgraded growth forecasts.

Liz Smith touched on some of the global situation that impinges on that, with trade restrictions and conflict presenting unpredictable headwinds for the UK economy as it seeks to recover from the unpredictable behaviour of Liz Truss and Kwasi Kwarteng, in part. However, that sluggish growth predates the catastrophic mini-budget.

The Deputy First Minister set out the capital challenges and the value of that cut. It is vital that we have a UK Government that is truly committed to growth in our economy.

Kenneth Gibson started the debate by setting out the very long-term challenges that our economy faces, particularly around demography. That has been highlighted by the Scottish Fiscal Commission in its long-term forecasts and work. Some of the challenges that the finance secretary is facing in her budget are not unpredictable—they have been predicted.

I was struck by a comment that I saw online from Torsten Bell of the Resolution Foundation bemoaning the explosion in dog ownership during lockdown, as he seemed to think that having recalcitrant and misbehaving animals in the household is part of the cause of people deciding not to have children. He was advising that that is a very long-term trend that the UK is facing, and that it is particularly pronounced in Scotland. The challenges in our tax base and in the funding of our public services will therefore continue into the future, and we need to grapple with that as a Parliament, as we have in part been doing today.

We should also reflect a little on the approach that the Chancellor of the Exchequer took in the autumn statement and the approach that we might anticipate in the budget statement to come in March. It was reasonably well signalled that he is a chancellor who does not really want to reheat the UK economy and that he is particularly concerned about getting interest rates down. That approach has been well signalled by the Government; whether some of us agree with it or not, the signals were clearly there.

Ross Greer insightfully set out that a Government for which everything is a priority has no priorities. That is certainly the case. We have structured some of the debate around the missions that the Government has set out for what it wants to achieve from its budget. The conveners have set out the great wealth of evidence that their

committees have taken from citizens and organisations across Scotland about what they want from the budget.

One theme in the debate is the lack of focus on growth, which is one of the missions that the cabinet secretary and her Government set out. Claire Baker, from the Economy and Fair Work Committee, commented on that and on the evidence that her committee has taken. Certainly, that evidence has been reflected in the Finance and Public Administration Committee. There is a real concern that the Government really has not met its own challenge and stepped up to the plate in providing growth.

On a related issue, Ariane Burgess of the Local Government, Housing and Planning Committee talked about the cuts to affordable housing budgets. The provision of housing is certainly a key issue in ensuring that we have growth in our economy, not just for the provision of housing for families but for the supply side and the supply chain, ensuring that there is provision in the labour market.

Collette Stevenson touched on the same theme on behalf of the Social Justice and Social Security Committee. She painted a deeply worrying picture, from evidence that she and her colleagues have taken, about multiple crises adding up to an emergency.

In her opening speech, the Deputy First Minister set out her sympathy for the call on the housing budget, and she set out to the Finance and Public Administration Committee that housing would be the priority should more money become available. I am sure that that is a circle that can be squared in our negotiations with COSLA, which will continue to be challenging, as we have explored today. There is a need to find resource for local government, and the housing side of that is perhaps something that the Deputy First Minister can bring together into one place.

John Mason shared his concerns about the proliferation of commissioners. We have great sympathies across the Finance and Public Administration Committee on that point, and I think that we are all glad that that is on the record today. There is more work to come from our committee in that area. That relates to a general perception about the proliferation of public bodies in Scotland; it is part of the key question about public service reform.

On that broad theme of reform, I am aware that many of the committees that were represented in the debate are examining specific issues and instances of reform, such as justice reform, the national care service and education reform. I intend to close my remarks by focusing a little bit on that area.

Our pre-budget report expressed concerns that the focus of the Scottish Government's reform programme has changed multiple times, even since May 2022, as have the timescales for publishing further detail on what that programme will entail. We have made recommendations that aim to bring much-needed impetus, focus and direction to the Scottish Government's reform programme to ensure that successful outcomes can be achieved at a much quicker pace.

The Scottish Government previously agreed to provide six-monthly updates to the committee, and the first of those updates was published alongside the Scottish budget in December. We asked the Government to include a clear vision and strategic purpose for what it wants to achieve through the reform programme; the financial strategy to accompany the programme, which was committed to by the then Deputy First Minister in March 2023; and details of each workstream under the programme, including milestones for delivery and clear measurements of what we would term success.

It is clear from the update that the Scottish Government provided that it is at a much earlier stage of the reform programme than was expected, particularly given that it was first described as a priority in the resource spending review back in May 2022. Of course, we can go back as far as the Christie commission in 2011 to see a blueprint for how some of that reform might have been delivered, but that was 13 years ago. It is disappointing that such little progress has been made in the intervening time.

The Government's update set out key aims and principles for a 10-year programme of public service reform and actions that it needs to take in the next one to two years to respond to immediate budget challenges and build a platform for on-going change. Over the next three months, the Scottish Government intends to agree a shared approach to reform with local government, the public sector and the third sector, and the Deputy First Minister set out some of that. Unfortunately, there was no mention in the update of the financial strategy that was intended to accompany the reform programme. In our budget report that we published just yesterday, we asked the Scottish Government to revisit its recommendations, and I would appreciate it if it would do so.

Our report also set out our concerns regarding the confusion that still appears to exist in relation to the Scottish Government's policy on public sector headcount and workforce levels, not least within the Scottish Government itself. In its response, the Government said that it intends to set out the pay metrics for 2024-25 following the UK spring budget. This is the second year in a row that the Scottish Government has not published a

public sector pay policy alongside the Scottish budget in time to be factored into the SFC forecast. The committee is disappointed at that delay. Given the significant rise in the public pay bill in Scotland, that is a key issue that the Government should address.

The committee looks forward to further engagement with the Deputy First Minister and Cabinet Secretary for Finance and the whole Parliament in the coming weeks as we address the budget that is before us.

**The Presiding Officer:** That concludes the debate on the Scottish budget 2024-25.

## Decision Time

17:15

**The Presiding Officer (Alison Johnstone):**

There is one question to be put as a result of today's business. The question is, that motion S6M-12035, in the name of Kenneth Gibson, on behalf of the Finance and Public Administration Committee, on the Scottish budget 2024-25, be agreed to.

*Motion agreed to,*

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

*Meeting closed at 17:15.*



This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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