



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Local Government, Housing and Planning Committee

Tuesday 9 September 2025

Session 6



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Tuesday 9 September 2025

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
NATIONAL GOOD FOOD NATION PLAN	2
PRE-BUDGET SCRUTINY 2026-27	20
SUBORDINATE LEGISLATION.....	53
Council Tax Reduction (Miscellaneous Amendment) (Scotland) (No 4) Regulations 2025 (SS1 2025/212)	53

LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
22nd Meeting 2025, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)
*Mark Griffin (Central Scotland) (Lab)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*Alexander Stewart (Mid Scotland and Fife) (Con)
*Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Nikki Bridle (Clackmannanshire Council)
Malcolm Burr (Comhairle nan Eilean Siar)
Thomas Glen (Perth and Kinross Council)
Mairi Gougeon (Cabinet Secretary for Rural Affairs, Land Reform and Islands)
Ken Gourlay (Fife Council)
Laura Hunter (Scottish Government)
Tracy McCollin (Scottish Government)
Dr Dawn Roberts (Dumfries and Galloway Council)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 9 September 2025

[The Convener opened the meeting at 09:32]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the 22nd meeting in 2025 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are on silent. Fulton MacGregor MSP will join us online.

The first item on our agenda is a decision on whether to take items 5 to 7 in private. Do members agree to take those items in private?

Members indicated agreement.

National Good Food Nation Plan

09:32

The Convener: The next item on our agenda is evidence as part of our scrutiny of the proposed national good food nation plan from Mairi Gougeon, the Cabinet Secretary for Rural Affairs, Land Reform and Islands. She is joined by Scottish Government officials: James Hamilton, solicitor; Laura Hunter, procurement policy; and Tracy McCollin, head of the good food nation team. I welcome our witnesses to the meeting. We have around 60 minutes for the discussion, and I invite the cabinet secretary to provide a short opening statement before we turn to questions from members.

The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon): I thank the committee for inviting me to give evidence. I attended the Health, Social Care and Sport Committee last week to talk about the health and social care aspects of the proposed national good food nation plan. It is good to be back in Parliament appearing in front of a committee. This might be my first appearance before this committee, but my appearing here shows the broad spectrum of interest in the good food nation plan and how many different policy areas it touches.

Being a good food nation means different things to different people. We probably all agree that Scotland's food system has a lot of strengths. For one thing, we are renowned for the incredible produce that comes from both our land and seas, but we must also acknowledge that our food system faces many challenges. A key aim of our work through the proposed good food nation plan that we are discussing today is to shift that dial and create a food system that enables and promotes a healthy population, with all the benefits that stem from that.

The proposed national plan sets out the practical steps that we will take to embed this fresh approach to policy development across national Government. However, it will also be the first in a long line of good food nation plans.

It is a forward-thinking ambition, but we are realistic about the scale of the challenge. We are trying to make a systemic change, which will take time. This is an iterative journey, and the scrutiny and input of the Scottish Parliament, the Scottish Food Commission and civil society more broadly will play an important role in shaping that. The committee will recognise the vital role that local government and our health boards will play in that work. Some are already leading the way in improving their local food systems, whereas others

are just at the start of that journey. Ultimately, we are all working towards the same goal: for Scotland to be a nation in which people from every walk of life take pride and pleasure in, and benefit from, the food that they produce, buy, cook, serve and eat each day.

I look forward to continuing to work with the committee, the Parliament, local government and health boards as we progress that work.

The Convener: It is good to welcome you to the committee and to the local government space. As the good food nation plan will affect local government, we thought that it was important for the committee to take a look at it. I hope that our evidence session last week was helpful. It was good to dig into those areas and to talk to local authorities and others about the impact that the plans will have on them.

I will open the questions. Last week, the plan was broadly welcomed—it was welcomed in principle—but some concerns were raised. I am interested in a concern from the Highland Good Food Partnership. In response to the committee's call for views, it said:

"The Plan does not propose any new actions and targets, neither does it commit to new indicators or areas of policy development."

I am interested to hear your thoughts on that and where the plan has driven new or further action.

Mairi Gougeon: First and foremost, the two committees received a lot of written evidence in response to the call for evidence. Thinking back to my opening comments, that reflects the broad range of interest in the work that we are doing.

In relation to some of the concerns about the indicators and targets, which came through in other pieces of written evidence and in what the committee heard directly, the indicators that we have brought forward for the outcomes will help to provide the initial baseline from which we can look to progress. Although I understand and appreciate the concern about the lack of new targets or indicators, that is not to say that we will not develop that work. We have been open and transparent in the plan about the areas where we need to collect more data to be able to look at indicators in the future or to develop new targets.

We have also asked bodies such as the Scottish Animal Welfare Commission to help us with some of that work and to consider what that could look like—which could include indicators or targets in relation to animal health and welfare—because we recognise that we do not have all the information that we need. When we look to develop new information or new targets, the data collection can be quite a big undertaking in itself. The plan is a really important first step, which will help us to develop the baseline from which we can look to

continue to improve. We needed to be able to collect all that information, but we recognise that there is more work to do, and the plan is just the first step.

The Convener: That is great. As you said at the beginning of your opening statement, it is an iterative journey. On co-operation, last week, the committee had witnesses from East Ayrshire Council and Aberdeen City Council. In both cases, there was quite a lot of co-operation happening, but concern has been voiced that there was a lack of co-operation between Government, local authorities and health boards in developing the plan and that that could risk plans working against each other. How do you imagine supporting co-operation in areas where local authority and national health service board boundaries are different?

Mairi Gougeon: I will hand over in a moment to Tracy McCollin, who can explain a bit more, because she has been leading on our engagement with other authorities. The thing is that some people are quite far advanced in looking at food and the different strategies that they have in place. The balance that we have tried to strike in what is contained in the Good Food Nation (Scotland) Act 2022 is to ensure that, although we have guideline principles for what we think local authorities and health boards should include in their plans, it is important that they have flexibility and that each area across Scotland can develop the outcomes and indicators that are most relevant to it. We have published guidance in relation to that, and there has been engagement with the Convention of Scottish Local Authorities and with health boards to discuss it.

Of course, the initial focus has been on producing our own national good food nation plan, which has involved a lot of work to get us to this point. We have had to look to a lot of the feedback in response to our consultation towards the start of last year. It is stated in the act that local authorities and health boards will have to have regard to the national good food nation plan, and we hope that the further guidance will help. I hand over to Tracy, who, as I said, has been engaging.

Tracy McCollin (Scottish Government): We have done some work with both local authorities and health boards and have worked in collaboration with the living good food nation lab at the University of Edinburgh, which is working with local authorities and health boards, in order to be as efficient as possible. We published the guidance that set out the legislative requirements of the act; we had realised that there were some misunderstandings of how the legislation worked in practice, so we set out a piece of guidance that explains what the legislative requirements are. The workshop that we then ran with the living lab

was focused on that but also allowed for discussion of some of the concerns that had been raised—for example, in relation to the commencement of section 10. That was followed up by a survey to get feedback from the relevant authorities as to their preferred timescale, which is being fed into the discussions that we will have on the commencement of that section. As has been noted, some local authorities and health boards are further ahead than others with their food plans, so it was very useful to learn from their experience and have that shared knowledge through such a workshop.

Once the national plan is published at the end of this year and decisions have been made about the commencement of section 10, the plans will have some level of coherence, because the legislation is quite prescriptive; there will have to be regard to the national plan, which sets out the outcomes that the Scottish ministers have put into it. As the local authorities and health boards start work, we have plans for engaging with them further to share good practice, learn from our experience of developing a national plan and feed that into the local plans. Engagement will be on-going, but we have already had some, which has been incredibly useful, both for the relevant authorities, I hope, and for us, in getting their feedback.

The Convener: That workshop sounds good. Did all 32 local authorities and all health boards come to it? What was the level of engagement?

Tracy McCollin: There was very good engagement. Not all health boards came to the workshop, but the survey went out to all of them and we got engagement from nearly all of them, I think. We got a really good response. We got a couple of responses from each local authority as well, depending on which bits of the local authority were leading on the local good food nation plans. It was very useful feedback.

The Convener: Were the guidelines the ones that were published in March this year?

Tracy McCollin: It was that guidance, yes.

The Convener: Thanks very much. I will bring in Evelyn Tweed.

Evelyn Tweed (Stirling) (SNP): Good morning to the cabinet secretary and other witnesses. Thanks for your answers so far. Last week, witnesses noted that councils were at different stages of the good food nation journey, and said that no national record of progress was being made. Will the Scottish Government consider doing that?

Mairi Gurgeon: You are absolutely right that some local authorities are quite far advanced—in particular, Fife has the Food4Fife strategy, and other local authorities are quite far advanced in the

work that they are taking forward—whereas others are at the earlier stages of that work, as I have outlined. Section 10 has not yet been commenced, as Tracy McCollin has just outlined. We are very much in discussions with local authorities about collecting all that information, but we are not yet collecting it all. We would not expect all local authorities to have delivered their plans, because that section has not been commenced, and we are still involved in those discussions. However, as Tracy McCollin outlined, we are having those conversations because we want to make sure that local authorities feel ready and that they have the information that they need to progress that work.

Evelyn Tweed: Obviously, various councils are concerned about the timescales and about section 10, and local government elections are coming. Will there be any flexibility in the timescales?

Mairi Gurgeon: Once section 10 is commenced, there is a 12-month timescale. It has not been commenced yet because of the discussions that we have been having with local authorities. It is fair to say that it has taken a lot of time and work for us to get to this stage, that is, to develop our existing proposed plan. Between that and our conversations with local authorities, which Tracy McCollin referred to, we have been trying to understand the level of resource that might be required and when it might be appropriate to trigger that section. It is only fair that we continue to have those discussions, because the last thing that we want is to trigger that part of the act and for people to feel that they do not have enough time to have their plans ready within that timescale. That is why that work is on-going and those conversations are continuing. We want to make sure that people feel that they have the resources and the time to introduce and develop the plans.

09:45

Evelyn Tweed: So, that is very much under consideration.

Mairi Gurgeon: Yes. I am happy to keep the committee updated on when we are looking to trigger section 10. We do not want to put local authorities under particular pressure now, when we are still trying to bottom out what resources might be needed for section 10, given the work that it has taken us to get to this stage.

Meghan Gallacher (Central Scotland) (Con): Good morning, cabinet secretary. My question is on the same issue. Local authorities will need to be given the right amount of time to implement this plan. When local development plans were put in place, local authorities had up to 5 years to produce them. However, I am very concerned that

they will be given substantially less time to produce these plans.

At the start of this meeting, you said that local authorities seemed to be at different stages. Will you advise the committee on where local authorities are—for example, what percentage of them have reached an advanced stage and what percentage have not done so? In effect, you are going to have 32 local authorities that are at 32 different stages. That is not very good when you are trying to bring forward legislation in the field; you would probably want local authorities to be at similar stages so that, when the act comes in and section 10 commences, they will all be at the same starting point.

Mairi Gougeon: Some local authorities started on the journey of looking at their food strategies in advance of the good food nation work. Some of them have just been more proactive in that space than others. We will have specific legislative requirements in the development of those plans. I have mentioned the strategy in Fife, Glasgow has done some work, and South Lanarkshire has also developed a strategy. The good food nation plans will have a specific set of requirements, including legislative requirements, that we will expect local authorities to adhere to—even within their own strategies.

We discussed this issue, including what those timescales should be and what the requirements should look like, in the scrutiny of the act. The Parliament then agreed to have that 12-month timescale from the point that section 10 is commenced. That is why we have not gone right in and triggered that part of the act. As we have seen in developing our plan, engagement with local authorities gives us a better understanding. We do not intend there to be any surprises. We will not suddenly launch into this, giving all local authorities that 12-month timescale. We want to make sure that we get it right by ensuring that local authorities have the right guidance in place and that they feel able to commence that work. That is why on-going engagement with local authorities is really important.

