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Finance and Public Administration Committee

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SCOTTISH BUDGET PROCESS IN PRACTICE 1

**FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
15th Meeting 2025, Session 6**

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

Ross Greer (West Scotland) (Green)

*Craig Hoy (South Scotland) (Con)

*John Mason (Glasgow Shettleston) (Ind)

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

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Alison Hosie (Scottish Human Rights Commission)

Carmen Martinez (Scottish Women's Budget Group)

Dave Moxham (Scottish Trades Union Congress)

Andy Witty (Colleges Scotland)

John Wood (Convention of Scottish Local Authorities)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 6 May 2025

[The Convener opened the meeting at 10:30]

Scottish Budget Process in Practice

The Convener (Kenneth Gibson): Good morning