Meghan Gallacher: South Lanarkshire Council is one of the councils that has raised concerns about timescales, even though it might be quite proactive.

Going back to the commencement times, there is an election cycle and a budget cycle in 2027, and councils will have other priorities alongside the policy area that you want to legislate in. Would commencement at that time be bad timing? Will all councils be able to achieve it? If they do not achieve it, what will be the consequences?

Mairi Gougeon: We will factor in all the points that you have raised when we are looking at when

the appropriate time for the commencement of section 10 might be and in the discussions that we will have with local authorities. It is not in anyone's interest for section 10 of the act to be commenced when local authorities feel that they do not have the time or resources that they need to produce effective plans—we want to make sure that they are able to do that. That is why the engagement is so important.

The Convener: We know that some local authorities have been in the space for some time. I think that we heard from East Ayrshire Council that it has been doing this work for 20 or 21 years already. There is nothing to stop local authorities that are busy with the food journey, or whatever we are calling it, but when section 10 commences, it will trigger a requirement for them to create plans that have specific elements. Will that also trigger the financial resources to help local authorities with the engagement and the consultation that they will have to do on those plans?

Mairi Gougeon: Some local authorities may need resources, such as specific people, in advance to develop their plans. I do not know whether Tracy McCollin would like to point out anything specific.

You are right that, when section 10 commences, local authorities will have 12 months to develop their good food nation plans. That is why we do not want to rush the commencement of section 10. We want to ensure that, by the time we reach the trigger point for the 12-month period, people feel that they have the resources that they need and feel able to complete their plans within the timeframe.

The Convener: Specifically, will the amount of money that is attached to the requirement for local authorities to create the plans be triggered once section 10 has commenced, or could the money be given to them sooner?

Mairi Gougeon: That is part of the discussions that we are having with local authorities right now. There may be a requirement for resources in advance of the commencement of section 10 if, for example, recruitment is involved.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Last week, Nourish Scotland spoke about the outcomes of the good food nation work. It suggested that it may appear to be confusing and contradictory that the legislation does not discuss or contain any outcomes. There could be 32 different outcomes—possibly more. Is localism the correct approach? At the end of all of this, how will any of us know whether local authorities have complied with anything if they can define and determine their own outcomes?

Mairi Gougeon: That is an important point. In the legislation, we tried to strike a balance by setting out the principles that we would expect and like local authorities and health boards to follow in their plans while ensuring that there is flexibility so that people can determine outcomes locally. The outcomes in Glasgow could be very different from those in my local authority of Angus, so I think that it is only right that we have flexibility. I would like to think that we struck the right balance. I do not remember too much concern being expressed about that when the act was initially scrutinised, in 2022. We want to have flexibility and ensure that local authorities feel that they can work towards the outcomes that will be the most meaningful for them, but scrutiny and monitoring will be really important.

As I have said, we have set out the principles and have said that local authorities must have regard to the national good food nation plan. There have been different workshops and there will be continued engagement with health boards and local authorities so that, overall, the guidance will be helpful in the development of their plans.

The Scottish Food Commission will have an important role in scrutinising and providing information, research and advice. It will look at whether the plans are delivering against the outcomes that have been set out nationally and by relevant authorities. The commission will have a critical role, which it is important to highlight.

Willie Coffey: Are you happy with that? Allowing local authorities to determine their own pathway towards their plans seems to be a much softer approach—and it is probably the correct one. As you said, East Ayrshire Council has been doing this work, and quite well, for the past 20 years without any legislation. Looking ahead to the next few years or so, are you quite happy that, when the Government of the day looks back at the process to see whether it has been successful, the structural approach in the legislation will have been enough to deliver what you hope for?

Mairi Gougeon: I certainly hope so. We have tried to strike the right balance. Of course, this is the first step, and it is a big change to the way that the Government works and how we embed different practices and engage across portfolios in addition to the consideration that will have to be given to the plan. It will also be new for local authorities and health boards.

The approach that we have taken is the right one, and the Scottish Food Commission will have an important role throughout the process, because it will be able to monitor and see how all that is working and whether the plan is delivering against the intended outcomes. Time will tell. However, it is important that local authorities have the ability to determine the outcomes that are important for

their areas. The indicators and the measurements that they are using are also important. For us to be able to gather that information at a national level, it is helpful to see how things are being delivered overall. How that might work is part of the engagement and discussion that we will have with local authorities.

Willie Coffey: The convener asked a question about resourcing. Did you mention a figure? Has any money been allocated to authorities to give them a kick-start and help them to develop the plans by giving them a little bit of resource to put behind that?

Mairi Gougeon: Right now, the only figures that we have associated with that are those that we published in the financial memorandum to the Good Food Nation (Scotland) Bill. Having been through the process ourselves, however, we have taken note of the amount of resource and work that was needed to do that, which is why that on-going engagement with local authorities is important. It is really just about trying to bottom out what that resource might look like.

Willie Coffey: Okay. Thank you.

The Convener: There has been quite a bit of conversation about there being money for the plans for local authorities, but there are concerns about whether it is the same for implementation. I take your point—which you have mentioned a few times in other places—that it is not until there are plans that you can look at resource and funding for implementation. However, have you done any calculations? Have you looked at what it might cost a local authority to deliver a plan?

Mairi Gougeon: That is what we are working on right now. We are considering what those resources will look like.

Even more broadly, though, the delivery of the plan ultimately falls to many different areas. As I said, I was at the Health and Social Care Committee last week, at which we discussed the work that is being delivered through the population health framework. My portfolio, in and of itself, cannot necessarily fund all that work. Some of it falls within the budgets of other portfolio areas.

We are discussing what that initial resource looks like and what is needed to get the plans off the ground and that initial bit of work developed.

Meghan Gallacher: The committee has heard evidence from some stakeholders that a reallocation of the agriculture budget to local authorities would help them to implement the good food nation plan. Is it the Scottish Government's intention to go down that route? I am seeking reassurance from the cabinet secretary today that she will not take that approach.

Mairi Gougeon: I recognise that that is the view of some stakeholders, but I know that, as you can imagine, other stakeholders would take the opposite view. As has been outlined, the agriculture budget is ring fenced for that purpose, and the vast majority of that budget goes on the direct payments that we make to our farmers and crofters.

We have not bottomed out what the resource request for the development of the plans will look like. We are just starting our discussions for next year's budget, so I cannot give any further information to the committee on that. However, as I said, the agriculture funding is ring fenced for that purpose.

Meghan Gallacher: That is helpful.

The plan appears to be quite cluttered—it includes requirements for food strategies, potential community wealth-building duties and other elements. If the Scottish Government's aim is to simplify the policy and programme for delivery, how will that be achieved when we have another national plan and 46 new local food plans? How do we make the plan relevant?

Mairi Gougeon: I appreciate that, from the outside, the plan can appear to be very cluttered. Of course, a lot of things are going on in all the portfolio areas across Government, but some of the areas that you have mentioned have their own requirements. For me, it is about how all those areas deliver our overall good food nation outcomes.

I referenced the population health framework, and there has been close co-operation between the good food nation team and those who are working on population health. A diet and healthy weight implementation plan will be developed on the back of that, which will help to deliver the good food nation outcomes that we have set out. The indicators will help us to get the baseline information to monitor how all of that is being done.

We also cannot forget that one of the most important things in the 2022 act is the specified functions, the descriptions and the fact that, as we are developing new policies, strategies and plans, we must have regard to the good food nation plan.

We are trying to embed a different way of working across Government and with local government and health boards. I do not see it as just another thing that people do and tick off—we are giving effect to this plan. It is, I hope, the first in a long line of plans.

You made reference to the food-growing strategies, which are another legislative requirement. A strategy could form part of a local authority's good food nation plan, but there are

very different legislative requirements for it compared to what we will be asking of local authorities for the good food nation plans.

Meghan Gallacher: Thank you.

10:00

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning, cabinet secretary. I will touch on procurement and the guidance around it. We have heard a lot of evidence about that, so it would be good to get a flavour from you. Does the Scottish Government intend to provide guidance to local authorities on good food procurement? Last week, we heard that the "Catering for Change" document has not been updated since 2011. That seems to be causing some issues in ensuring that small and medium-sized companies have the opportunity to participate in such procurement.

Last week, East Ayrshire Council said that "not a single" butcher firm had made an application to ensure that the council was getting a supply from it. That means that, when it comes to procurement, there must be a blockage somewhere for such small and medium-sized companies. Why are local suppliers still having difficulties in benefiting from local authority food procurement?

Mairi Gougeon: There is a lot to unpack in that question. I will ask Laura Hunter to come in on some of the specifics of our work on procurement.

Within the plan, we recognise that public procurement is hugely important in terms of overall spend and the change that we can try to lever in through it—about £220 million is available to public authorities for food procurement in particular. We also recognise that, unfortunately, not all aspects of food procurement necessarily are in areas that are easy to resolve. We have to give consideration to World Trade Organization regulations, which do not allow us to specify that a purchase must be local.

We have to work carefully within the legal parameters that are set out for us. A number of pieces of legislation, including regulations, and statutory guidance have been introduced over the past few years in order to provide that flexibility for procurement so that we can see more local produce within our supply chains and see the benefit for our small and medium-sized enterprises, and it is an area that is often raised with me in the chamber. That is why we think it important to make that flexibility a focus within the plan. For example, there is currently flexibility in designing menus—authorities can focus on food with protected geographical status and different assurance schemes, such as the ones provided by Quality Meat Scotland, and they can specify free-

range and organic food—and contracts can be divided into smaller geographical lots.

So much work is under way to ensure that we are helping small and medium-sized businesses. In terms of the overall trajectory, about 60 per cent of around 17,000 supplier contracts go to Scottish SMEs. It is an area where we have seen gradual increases. However, we recognise that more can be done. That is why all that work is under way.

Laura Hunter will be able to provide more specific information about that work.

Laura Hunter (Scottish Government): A decision was made to retire the “Catering for Change” document because time had moved on and further guidance is now available in the public domain for buyers specifically.

We fund national toolkits, systems and guidance to support local procurement practice at an individual and organisational level. We have the sustainable procurement tool, which is an online tool that contains a series of guidance documents, e-learning and case studies from across the public sector. We also have a procurement journey website, which provides guidance for buyers at each stage of the procurement process. We also have client guides to construction projects and the procurement and commercial improvement programme.

We fund a range of training and resources. We have a specific framework in place that contains a couple of lots—one for procurement training and one for sustainable procurement training—and we offer events to the wider sector. We continue to invest in our procurement people of tomorrow programme, which creates and enables a pipeline of talent from schools, colleges and universities to bring young people and knowledge into the sector.

On support for SMEs, we try to make it as simple as we possibly can for SMEs. We provide the public contracts Scotland website. To be able to bid for a public contract, businesses must be registered on PCS. All contracts valued at £50,000 or more for goods and services are advertised on there. Suppliers can register there free of charge and receive alerts for contracts that they might be interested in.

Many of the contracts that are awarded on public contracts Scotland are won by SMEs. As the cabinet secretary said, in 2024-25, almost 17,000 suppliers were awarded contracts through PCS, and 77 per cent of those were SMEs.

We support and promote free training, advice and resources for suppliers as well, and we part fund the supplier development programme.

Alexander Stewart: Thank you. That is quite a comprehensive answer that gives a flavour of where we are; however, obviously, there are

pockets that still need a bit more support depending on which council or area they are in.

My second question relates to how the Scottish Government views planning and licensing when it comes to helping to deliver the good food nation. There has been talk about, and there are examples of this all over Scotland, there being far too many fast-food outlets near schools, for example. How do you square that circle and ensure that you are delivering the good food nation but, at the same time, giving businesses and entrepreneurs the opportunity to trade and expand?

Mairi Gougeon: You are absolutely right. We already have policies in place in that regard through national planning framework 4. In considering hot food takeaways in particular, there is a specific policy that quite clearly says that development should not be supported where there could be a risk of it impacting on overall health and wellbeing, particularly in disadvantaged areas.

That overarching policy principle is there, but ultimately, those decisions are for local authorities and their planning and licensing committees. We would expect them to consider the wider overarching policies such as the one in NPF4 that I mentioned.

Alexander Stewart: Thank you, convener.

The Convener: Thank you. Willie Coffey has a supplementary question.

Willie Coffey: Cabinet secretary, I recently heard of a case in East Ayrshire in which a local smaller supplier bid for a particular contract but lost out to a bigger supplier that could provide a much lower price, despite all the local criteria and so on being in favour of the smaller supplier.

Do you think that the boundaries are clear enough for councils to consider bids from and offer contracts to local smaller suppliers that usually—inevitably—offer a higher price? Some councils maybe feel compelled to opt for the lower price to satisfy procurement guidelines, but there are criteria in there that would allow them to vary that, should they so choose. Do you think that that whole area is clear enough, or does it need to be tidied up in any way?

Mairi Gougeon: I think that I am aware of the example that you raise. As far as I am aware—I am sure that Laura Hunter will correct me if I am wrong—guidance and regulation about price and quality being factors in procurement were brought in around 2016. Although that supplier lost out on the contract, it had the contract previously, which shows that it is possible.

Within the mix of domestic legislation and international legislation that we must abide by in this respect, we have tried to ensure that we are

providing as much flexibility to encourage local suppliers to bid for those contracts and also to be successful in bidding.

I believe that the flexibility is there to enable that to happen; however, if the committee hears evidence that says otherwise, it is important for us to reflect on that and see whether more can be done. We see local authorities do it—they award those contracts to local suppliers—and we want to see more of that, so we seek to enable it.

The Convener: Just on that, before I bring in Mark Griffin, does the Government intend to look into that situation, to learn and understand why there had been a local supplier but the contract moved to a different supplier, and what needs to happen to support SMEs that may have got a contract but then lost it?

Mairi Gougeon: Obviously, in that example, the decision is for East Ayrshire Council, so we would not expect to try to change that. That decision is up to the council, and it has taken it. However, as I said in my response to Willie Coffey, ensuring flexibility to help our smaller and local producers access such contracts is important. That is part of the work that Laura Hunter described earlier.

On that example specifically, there will be other opportunities. Scotland Excel is going to the market with its next generation of milk and alternative dairy products framework. The things that we look at include whether contracts can be broken down into smaller lots or geographical areas that will enable some of the local producers to bid for them.

There will be other opportunities. The supplier who unfortunately lost out in that situation supplies the Scottish Government through our overall catering contract. We try to make sure that we are working with businesses so that they feel confident enough in the first place to bid for contracts. The ability is there. I do not know whether Laura Hunter wants to add anything or whether I have covered it.

Laura Hunter: Public contracts must be awarded on a combination of price and quality, and the weighting should be appropriate to each tender exercise.

Mairi Gougeon: The sustainable procurement duty, which was introduced in 2016, outlines clearly that public bodies have to think about how they are improving social, environmental and economic wellbeing in general, in all the areas that they can focus on as part of that, so that all those different important measures are given due consideration.

The Convener: For clarity, I was not suggesting that there be an intervention on East Ayrshire Council. I was interested in what we could learn

from what happened in that situation, so that we can support SMEs in the future.

Mark Griffin (Central Scotland) (Lab): Good morning.

In 2022, through separate committee inquiry work, we concluded that communities that have local food-growing aspirations have difficulty in accessing land. Will any parts of the good food nation plan help to overcome those barriers and support local communities that have ambitions to become local food growers?

Mairi Gougeon: I certainly hope so. On access to allotments or other land, the different policy areas that we are looking at and giving consideration to for the good food nation plan will be important. I mentioned section 6 of the 2022 act and the specified functions—how we will have to have regard to the good food nation plan and the delivery of those outcomes as we develop policy or exercise our functions in specific areas. This is our starting point, and we can hope only to improve.

Our work on land reform is an example. It is key in delivering on the good food nation outcomes and, I hope, will provide more access to land.

At the moment, we are undertaking a review of the community right to buy, to ensure that that is working as intended. We understand that a few of the powers are difficult for community bodies to use, so we want to improve on that where possible.

All of that will feed into the good food nation outcomes. A lot of work that is under way is captured by the plan—which will, ultimately, help to deliver on that.

Mark Griffin: You talked about NPF4 and the planning considerations around applications for fast food outlets. Is the Government talking to local authorities about local development plans to ensure that they allocate specific areas for community food growing?

10:15

Mairi Gougeon: We certainly hope that, through the different requirements for local development plans and what they have to consider, that will all feed into local authorities and the work that they will be looking to do for their good food nation plans. They could certainly consider that as part of it.

The Convener: We have a few more questions and the next one is about the third sector. Your colleague Ivan McKee introduced the public service reform strategy, which talks about the third sector being a key delivery partner. However, we have heard from Age Scotland that the national

good food plan, which was worked on before the public service reform strategy, or in parallel with it

“fails to mention any of the contributions made by local community charitable groups and third sector organisations and the services and support they offer to communities.”

I am interested in understanding whether that is an oversight and whether there is an intention to revise the plan and acknowledge those organisations and services further.

Mairi Gougeon: That is why the scrutiny of the plan that the committees are undertaking is so important. If there are particular recommendations that we should reflect on or look to incorporate in the plan, I would be happy to consider them. However, I do not want to give the impression that we do not respect the role of our third sector bodies in delivering. In fact, we support a lot of third sector organisations in delivering towards achieving the overall outcomes that we are seeking.

I would be happy to hear the committee's feedback on that and on whether the plan should reflect that much more, because we very much recognise that role.

The Convener: Some local authorities seem to be working through the community planning partnerships on delivering the plan. That is an interesting space. However, in our work on community planning partnerships, we have heard that it is a mixed bag. Some community planning partnerships are tremendous because they include communities and the third sector voice, including by co-chairing meetings and in other ways. We have had evidence on that. Maybe it has changed since we did that work and communities feel that they are up against the wall in a meeting and not really included. That seems to be a potentially useful forum for some of the discussion.

Mairi Gougeon: It could well be. Community planning partnerships could be a forum where local authorities and health boards share the development of the work and show how it is also relevant to the work of the community planning partnerships. That is an area that we could consider. We could also perhaps look to issue guidance on community planning by asking community planning partnerships to consider the good food nation plan and its outcomes in relation to the work that they are doing. I certainly hope that local authorities would use those forums to feed into that process.

The Convener: My other question is about data. You talked about setting the baseline almost at the beginning. The national plan accepts that there are issues with procurement data and it includes various high-level indicators relating to each outcome. I am interested to understand to

what extent data is available at a local level to track progress on those indicators.

Mairi Gougeon: Yes. As I said in response to some of the earlier questions, we recognise where there are data gaps. The next version of the plan will certainly have a lot more information in that regard, because we will have been able to get the baseline information from the indicators that we have against the outcomes that are set out in the plan at the moment. We will also use the time between now and then to fill some of the gaps with the information that we do not have at the moment and to look to collect the relevant information. The work of the Scottish Food Commission will be really important in helping us with recommendations for areas where we need that research to be undertaken.

It is also important to highlight the review periods. Although the plan will be revised only on a five-yearly basis, it will be reviewed every two years. If our policies are not delivering against the outcomes, the Scottish Food Commission has to outline the changes that we need to make to the policies to ensure that we deliver on what we have set out.

The Convener: You have talked about the Scottish Food Commission being a scrutinising body. When they were with the committee last week, its representatives talked about the Food Commission being a “critical friend”, but I am interested to hear clearly what the Scottish Government sees the Scottish Food Commission doing to assess the effectiveness of local plans.

Mairi Gougeon: I envisage the Scottish Food Commission having the role that is clearly set out in the legislation; that is the expectation. It is great to have an independent perspective on what we are doing and at the policies across the piece.

The Food Commission has a broad range of experience. The chair and three members have now been appointed, and they will have a critical role in assessing our policies. Especially during the review periods, if something is not working, the Food Commission will be able to set that out so that we can set out how we intend to change course. I also see the Food Commission as being helpful with the data gaps that we talked about and understanding where we need more research. It will be helpful to be able to have discussions with the Scottish Food Commission and get its assistance in that regard. Scrutiny is very important, but the research element and the provision of further advice on the broad range of areas that the plan covers will also be helpful.

The Convener: Dennis Overton was at the Rural Affairs and Islands Committee meeting on the good food nation, and he spoke about how academics are already coming to them to ask how

they can help in that space. It is exciting to see that the commission can become a sort of lightning rod for academics and researchers to find out what they can do. However, have we done any thinking about how local authorities and health boards will be able to access that information and understand that that resource will be there for them?

Mairi Gougeon: I would hope that we will be able to make that clear and help to establish those relationships through the conversations that we are having. That has been key to the work that the Scottish Food Commission has been doing since the commissioners have come into post. We still have to recruit a chief executive for the commission, along with a wider team to support that work, but the establishment of those relationships has been a key focus for the commission. Tracy McCollin might have more to say on that.

Tracy McCollin: I would just repeat that the building of relationships has been going very well since Dennis Overton came into post. He has made a huge effort with that and has made very good links. When the Scottish Food Commission is fully up and running, it will be at a very good starting point.

The Convener: That concludes questions. I thank the cabinet secretary and her officials for their contributions this morning. I suspend the meeting for a changeover of witnesses.

10:22

Meeting suspended.

10:32

On resuming—

Pre-Budget Scrutiny 2026-27

The Convener: The next item on our agenda is to take evidence as part of our scrutiny of the Scottish budget 2026-27. Malcolm Burr, chief executive of Comhairle nan Eilean Siar, joins us in the room. We are joined online by Nikki Bridle, chief executive of Clackmannanshire Council; Thomas Glen, chief executive of Perth and Kinross Council; Ken Gourlay, chief executive of Fife Council; and Dr Dawn Roberts, chief executive of Dumfries and Galloway Council. I welcome our witnesses to the meeting. We have around 90 minutes for our discussion. There is no need for you to operate your microphones. Members will try to direct their questions to specific witnesses in the first instance. However, if you wish to contribute, please indicate to me or to the clerks, or do so online by typing R in the chat.

I will begin the questions, and I will bring you all in for this first one. As I said when we were in private session, Malcolm, we will probably end up picking on you a lot, as you are the only one in the room. I will initially aim the question to you, and we will then go round everybody online.

It is a broad question. What are the main challenges facing the comhairle, and what would you like to see in the Scottish budget to help to address them?

Malcolm Burr (Comhairle nan Eilean Siar): Thank you for the invitation to the meeting.

The challenges for the comhairle are probably the same as those for every other local authority, only more so. There are lots of charts from the Scottish Parliament information centre in your briefing note, but one that is not there is the one that shows that we have had the biggest pro rata reduction in our revenue funding over the past 10 years, of around 18 per cent, which is a consequence of the funding formula, a static population and so on.

The challenge of not having multiyear budgets—we all know at least some of the reasons for that—is a major concern at a time of falling revenue. One can live with that when revenue is at a higher level but, when we are not sure what we can do with whatever money we will have in the next year, it does not make strategic planning and delivery any easier.

I do not mean to say that we have not done any of that, because we have. I hope to be able to talk a little about the comhairle's views on public service reform and the solution that it opens up to our financial sustainability. It is difficult to make plans to which we can commit, and it is difficult to

take on employees to deliver those plans, because we are never sure whether we might have to dispense with their services in the next year or the year after. It does not encourage strategic thinking; I would say that it encourages retrenchment or keeping going—which we all legitimately have to do.

We are all deeply committed to what is loosely called transformation, and we are all deeply committed to what is called the preventative agenda. We know what those are. However, it is extremely difficult to deliver that while keeping the lights on and running our services. That is the fundamental issue.

Having said that, I note that adversity produces invention and genuine collaboration. It must be recognised, however, that the organisations with which we collaborate are also likely to be in a strained financial position and to be facing the same pressures, and they may or may not respond collaboratively. They may retrench. It is a complex situation, which is not made easier by single-year financial settlements.

The Convener: The message is loud and clear: a multiyear indication would be really helpful.

Does anyone else have anything new and different to add? If anyone wishes to put an R in the chat function, I will call them in, so that I do not pick on people who do not want to say anything.

Dr Dawn Roberts (Dumfries and Galloway Council): Good morning, and thank you for the invitation to join you.

I support Malcolm Burr's points and will not repeat them, but I will make an additional point on the flexibility of funding. In local government, in addition to the limitations of one-year funding, we experience challenges around ring-fenced funding and restrictions on the use of funding, which limits our ability to be flexible, reduces our autonomy, reduces our ability to channel resources into prevention and early intervention and reduces our ability to be creative in addressing the challenges that we face, both now and in the longer term.

So, in addition to the restrictions of one-year funding and the lack of multiyear funding, the way in which funding comes to us, which can be restrictive and ring fenced, is a further challenge.

The Convener: Thanks very much for that addition. It is good to understand what that lack of flexibility does in terms of constraints around autonomy and creativity.

Nikki Bridle (Clackmannanshire Council): Good morning, committee. Thank you very much for the invitation.

I will try not to repeat what colleagues have already said, but I will give an example of

Clackmannanshire's particular challenges as the smallest mainland authority. We have very few levers. With income generation, for instance, a lot of the flexibilities that are coming from the Scottish Government will require particular contextual requirements to be met, which, by and large, Clackmannanshire does not meet.

For instance, the visitor levy would generate next to no additional income, so it is not really conducive to the environment that we operate in. In terms of deprivation levels, our council area typically trends around the upper quartile, but the level of need and of complexity of demand that we see flowing through our systems is definitely trending above that level of deprivation. That is not taken into account in any of the distribution mechanisms, even in mechanisms such as the needs-based indicators. That creates a particular challenge for us as a small mainland authority that has significant levels of need, which often places us alongside councils such as Glasgow and Dundee in terms of the challenges—particularly the social and financial challenges—that our communities face.

In addition to the issues that Malcolm Burr and Dawn Roberts have raised, I would like to add that, because of that context, we have long been in the transformation space. Our current transformation programme has been in place since 2018. Because of our scale and a lack of economies of scale, we have a strong history of adopting partnership or collaborative models. It is tempting to look at services and financial sustainability in the immediate term without thinking about the impacts on outcomes, but it is just as important for all three of those elements to be considered. I want to underline the importance of investment in prevention and early intervention, because that will help us to manage the medium to longer-term demands and needs that are coming down the line and that are quite significant for some authorities in Scotland.

The Convener: Thanks very much for that, Nikki. It is interesting to hear your point about the distribution mechanisms not working for a local authority of your size on the mainland.

Ken Gourlay, you indicated that you would like to come in.

Ken Gourlay (Fife Council): Thank you, convener. I will not repeat—

The Convener: Hang on a minute. Your audio is not coming in. We heard you and then you dropped out.

Ken Gourlay: Is the audio okay now?

The Convener: Yes.

Ken Gourlay: I concur with what Malcolm Burr and Nikki Bridle said about the budget challenges

and that multiyear settlements would be beneficial. I will make a couple of points, which I suspect we might come on to in more detail.

The first is about the challenges around workforce constraints. We have real difficulties in recruitment in some areas of local government at the moment. The single-year settlements do not help in that regard, but I want to emphasise the digital agenda and the need for transformation in that space. We find it incredibly difficult to attract the calibre of people that we need into positions in that area within the current pay scales. That is definitely a constraint in moving forward.

The second point is about demographics. The changing demographics in Fife—this is probably fairly consistent with other councils—are placing large expectations on us in health and social care in particular. Again, budget settlements are making it difficult to plan for that.

The Convener: Thanks. Thomas Glen, you have not indicated that you would like to speak, so I will not push you. You might have an answer for my next question.

I will come back to you, Ken, because you mentioned social care. The committee is aware that local authorities are now doing more in the areas of early years provision, free school meals and adult social care. I would be interested to hear what, in order to do more in those areas, each local authority is having to do less of, and what impacts those reductions are having on individuals, businesses and communities. It is quite a big question.

Ken, I will ask you to start. We might have sent you a message about your headset and microphone. Do not worry about that now—just continue. We can hear you well enough.

Ken Gourlay: Apologies, convener. I keep getting a message—[*Inaudible.*]

Can you hear me now?

The Convener: Yes. That is much better.

10:45

Ken Gourlay: Health and social care has been a huge challenge in Fife, and we are working with partners in the NHS on it. Last year, there was pressure on the service, with overspend in the order of £38 million. This year, great work is being done on a huge on-going transformation programme in the health and social care partnership to try to reduce that overspend. We have been able to contain some of the pressures through balances, which has meant that the overspend has not impacted too much on other services, if that was what your question was about. However, as we move forward into future

years, unless we can get health and social care spend under control, which will be incredibly difficult because of demographic pressures, certainly, it will begin to impact other services across the council and difficult choices will have to be made.

The Convener: It is good that you are managing to balance things.

Thomas Glen indicated that he wanted to come in.

Thomas Glen (Perth and Kinross Council): I apologise that I could not respond to your earlier question, as I was having difficulties. I will make an initial comment before I respond on health and social care.

Without repeating what Malcolm Burr and other colleagues have said, I note that prioritisation and demand are a challenge in Perth and Kinross and, I would suggest, more widely across local government. I fully support the idea of multiyear settlements, but we continue to receive budgets, which are predicated on a historical view of demand and make small percentage increases over a number of years. Currently, we are not making decisions that prioritise the key areas that Government and councils would wish to focus on, whether that is poverty, the economy, climate change or public service reform.

Often, the demands that are placed on us—some might be political and some come from the community—are such that it is difficult for us to reduce or remove services that have been provided historically. I would not argue for a second that such services do not offer value to communities but, because of the demand on local government services, we are increasingly being asked not to make savings but to make cuts.

In the third part of your question, you used language about the impact of efficiency savings. Increasingly, we are cutting services—we are not saving money for other days but cutting services because there is a greater need for prioritisation. Libraries, leisure centres and other services are all good things to have but, when it comes to a choice between providing those services and focusing on those who have the greatest needs, such as those in poverty, older people and vulnerable people, we are having to meet demands that require us to focus investment in those areas.

On health and social care, I reiterate Ken Gourlay's comment. For the current year, Perth and Kinross Council provided a budget increase of 3 per cent for our integration joint board, which we have continued to try to invest in. There was an 11 per cent increase in demand for care-at-home services in year from the beginning of the year to July, which required 1,000 additional care-at-home hours. The cost of learning disability services

increased by 21.5 per cent in year, and none of that can be planned for, because some of it is due to people having had strokes or having come into services for the first time.

Last week, as chief executives of local government, we all attended the Society of Local Authority Chief Executives and Senior Managers conference. Ross McGuffie from NHS Forth Valley and Fraser McKinlay from The Promise Scotland stated that social care funding is the greatest challenge to our financial position. The resource transfer from health into community-based services is critical for our response to demands in communities.

Dr Roberts: I indicated that I wanted to come in before I heard Thomas Glen's response. He made the point that I was going to make, which is that pressure on social care services is the key factor in Dumfries and Galloway Council's long-term sustainability.

Year after year, we have consistently transferred to our IJB the funding that has been allocated by the Scottish Government, but this year we are facing significant financial pressure and are doing transformation work. That transformation work is not a stand-alone thing; it is about how we can deliver within our means, which potentially means reductions in some services.

If we are experiencing significant pressure at the end of the financial year, there will be an impact on our other council services. We are already planning for significant reductions in future years, but the pressure in social care, on top of that, presents us with further difficult decisions that must be made about the full range of council services that we deliver, and there is no room for investment in prevention or early intervention in that space—there is no capacity in our finances to do that in a way that results in any meaningful outcomes. Dumfries and Galloway Council and local government in general are in a really challenging space in that regard.

The Convener: From what you and Thomas Glen have said, it is clear that it is also challenging when communities expect to get the level of service that they have always had. In the committee and in other forums that I have been part of, we have heard quite a lot that there needs to be a conversation with communities about the pressures and the changes that need to come about.

Malcolm Burr: The early learning and childcare aspects that you mentioned are priorities for us. That prioritisation has not hurt other services, because we have largely used our coastal communities funding from the Crown Estate to support a lot of those services, as we cannot take anything from health and social care.

I observe that, as Nikki Bridle will know, small amounts of funding go a long way in smaller council areas. However, expanding early learning and childcare can be detrimental to home care and residential social care, as well as to the hospitality industry and so on, because they are fishing in the same pool of workers, so that, too, has to be managed.

I agree with you, convener, that the way forward involves local authorities working with communities to develop their own solutions and then supporting them, rather than funding them directly. If there is such a demand, it could be said—glibly—that there should be a market. However, if there is not a market, there should at least be a middle way that involves some market solutions supported by public service provision. That is the way forward, certainly on early learning and childcare for children below the age of three, for which there is much demand.

Nikki Bridle: I will try not to repeat what colleagues have said, but I entirely support the comments that have been made, as we in Clackmannanshire are in a similar position. I will just add a bit of context.

Since the inception of our IJB and the health and social care arrangements, the contribution that we make to the integrated budget has almost doubled. I make that point because the way in which the funding comes to us means that, more or less every year, there has been a requirement for us to passport the same resource, plus any additional ring-fenced funds, to the partnership.

The impact of that has been that, basically, the spend has now become a significant part of our total budget, which means that—to go back to your original question on the issue—there is less for all the other services across the council, and we have had to make reductions. That has been an on-going issue for a number of years.

We have an incredibly challenging situation, which I am sure that the committee is aware of. Our integrated budget was overspent by £11 million in 2024-25. There is an extremely challenging delivery plan in place to restore financial balance, but all the decisions that have had to be taken in that space will have significant impacts on service delivery and the connection into other council-wide services. I make that point because that is a very real issue for us just now.

The Convener: Thanks for giving us that perspective from your council area.

We now have a question from Fulton MacGregor, who joins us online. If you could direct your question to a particular witness in the first instance, that would be super.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Thanks, convener—can you hear me okay?

The Convener: Yes.

Fulton MacGregor: That is excellent. Good morning to the witnesses. Almost all of you have mentioned the budget gap that local authorities across Scotland face this year. How does your local authority ensure that communities are involved in decisions about how to address those gaps? Please could you focus in particular on how vulnerable groups are considered when budget decisions are being taken—and particularly when savings need to be made? I am happy for anyone to go first but, as Nikki Bridle finished the previous answers, does she want to go first?

The Convener: We are having a technology-related pause.

Nikki Bridle: For some reason, I could not unmute my microphone. Thank you for your patience.

On our consultation approach, we have a well-established and embedded set of arrangements, and we do specific work on the budget. That work covers quite a long period; for instance, it has already started for the next budget round.

Typically, our work has a number of phases. We start with some of the bigger questions about priorities, which involve reaffirming priorities in consultation with our residents and service users. Beyond that, as the budget process progresses, we have targeted engagements with particular communities of interest—older people, young people and so on—to get feedback on particular proposals that might feature in specific budget proposals as they progress.

We are particularly interested in engaging with groups of people who might have protected characteristics to ensure that we get really good coverage for the feedback. All the feedback that we receive is shared with elected members, unfiltered—they receive it all in a pack ahead of the budget process. Obviously, representations are made directly to our elected members, as well as through officer channels.

That process is just for the budget, but we also have embedded groups that meet year round, so there is a wealth of existing information from a number of groups. We are always looking to ensure that we are covering things such as our equalities impacts and the fairer Scotland duty as we are going through the consultation process and gathering all the intelligence and evidence to ensure that there has been good engagement.

We have a number of examples from previous years of budget decisions being changed as a consequence of consultation, which is a good

demonstration of the fact that the consultation responses are listened to and scrutinised in great detail by elected members.

Malcolm Burr: I do not have much to add. The Western Isles context is that we have one elected member for every 900 electors, so there is a real closeness between the community and elected members. In addition to the integrated impact assessments and all the formal means of engagement, it is very important to go and talk to people directly, so we do budget consultation through ward meetings, through our area forums, for which there is one per ward. Those forums consist of every organisation and group in the locality that wants to be a member, and that process is very useful indeed, as you can imagine. A focus group is perhaps the equivalent, but the forum is universal in including the organisations in the ward. The council leader, the chief financial officer and I still hold public meetings, which are well attended.

As always, the issue is who is not at such meetings and who is hardest to reach. I suspect that it is people who are enduring poverty who are not caught by any of the other groups. We have a multiagency anti-poverty group, which is very active and which we use to distribute funding. That group's members know about whom they are talking and whom they are helping, and we rely a lot on them for their take. Although it is not necessarily a formal consultation, we run the budget proposals past them and they give a view on what impact the proposals will have, particularly on people who are on very low incomes.

11:00

The Convener: It sounds as if you are doing your best to reach people as much as possible.

Dawn Roberts indicated that she wants to come in.

Dr Roberts: I have similar comments from the Dumfries and Galloway perspective. We start the process through community engagement rather than consultation; we also provide an awful lot of information to our communities about where the council gets its money from, how we spend it and the priorities that we have, and we seek feedback.

When we get to the point of having formal proposals, we have a range of mechanisms. We use budget simulator approaches, we have community conversations and very targeted consultation with particular groups and we do our impact assessment. The process is very similar.

As Nikki Bridle described, we provide all that information to our elected members, so that they have it in advance of the formal budget-setting

process. They find that really valuable. Our members have commented that having the insight and feedback from communities, particular groups, all ages and all parts of the region is so valuable as part of the budget process in order to inform them about what is most important and what they need to take into account when making their decisions.

The Convener: Thanks very much. I have not seen any indication from anyone else, so I will move on and bring in Evelyn Tweed with a few questions.

Evelyn Tweed: Thanks, convener, and thanks to the witnesses for all your answers so far. I will direct my question to Dawn Roberts, because she made a comment earlier about ring fencing. Dawn, does the reduction in formal ring fencing over recent years help local authorities to address your local challenges?

Dr Roberts: Absolutely. Ring fencing is a constraint for local government, particularly when it comes with requirements to spend on particular things in particular ways. To remove ring fencing gives us the flexibility and the autonomy to be able to direct resources and fund and finance activity that is relevant to our local area—to what matters in Dumfries and Galloway. We can ensure that funding is outcome focused rather than driven by a set of requirements.

We are very keen to ensure that the work that we do through the council and our community planning partnership is all about people, places and outcomes. The greater the flexibility we have with our resources, the better able we are to meet the challenges that our communities face and to deliver improved outcomes for the people of the region. I very much welcome any steps to remove ring fencing, constraints and requirements.

The Convener: Do you want to pick up your next question, Evelyn?

Evelyn Tweed: I will direct this one to Malcolm Burr in the first instance. How would an agreed fiscal framework between the Scottish Government and COSLA help local authorities, and what is your understanding of the delay in agreeing a framework?

Malcolm Burr: I think that discussions about the framework of the framework are well advanced and that there is a commitment in the Verity house agreement to work on a fiscal framework. I suspect that the constraints are around financial concerns. Because of its relationship with the UK Parliament, the Scottish Government works on a one-year basis, so we work on a one-year basis. However, we must do better than that, because otherwise nothing will change at a time of known financial constraints at both Scottish and UK levels.

There are things that could be done around a fiscal framework. For example, there could be an agreed minimum for local government, as for any other sector, with top-ups for specifically agreed policy areas. Part of my council's vision of public service reform is a concordat between Scottish Government and local government that allows strategic planning, growth and capacity to borrow. You asked me how a fiscal framework would help. I think that it would give much more certainty than we have at the moment.

It has been remarked that the funding formula—everyone is nervous about changing that formula, because inevitably there would be winners and losers—is based on outdated ideas of demand. There is no doubt about that. We have growing demand in primary health and social care and for specialist services, and the funding formula does not address that. It is topped up in various ways and by various means, so that does not help financial planning. A fiscal framework would be a brave step for all parties, but we cannot go on as we are, because the pot is shrinking.

If the formula does not meet demand, that can be met only by special pleading and by revenue raising by councils, although that will not shift the dial. Yes, there can be increases to council tax and there are other levers, but having a fiscal framework that says what it costs to run public services in Scotland—including what is done by the NHS, what is done by local government and what is done centrally or through agencies—is essential. That is recognised in the Verity house agreement, but it needs to proceed at pace.

I am sorry for the long answer.

The Convener: Do not apologise for the answer, which was very helpful. We have talked about the fiscal framework as part of the Verity house agreement, but you are maybe the first person to have made clear the connection to the funding formula as part of that agreement and the need to get into that space.

I remember in 2021, when I was first convening a session on the budget, the funding formula came up and it was clear that nobody really wanted to go into that space, given the challenges that it can bring up. However, we are clearly hearing today, certainly from Dawn Roberts, that it is a challenging formula that is not working for her council any more.

Alexander Stewart: Good morning to the witnesses. Last year, the committee heard about councils' increased borrowing when it comes to funding capital projects. A recent BBC Scotland report talked about there being an estimated local government debt of around £19 billion. How confident are you that councils are managing debt,

and that we will not see councils getting into financial difficulties? I will go to Malcolm Burr first.

Malcolm Burr: Thank you for the question. Historically, my authority had high levels of debt, because in 1975, when the comhairle was established out of non-local local government, there was much to do, especially on housing and housing improvement, particularly in Harris, Uist and Barra, where facilities were, to be honest, basic. We incurred a lot of debt. We are now officially underborrowed, but that term can be a bit flexible.

I can safely say that we are managing our own debt very prudently. We readjust it—that is not the word, but you know what I mean—every year in order to maximise our financial advantage. I would like the capacity to borrow a little more, not because I am desperate to incur debt but because the capital programmes on their own are not sufficient to replace a big school or care home. There has to be a combination of prudence with the capital programme and a bit of additional borrowing.

Locally, I am confident that the debt is managed.

Alexander Stewart: Nikki, as you indicated and as we know, Clackmannanshire is the smallest council in Scotland. As the mainland's smallest council, what difficulties, opportunities or possibilities do you have in managing your debt?

Nikki Bridle: We have been very prudent in that area over the years.

As you are aware, I have been at Clackmannanshire Council since 2010. When I joined the council, we were one of the councils with the highest amount of debt in Scotland; I think that we ranked about third or fourth in the table. Given that doing so was within my influence at that point, we put in place a strategy to actively reduce our debt. That brought us down to mid-table. For a number of years, through our treasury management strategy, we have been able to bring down the level of debt, so we now compare very favourably with other areas in Scotland.

Latterly, as the economic position has shifted, that has allowed us to invest our capital funding into activities that stimulate local economic growth. You will be aware that we have some large-scale capital projects happening, but those are being managed very carefully through our treasury management strategy, and the debt levels are very transparent.

Basically, at the moment, the debt will increase, but it will be managed down again over time so that it comes back to the level that it was at before the significant investments that councils agreed to

during the past few years. We very actively manage that area.

The Convener: Sorry to break your flow, but we have indications from Ken Gourlay and Dr Roberts that they would like to answer.

Ken Gourlay: I will give just a bit of context as to how the question relates to Fife. In response to the question on prudence, I note that Fife has been very prudent with our finances, and I do not think that we are at risk of bankruptcy on the back of capital investment. Having said that, we had to take £200 million out of our capital plan during the last review that we did. Fife has had a 10-year rolling programme on capital, which has been successful in a number of ways. One of the main reasons for that was to stimulate the economy in Fife, which has been great. Now, we are seeing quite a drop in the investment level in terms of where we can contract.

Malcolm Burr mentioned schools. We had a rolling programme for schools, and that was largely thanks to the Scottish Government's support. However, for the first time in 12 years, we do not have a rolling programme for the replacement of schools, which is a challenge for us. We have to spend money as it is needed to keep schools updated and to try to keep them in the condition that they should be, but we also need some new, additional funding for the replacement of some of our outdated buildings. Roads continue to be a pressure, too. We face difficulty in funding the level of year-on-year investment into roads that we would like to. We have been stretching the budget to try and get it up to a minimum, but that is a problem.

The process that is in place at Fife Council to control capital investment will keep us on board and on stream for delivering, but the revenue consequences of trying to fund that capital are too difficult at the moment.

Dr Roberts: Dumfries and Galloway is a low-borrowing council—we are low in the league tables—but our borrowing amount has increased in recent years in a planned, managed way and in line with our strategy.

We apply a very prudent approach, and at the moment we have an ambitious capital programme that we wish to see delivered for the benefit of communities and to stimulate growth. However, the amount of capital resources is declining, and the expectation is that it will decline further. We are currently considering additional borrowing, but that comes with revenue costs. We advise members very overtly and regularly on our capital programme and in relation to the funding requirements. As we move forward, there is a need to prioritise our capital programme and to be

clear about the revenue implications of any additional borrowing.

As the chief executive, I have no concerns, and I am absolutely confident in our finance team. We have strong and robust arrangements in place, and the accountability through members is clear and transparent.

Alexander Stewart: Thank you.

11:15

The Convener: Thomas Glen, you indicated that you wanted to come in on the fiscal framework question—I apologise for skipping over you. It is fine if you want to comment on that question as well.

Thomas Glen: Thank you, convener—I am having some problems with the chat function.

I will comment briefly on the fiscal framework. There will be a fantastic opportunity for us if we can get an agreement on what that means for communities. Although the agreement between national and local Government will be positive, it is about our ability to have the certainty to then work with communities—it goes back to Mr MacGregor's question about how we work with communities. If we were to be in a position to support our voluntary organisations, many of which are anchor organisations in local communities that help us to tackle poverty and other key challenges, the benefits would not just be for local government and central Government; the benefits would be for communities in terms of our ability to fund them.

On the more general point about borrowing, unfortunately, like Malcolm Burr and Nikki Bridle, I cannot claim to have reduced our council's borrowing. When I joined the council about four years ago, our borrowing was about £550 million, but by 2029 it will have increased to about £1.3 billion. I am not saying that that has all been my personal spending—it has been a deliberate decision by the council to invest in public infrastructure. We have spent more than £150 million on new education facilities, more than £150 million on new roads and bridges—Destiny bridge is the latest—and somewhere in the region of £130 million on leisure facilities.

That is an investment in services for the public, and we are confident that we have a model for managing that borrowing in the future, particularly because we have allocated a sum from our council tax moneys to directly pay for our borrowing. We have allocated a sum of 1.25 per cent each year towards our borrowing costs, and that figure is growing. That has helped to bring the moneys in and allows the borrowing to be repaid much quicker.

However, that goes to the heart of one of the other key questions that you asked at the beginning on one of our challenges, which is the ability of local government to continue to make local decisions on council tax, and how it then invests those resources in local services and for local communities.

Alexander Stewart: My second question moves on to a topic that we touched on earlier in some of the responses, which is workforce costs. Local government workforce costs account for about 70 per cent of the total revenue expenditure for local authorities. If savings are required in the years to come, how much flexibility do councils have in reducing the costs of the workforce, and what options are open to councils should a reduction in employment costs be required? I will go to Malcolm Burr first, because he is in the room.

Malcolm Burr: I am happy to start that conversation. I have been chief executive of the comhairle for more than 20 years, and—I say this with no pride whatsoever—in that time the workforce has reduced by about 250 full-time equivalent roles. That is about 400 people in a total workforce that is now at around 2,200 people, so it is quite significant. Those are the efficiency savings that are now gone. Hand on heart, I would never say that my organisation is as efficient as it could be—who could say that? However, there is no fat left, and we are now starting to notice that the service will suffer if someone goes off sick for a month, rather than someone else picking up the slack. I think that that is universal across Scotland.

That has been done humanely and in a civilised way by rigorous workforce management at a very high level—indeed, at my own level. However, that capacity is exhausted. That is where, I suggest, public service reform comes in—certainly for an area such as the Western Isles, which has 26,000 people. I will not say that the establishment of the integration joint boards back in 2016 prompted the thinking, but it certainly enhanced it. We thought, why do we need three major bodies—NHS Western Isles, the comhairle and now the IJB—to deliver services for 26,000 people?

It is not just about combining backroom functions. We should do that more; however, it takes two, or three, to tango in that particular dance. That is an obvious one. It is also about pooling strategy resources and delivering in a different way. That is why I genuinely think that public service reform could and will ultimately make the difference.

Alexander Stewart: Thank you. Has anyone else indicated that they want to come in?

The Convener: There does not seem to be anyone else. Would anyone else like to come in on workforce?

Thomas Glen: Thank you, convener. Again, I had indicated in the chat but, clearly, that is not coming through.

SOLACE has done some work in that area. We produced a workforce strategy for Scotland last year. I will highlight a couple of key areas in which we have continuing pressures.

We are struggling to recruit into a number of professional disciplines. More significantly, going back to some of our earlier focus on social care, our ability as a large rural authority to recruit into social care posts is a particular challenge. That has required us to be inventive—to go back to Malcolm Burr's comment about public service reform—and to work with communities. For example, in areas such as Kinloch Rannoch—we are now looking at doing this in Birnam and Dunkeld—we are working with communities so that they can take on, deliver and own services. That ownership is incredibly important.

We are looking at supporting co-operative models whereby the community delivers. We are extending that into areas such as community transport and the purchase of vehicles, allowing communities to own vehicles and be supported in that.

The recruitment issue is playing into how we look at models of service delivery, in which communities need to play more of a role and we need to be prepared to give up control and cede the management and control of services to local communities. That has to be a positive outcome for communities.

The Convener: Quite a few others want to come in on this now.

Ken Gourlay: To briefly add to what Thomas Glen said, in Fife, we have reduced the workforce in certain areas, and that pattern can be seen across Scotland. In the area of the environment, we are probably about 30 per cent down from where we were 10 years ago. The opportunity of public sector reform and the digital space is very much where we want to go now. There are still areas in Fife in which recruitment is difficult, so we hope that, through the introduction of artificial intelligence and digital technology, there might be a reduction in the establishment overall, without there being too big an impact on posts. We do have vacancies, so if we can be creative enough in redeployment and retraining, that will not, I hope, have too big an impact on the workforce.

However, given the budget challenges ahead, in Fife—we are looking at approximately £42 million less in three years' time—we recognise that we will probably need to have a smaller establishment as we move forward. That takes us into those elements of community delivery and a bit more engagement with communities to see where we

can work together a bit more smartly. However, essentially, over time, I think that there will be a reduction in the number of posts.

Nikki Bridle: I will offer a bit of context. Since 2010, Clackmannanshire Council has made revenue savings of £74 million against a current revenue operating budget of £171 million. Obviously, such a proportion cannot be taken out of public expenditure without impacting on workforce, so we have reduced the workforce over that period. The types of employment contract that we use have also changed quite a bit over that time.

I agree with the points that Malcolm Burr and Thomas Glen made about what is needed in the reform space. Looking at our current budget round, the savings that are being proposed in our corporate functions area will predominantly impact on staffing levels, because the budgets are only for people in that area. We have therefore been looking, for a long time, at the sorts of things that colleagues have been suggesting in this meeting.

We have been making the same shift in Clackmannanshire that Thomas Glen described in Perth and Kinross Council—that is, a shift towards increased empowerment of our communities and promoting engagement and participation in relation to service delivery models. We have also done a lot of work on how to streamline bureaucracy in how we manage and report our services.

Similarly to the situation that Ken Gourlay described, we have a real focus on the use of digital to make sure that the professional expertise of our staff resource is focused on those greatest-value-added activities. It is a really significant issue for us, and I do not recall the recruitment and retention issue being as acute in all my time here as it is currently across a range of professional and technical services.

Dr Roberts: Last year, a really important piece of work by the Society of Personnel and Development Scotland was launched in which local government came together to identify workforce challenges. That work has been reinforced by a recent report by the Accounts Commission on the workforce challenge. Local government is experiencing significant challenges with regard to recruitment and retention and an ageing workforce. As Nikki Bridle said, the majority of our budget is about people, so any budget reductions have an impact on our workforce. Transformation and public sector reform bring opportunity, but we need to invest in the skills and capacity of our workforce so that we are giving workers the best opportunities to move forward in their working lives and to have fulfilling roles within local government, and so that workers are able to respond to those opportunities.

One area of interest for local government as part of the invest to save fund, which was made available by the Scottish Government, related to workforce, including how we can invest in the local government workforce to be ready for, engaged in and able to maximise the opportunities for transformation and reform. Unfortunately, our bid for the invest to save fund was not successful. However, the requirement is still there. To deliver long-term transformation and public sector reform, we need the workforce. As a sector, we are now looking at how we can progress some of those priority areas of work in order to see that investment in the workforce for the future.

The Convener: Thanks very much. I will bring in Willie Coffey on public service reform.

Willie Coffey: Good morning. That leads us nicely into the wider issue of transformational change that the Accounts Commission, Audit Scotland and others have been talking about for many years. I want to give colleagues an opportunity to share a couple of examples from each of their local authorities with the committee about what transformational change means to them. What have you achieved so far that you could fairly describe as transformational change? How do you see it developing in the future? Mr Burr, I will, again, start with you, as you are sitting in front of us.

11:30

Malcolm Burr: That is a fundamental question. I will start by saying that transformational change is not equated with structural change or moving things around. For me, it is a process that involves taking a place-based, outcomes-focused—I am trying to avoid jargon, but those terms are meaningful to me, and I hope that they are to you—approach to what is needed in the locality, which, in my case, is the Western Isles, and asking what outcomes, collectively, we want to achieve, and how we can pool and bring together our financial and workforce resources, as well as our infrastructure and buildings, to bring those about. That is what truly transformational change is, and that is the focus of the work that we have been doing. I am pleased to say that that work is now supported through the invest to save fund. I will not cover that now, because you might come on to it later in the meeting.

I am encouraged by the greater emphasis on place-based leadership in, for example, the programme for government, and I was pleased to see a reference to our work on single authority models. I will not bang that drum here, but I will say that it is good to see place-based solutions coming through in policy delivery, not only in policy discussion. We have discussed that issue for a long time.

That is our primary transformational work. With regard to our ambition as a council, there is the Barra and Vatersay community campus. Although that sounds like a very local initiative, it is another example of transformation in action, with Government support. It is also an example—this will be my one negative comment—of how not to take decisions in Scotland, although it came right in the end. That campus will include a new school with provision for children aged zero to 18. The University of the Highlands and Islands has now joined the party, so it will include further and higher education provision. Police Scotland and the NHS will also have a presence there. The campus will include acute hospital provision for Barra and, on the social care side, housing for people who require extra care. That is what we should be doing, and not just for communities of 1,200 people.

That came right in the end. The fact that it took so long to come right perhaps suggests that we should examine how we take decisions in the Scottish public sector, but I do not want to dwell on that. That idea was genuinely transformational at the time, and the campus will be genuinely transformational when it is delivered. The project is now moving forward.

I could go on, but I am conscious of time.

Willie Coffey: Do other colleagues have views on what transformation looks like in their areas?

Nikki Bridle: As I mentioned, Clackmannanshire Council has had a transformation programme in place since 2018. That programme is based on three broad areas of activity: sustainable and inclusive growth; empowering families and communities; and health and wellbeing. I thought that it was worth sharing that, because it neatly captures the council's main aspirations for the area.

I will give two or three examples of specific things that we have been doing, as requested. Quite a while ago, we established STRIVE—safeguarding through rapid intervention—which is a multi-agency approach. That involves putting in place the right wraparound support from all the relevant public agencies for members of our community who might be on the cusp of needing statutory intervention so that they do not end up requiring such intervention.

STRIVE has attracted a lot of interest, and a lot of people have come to have a look at what we have been doing in that space. We had an independent evaluation done of that work after the first 12 months, which suggested that, collectively, we had saved £66 million in costs to the public purse. For a small area such as ours, that is hugely significant.

One of the other areas that we have been involved in—which I am sure that many members of the committee are aware of—is the family wellbeing partnership. Indeed, we were an early adopter in the whole family support area. All that is very aligned with what we have been working on for many years in Clackmannanshire, which is the development of accessible services, where there are no barriers to entry and where our service users are empowered and have a voice in the decisions that are made around the service provision for them. It is a very holistic view of what supports the whole person and the family. It is about considering not only their immediate needs and what they are presenting with, but the conditions and the other intelligence that we have around their context.

That takes us right into the area of a key priority for us, which is tackling poverty and inequality. Although we are particularly focused on child poverty, we cannot address that without considering the whole family situation. We are doing a huge amount of work in all those areas, and with some success. Everyone will be aware of the attainment education stats that have recently been published. We are starting to see the benefit of several years of investment in that area and a reduction in the poverty-related attainment gap for the young people whom we have been supporting through those programmes, as well as for their families. For us, that is proof that we are on the right track. However, it will not stop us from continuing to try to find more ways to innovate in that area.

I hope that those examples are helpful.

Ken Gourlay: Up in Fife, in relation to transformation, we are taking a slightly different approach than we have done previously. In the past, we have had distinct transformation programmes, which have been successful in delivering substantial savings. This time, we are trying to embed transformation more into all our service plans: we have three-year service plans to try to consider what the council will look like in three years and how transformation can play a part in delivering against some of the efficiencies that are needed in those areas.

On top of that, in Fife, we have a change programme that looks at the no-wrong-door approach, which is along the lines of what Nikki Bridle has described about ensuring that we do not only deal with isolated cases but connect communities and ensure that folk do not fall between the cracks. Quite a few councils operate in that space, and we are sharing best practice there.

We are also looking at place as a concept and looking to join up our services a bit more in relation to place, which feeds into that no-wrong-

door approach. We also have a big digital programme to try to see where we can make efficiencies through the use of technology. We are backing that up with a £10 million change investment fund that we earmarked for bidding into to try to resource either technology or workforce to support our work.

Transformation is not necessarily all about getting into technology; there are things that we just need to pay some more attention to. An area where we have transformed the experience is kinship care. We struggled in kinship care, so we put a real focus on supporting the families, trying to keep children as close as possible in the local area and working on kinship care with local families as far as we possibly could to build a more supportive environment for children. That has been a huge success. By using a preventative approach in that area, we have been able to make significant savings.

The challenge in a lot of those areas, particularly around social care, is that we need to put in investment, which is often an investment in time and capacity across the workforce. That is a struggle at the moment, as we have taken efficiencies out of management over the years.

Another example, which is similar to the one that Malcolm Burr has mentioned, is that of the Dunfermline learning campus, where we put together two high schools and brought in Fife College. It is early days—the college has literally just moved in—but the plan is to operate a system whereby we can get far better integration from young children all through high school and into the college environment. The campus has been built as, I believe, the largest Passivhaus educational establishment in Europe, and I hope that we will work with the Scottish Government and the Scottish Futures Trust on its energy efficiency.

There are a few other examples, but I will leave it there in the interest of time.

Dr Roberts: In Dumfries and Galloway, similarly to Fife, our council plan sets out our overall priorities for delivery and for transformation. The activity is embedded within our service plans. We have a change fund, which supports and enables transformation and reform in services.

Sometimes it is the small projects that have the biggest impact. We do not need to have whole-council transformation to make a real difference for people and for residents. One example of a really impactful transformation that we have introduced involves the digital delivery of qualifications at higher and advanced higher levels. Access to some of those courses is really challenging for small and remote schools. Now all schools have access to a digital hub, through which pupils can attend live classes. By tapping

into and accessing that resource, schools have saved significant funds. Pupils' feedback on their ability to engage with others and to be part of the virtual learning environment has been really positive. The initiative has won national awards for its innovation and for being transformative, and it is having a real impact on our young people. We are proud of it.

On a broader scale, council-wide, our public contracts digital programme has gathered real momentum in recent years. There has been significant shift in some of our services, which has been really beneficial. For example, in our roads service, we have invested in digital innovations to transform how works are planned and delivered, which has enabled us to move from reactive maintenance to much more proactive works, preventative maintenance works and smarter investment decisions for our road assets.

Those are just two examples from Dumfries and Galloway. We have similar examples from the school estate, in which we have taken exactly the same approach to consolidating and improving efficiencies, working with communities to enable them to deliver services and improve outcomes locally. We are proactive in our community asset transfer activity and in supporting communities to achieve their ambitions locally. We have quite a range of transformation examples at different scales. Some are digital, some involve working with communities and some concern our assets. That is all reflected in our plans and will feature in our future plans as well.

I hope that that is a helpful response to the question.

Thomas Glen: I will not repeat the general points, as we do all the same things that colleagues are doing with transformation and service redesign. We would echo what Malcolm Burr has said. This concerns changes to culture as much as it concerns changes to systems, processes and structures. We have changed the shape of our organisation, we have pulled out £11 million in the past couple of years, we have reduced the number of senior leaders by about 11 in the four years that I have been there and we have redefined posts. There is a lot of that stuff.

Fundamentally, transformation is about delivering on our purpose, which, for us, is tackling poverty and inequality. That means whole-family work and targeted work with children with additional support needs, where there is significant pressure across local government because of demands in that area. Fortunately for us, there have been some positive outcomes through a reduction in the number of children in Perth and Kinross who are identified as living in poverty. That is the outcome that we are looking to achieve.

11:45

On digital, which my colleagues have talked about, I pay credit to my colleague Nikki Bridle, who has led on a lot of work, alongside colleagues in the Improvement Service and SOLACE. We have both worked with Government, looking at the new digital strategy.

On specific examples, we are now moving into the artificial intelligence world. We are using Copilot. A great deal of local government managed the move from analogue to digital in social care last year. Colleagues in the Improvement Service are looking at systems for managing blue badges, the visitor levy and so on. There is a phenomenal amount of work going on in the digital space.

On the matter of property, which a number of colleagues have commented on, I am delighted that Ken Gourlay has developed the Passivhaus campus in Fife. You were following our lead with what we have done in our leisure and education facilities, Ken. *[Laughter.]* The point about property as a real transformation enabler is incredibly important at a community and place level.

We are part of the single Scottish estate group. We have been working with public sector colleagues and partners in lots of small ways, such as co-location with police and NHS colleagues in different buildings and in different locations. We have a really brilliant example in Pitlochry. As a public body, we looked at our whole estate, recognised that there were inefficiencies and that we could reduce how we used the estate and sought to co-locate things such as leisure, libraries, housing and education. That also allows us to deliver against another key priority—delivering affordable housing in a rural community—because we will take the sites that have been freed up and deliver affordable houses in an area where affordable housing is like hen's teeth. Transformation can enable real change in the delivery of other outcomes.

However, it is not all good news. I do not think that the work on the commitments that Mr McKee made in "Scotland's Public Service Reform Strategy—Delivering for Scotland", and particularly the work on property, is moving fast enough. I say that based on an example: we have been working with the Scottish Government for four years to look at co-locating Scottish Government civil servants in a city centre location in Perth. The only way that I can describe that process is torturous. Given the pace that we are moving at on those types of developments, we need to put more of a shoulder to that.

That process will save the public purse more than a million pounds a year, a large part of which will go to the Scottish Government. However, we

have seen challenges and obstacles in the process, and we are still a year away from having Government colleagues in that building. We are bringing the Scottish Environment Protection Agency, health services and others into that building, because we think that that is the right approach to reducing costs while protecting jobs in the city centre. Collectively, we need to do more to use property as part of the transformation and wider public service reform work.

Willie Coffey: Thanks, Thomas. Those were comprehensive answers from everybody.

Meghan Gallacher: I thank the witnesses for their contributions so far. The issue of best-value audits comes up time and again in relation to transformation, reform and assessing the progress that councils have made. When I was the chair of the audit and scrutiny panel at the council that I was elected to, I was always informed that comparing the audits of different local authorities was like comparing apples and pears. How can the reports be best used by local authorities? Is it time for the Accounts Commission to try something new to assess transformation and change in local authority areas? Sorry, Malcolm Burr, but I am picking you to go first again.

Malcolm Burr: It is a very interesting question. The commission does its best to help us in those reports. However, the use of the word “transformation” is too loose. Too often, it is a case of the reports saying, “You face external structural issues such as finance, you’ve got internal issues such as workforce and the country’s running out of money, so you have to transform.” However, one does not follow the other. You might as well say, “You have to stop doing things,” but no one wants to say that.

Does transformation mean efficiencies? Does it mean pushing things out more to communities? Does it mean the sort of things that I have alluded to, which is about saying, “Let’s go back here. What works? What is going to deliver best for the place that we are in?” Obviously, we think that local government, as the elected body, is part of that. We should be outcome focused, not structure focused. That has been the difficulty in Scotland—we are very structure focused, and that has to change. However, your question was about the audits, so I will not talk about structural change.

The Accounts Commission has to recognise that such transformation is not deliverable by councils. It should be led by councils, as the elected body, but it has to be delivered across the whole public sector. To be fair to other public sector bodies, it is all right to say, “Go and break the barriers down and deliver jointly.” That can happen where the local leadership is right, but you have to be fair to bodies such as SEPA and the NHS. They work to statute. They are there for a reason—to deliver

certain services. They do not have the freedom that an elected body such as a council has to say, “We’ll do this in a different way.” It is not the case that they need permission, but the public sector needs to work in harmony, and it needs Government leadership on that. That is what has come through with Mr McKee’s statements, his timetables—which we welcome—and the invest-to-save initiative.

The commission has to recognise that; it is not saying that community planning can lead transformation either, because community planning comprises those very bodies. Rather than just asking whether councils are transforming, the commission should be focusing its attention on asking whether those organisations are empowered, challenged and, to be frank, required to be part of that change. To get back to one-year budgets and other constraints, transformation of that narrow kind has to take its place with running the services.

Meghan Gallacher: That is very helpful—thank you. I am not entirely sure whether anyone else—

The Convener: Other people are going to come in, but I will say at this point that we are going to end the session at around noon, and we have quite a few more questions to go. You were all really great at the beginning, and it was important that you had time to flesh things out for us. That has been super, but now I ask you to come in only if you have something to add or if you vehemently oppose something that a colleague has said and you want to get something else in. In this instance, I will bring in Nikki Bridle.

Nikki Bridle: Thank you, convener. I will keep it very brief and be mindful of the clock. I have a little poacher turned gamekeeper type of comment, because I have some experience in this area. I used to work for the Audit Commission in England and for the Accounts Commission and Audit Scotland.

While we are transforming and reforming, our auditors and inspectors need to be in the same space. On the basis of my experience, I think that it is becoming more and more difficult to engage the expertise, because the things that we are looking at are more complex and some aspects are novel, which means that some of the traditional skill sets might not be as relevant to evaluating the position. I am simply making a plea to think about that in the mix. The Accounts Commission is doing a really good job and it is really trying to engage with us and understand what is going on. However, if I consider my experience of how challenging some of this work is, some of the things that we as a local authority have to consider in relation to new models and the extremely complex legal and technical issues that sit at the back of that mean that it is also worth

thinking about the audit skill set that sits in the background.

The Convener: Thanks very much. The Accounts Commission will be appearing before the committee, so we can bring that point to its representatives.

Ken Gourlay: I will be brief, as Nikki Bridle covered the bulk of it. We are going through an audit process. The auditors have to work to a tight framework, and the best-value process and reporting enable us to get a good sense check of where we are as an organisation. However, at times, it feels like a bit more flexibility for the auditors would be good. I know that they have to follow strict guidelines as to their feedback, but flexibility could be helpful.

The Convener: I do not think that anyone else wants to come in on that, so I come back to Meghan Gallacher on her housing question.

Meghan Gallacher: That is great, convener. It was an open-ended question, because I know that best-value audits happen in all local authority areas; I just wanted to clarify that point.

I want to raise with councils the issue of housing budgets. Again, housing is a topical issue, given that several councils across the country have declared housing emergencies. I have been made aware that certain local authority areas have struggled to access housing budgets from the Scottish Government. Those in the housing sector have applied for housing funding through local authorities but there seems to be a block at Scottish Government level. Has that happened in any of your local authority areas? What impact could it have on your ability to utilise all levers to try to build more homes in your areas? I am not sure who wants to start on that.

The Convener: Does anyone want to come in on that, if you are facing that issue? There does not seem to be anyone in that position.

Malcolm Burr, do you want to come in briefly?

Malcolm Burr: I am pleased to say that, particularly on the housing side, I find that the Government's more homes division is one of the best to work with. It has been generous to us with its area allocation, and I am pleased to say that we have been able to spend it, so what Meghan Gallacher described has not been our experience.

Meghan Gallacher: Can councils access the affordable homes budget quickly, and at any point? Given that the budget was cut and then reinstated, there is a bit of worry and concern about whether the full budget can be used. Again, my point is, more than anything, about reassuring councils that they absolutely can access that money.

Malcolm Burr: With housing, the constraints are often in the contractor market and with the availability of contractors, particularly in rural and island areas. That is also a factor to be borne in mind. All that I would ask is that, where there was a delay and then a reinstatement, can there be a bit of flexibility around actual spend? Commitment might be one thing, but spend can be another when one is at the mercy of a busy contracting industry.

Meghan Gallacher: That is helpful—thank you.

The Convener: Does Thomas Glen want to come on the question?

Thomas Glen: Very briefly—thank you. We have not had the particular challenges that Malcolm Burr described; our relationship with colleagues in housing has been very positive. Again, I think that the issue goes back to some of the comments on the fiscal framework. The fact that we work in an annualised cycle, given what Malcolm said about how long it takes to develop sites, is a more fundamental question. I have certainly found that the support from Government, particularly around buybacks and other levers, has been very positive.

The Convener: I will bring in Mark Griffin with a number of questions. I ask us all to be mindful that it is now two minutes before we were going to end the session. We will need perhaps 15 more minutes to cover this area, so I hope that everyone is okay with that. Over to you, Mark.

Mark Griffin: I have questions about transformation involving multiple different organisations working together. I will come to Thomas Glen first, since you touched on that in your earlier answer. I want to focus on adult health and social care. We have integration joint boards as an area of transformation within the public service; they are essentially supposed to operate where health and local government come together. The budgets are combined and focused on preventative spend to reduce admissions and attendance at accident and emergency departments and speed up delayed discharge.

The commentary, or the consensus, from local government seems to be that it is investing in those services, but the savings are made in the NHS budget and do not necessarily come back to local government. Since you touched on the pressures that health and social care services present to your council, I will come to you first, and then I will come to Ken Gourlay as he touched on that aspect, too.

12:00

Thomas Glen: Thank you for the question. I preface my response by saying that, in lots of

areas, we have a really positive relationship with colleagues in health. However, I will move on immediately to some of the challenges, because, fundamentally, at the heart of it, health is still very much focused on a medicalised model of intervention. The work that Paul Johnston and others are doing on population health for Public Health Scotland has focused on the idea that improving health is not about a medicalised model or in-patient services. We need to look at that shift. The recent strategy on population health is a positive development in that space. That said, we have still not had a significant resource transfer in the nearly 10 years during which IJBs and health and social care partnerships have been in place. Both Nikki Bridle and Dawn Roberts commented on that, I think.

I make the challenge to Government that we still tend to focus on inputs and outputs—with the greatest focus being on delayed discharge. I do not envy my colleagues in health when it comes to what they are asked to report on in that area, in which there is a focus on a small percentage of the experiences of people who go through services, whereas the vast majority of people have a positive experience of their discharge.

To highlight a need for us to look at how to do things differently, I will use the example of learning disabilities in my area. I highlighted the 20-plus per cent increase in costs this year for us in Perth and Kinross. We have a small handful of individuals who have learning disabilities and have been in residential settings for most of their adult life. The cost of creating a community-based response for that group will require elements of capital to create the right facilities but significant levels of staffing and resource will also be required to move to a community model, because, often, such individuals need high levels of care at all times. As we move to closing certain in-patient services, there is nothing that directly involves the transfer of that resource to a community setting. For less than a handful of people in Perth and Kinross, that will create for us up to around £1.5 million of on-going annual revenue pressure, which will not directly flow from our colleagues in health. There needs to be a conversation about how to do such moves better, if we all accept that our response to people's health needs to be a preventative and community response.

Malcolm Burr: I will be very brief. I agree entirely with what Thomas Glen has said. The IJBs do not in themselves deliver the integration that, perhaps, they were set up to deliver, because, as in the example that Thomas has just given, the capital remains with the two organisations, both of which are—well, certainly the local authority side is, just now—quite capital poor. If there is a need, it has to go through the assessment processes of two organisations. One—not the local authority—is

much slower than the other, just because of the NHS Scotland capital assessment process.

However, the big issue is resource transfer, or the lack of it. It is not for me to talk about NHS acute services, because that is not my area of expertise. However, as needs have no doubt grown in the acute sector, the savings that have been made locally—for example, our hospital has gone from 200 beds to 50 beds over about 15 years—have not transferred to what I will call the community side. They have probably been consumed by increasing demand on the acute side. Whether that is right or wrong is not for me to say, but it should be transparent, it should be debated and it should be the subject of local and national political choice and direction.

The Convener: Ken Gourlay wants to come in; Mark Griffin can then move on to his questions on invest to save.

Ken Gourlay: On the back of Mr Griffin's reference to Fife, we in Fife are coterminous, so we benefit from having one partnership between ourselves, the NHS and health and social care. However, the crux of your question is very much where the challenge lies: operating with a deficit, as we have been for the past couple of years, means that resource transfer from one organisation to the other is incredibly difficult. We have a good operational set-up, we do a lot of work together and we recognise the benefit of putting preventative measures in place, but getting funding to do that becomes difficult, because the money is literally not available in the system. When the partnerships were set up back in 2014, allocations were based on the set-up of council work and NHS work. It might be time to pick up the wider point about a review of health and social care partnerships and how we might try to bring about a bit more flexibility.

Mark Griffin: Okay. My second question is on the invest to save fund. Broadly, how have local authorities engaged with that fund, and do you think that the £6 million allocation is enough? I will come to Dawn Roberts first, as she touched on the matter in an earlier answer.

Dr Roberts: Thank you for the question. I am sure that others will have things to say on this, too. First, from a local government perspective, I very much welcome the intent around investing in transformation and change. It was a very welcome step by the Scottish Government, but it was very rushed—it came out of the blue for local government. There was very little, if any, prior discussion around the funding. The civil servants who work with local government worked really positively and constructively with us, supporting us in our thinking around putting bids in. Although that was very welcome, the process was really rushed, with a three-week turnaround.

I carried the workforce portfolio for SOLACE, and we submitted a workforce bid, which involved working with councils across Scotland to pull together a programme of activity that we felt met all the criteria. It was a really strong bid that colleagues in the Scottish Government supported. Unfortunately, it was not successful in securing funding, which is really disappointing, given the conversation that we have had this morning about the importance of the workforce in relation to transformation, change and the long-term financial sustainability of the public sector. Further, it took a long time to receive feedback. Achieving the benefits of transformation can take longer than was afforded in that process, and delivering the change from workforce investment would have taken a number of years to materialise. That was one of the challenges with that bid.

You asked whether £6 million is enough. From my perspective, there is a real challenge. If we are talking about genuine public sector reform, my question is why one element was ring fenced to local government. Indeed, although there were opportunities to work with other parts of the public sector, that ring fencing forced us to look at particular areas of activity, in some cases in local government specifically. A more commissioned approach that is about true public sector reform, that is aligned with a public sector reform strategy and that has a longer lead-in time and a proactive dialogue with all parts of the public sector around how to get the most out of such an opportunity to use funding would be really welcome. So, it is about the opportunity to work more collaboratively.

We need a real focus on outcomes, which might take longer than one or two years to materialise. To go back to my earlier comments, it would be really welcome if there were no real ring fencing in order to provide maximum flexibility. We need greater flexibility in applying funds over longer timeframes and a meaningful dialogue about what the funding is for, how we can make the best use of it and what the role of local government is in the wider public sector reform agenda.

Therefore, it was a positive step, but it was a one-off. Is it going to be sustained? Will it be an on-going programme that we—the public sector—can gear up for collectively to maximise the benefit of the funding? It was very welcome, but a lot of learning needs to be done from this first round.

The Convener: Thanks for that detail, Dawn. I hope that Government officials were listening to what you said and that they will take it on board.

Thomas Glen: On the direct question whether the money is enough, the answer is no; it is less than a two hundredth of the local government settlement. I do not know what it is as a proportion of overall public sector funding, but the local government settlement is £15 billion. Therefore,

although £6 million is welcome—we will always be happy to have it—Dawn Roberts's points about timing and so on are right. It feels counterintuitive to have public service reform that involves allocations being divvied up for different public service agencies rather than making us work together more, because that could be a useful lever.

If I may, I will take the opportunity to focus on the invest to save project that we secured £0.5 billion for, via Perth and Kinross Council but fronted by the local government digital office. We are looking to invest that money, through tech, to help local government to reduce its energy use. However, again, the work to bring partners on board happened really only after we secured the money, because we did not have the time to work with the energy network or the property leads. I go back to Dawn's point: please let us do this thing over multiple years and let us work in partnership with other public agencies, because that will deliver the greatest value and the greatest impact for communities.

Malcolm Burr: I will not echo those points, but I had the responsibility of submitting the bid from SOLACE for all sectors other than workforce, which was indeed required within three weeks, so it took some effort to obtain, refine and submit the applications. To be fair, the application process was relatively simple—it was not unduly constrained by unhelpful template approaches. The decision period took twice as long as the application process, which probably indicates that it was all a bit more complex than the time period allowed for.

We have been looking for such a fund for some time, and we are very pleased to have it. Comhairle nan Eilean Siar has been working on public service reform since 2017, and I have sought, and sometimes received, a lot of help from Scottish Government colleagues with various aspects of that. However, simply reflecting on the capacity of many councils, I think that such funding is essential to take reform to the next level. It is interesting that the councils that are taking forward single authority models—Orkney, us and Argyll and Bute—are among the smallest. The capacity that is supported by the invest to save funding is absolutely essential and very welcome. However, it is not all about staff; it is about taking the concepts to the wider community planning partnership, if that has not already been done, and to the wider public. We will be using the consultation means that I spoke about when we discussed budget strategy.

I hope that it is not a one-off fund. The funding is over two years, and we were fortunate to receive the full amount that we asked for—maybe I should have asked for more. A continuation of the fund,

refining what has been achieved with the first amount of funding, would obviously be very helpful.

Finally, what are we looking for from PSR? We are looking for agility, flexibility and a place-based pooling together of funds. Invest to save should reflect that—it should also be agile and flexible to enable what needs to be done in each different locality, which will be different in different places.

However, the fund was very welcome. For all the speed of the application process, it was done and dusted in about 10 weeks, and that is very good indeed.

12:15

The Convener: That is positive—thank you very much.

Dawn Roberts, this question is for you, because you mentioned flexibilities at the beginning of the evidence session and in your response on invest to save. What is your position on the general power of competence? Would it help with flexibilities?

Dr Roberts: That is an interesting question. We responded to the consultation on the general power of competence. Although it would be a welcome open flexibility, we do not yet have a sense that we would rely on it for anything that we have in our plans at this moment. We would welcome progress but as part of the overall approach to improving flexibility, enabling agility and achieving for the local area and local communities.

The Convener: Thank you. I put that question to Nikki Bridle as well.

Nikki Bridle: When we first saw the information on the power of competence, it caught my eye, because I thought that it could be quite useful. I looked at the extent to which it has been deployed down south, where I understand that there has been something similar in place for a short spell of time. My understanding is that it has not been widely deployed in the transformation space, which is concerning.

I spoke about how we are already forging ahead in a number of what we would describe as novel areas. It is quite helpful to know that, in an area such as this, others have gone before you, so you can see how the power could be used. We are still tracking the power to keep an eye on how we could potentially use it. There is definitely potential but I have not yet seen any good, tangible examples. If anybody is aware of any, I would be very grateful to hear about that, because we have been actively looking for them.

The Convener: Okay, thanks. Does anybody else have a view on this?

Malcolm Burr: The power of general competence is right in principle for any elected level of Government, but it is important to get into the detail of how it is exercised and what the constraints are. That has been the problem elsewhere.

For public service reform, which could comprise an element of structural change—it is not about structural change, but some structural change will be required to make it work—we should do the work that we are engaged in, produce the models and then sit down with a hopefully willing Government to work out how we deliver it on the ground. That is what will make the difference.

A power of general competence is fine until you read the small print, which says that you cannot do anything that is contrary to anyone else's operating statute. A good power of general competence would make a huge difference, but one in name only would not. Therefore, there is a lot of work to be done on that. However, whether we have a general power of competence should not inhibit or delay any work on public service reform.

The Convener: Super—thank you very much.

That concludes our questions this morning. I thank you all so much—I am sure that you have tremendously busy diaries, but this has been a really useful conversation for our pre-budget scrutiny. It has been helpful to delve into some of the challenges that you are facing and also some of the positive things that are going on in your councils. Thank you for giving us your time this morning.

Subordinate Legislation

Council Tax Reduction (Miscellaneous Amendment) (Scotland) (No 4) Regulations 2025 (SSI 2025/212)

12:19

The Convener: The next item on our agenda is consideration of the Council Tax Reduction (Miscellaneous Amendment) (Scotland) (No 4) Regulations 2025 (SSI 2025/212), which is a negative instrument. As members do not have any comments, is the committee agreed that we do not wish to make any recommendations in relation to the instrument?

Members *indicated agreement.*

The Convener: That was the last public item of our agenda. We agreed to take the next items in private, so that concludes the public part of our meeting.

12:20

Meeting continued in private until 12:48.

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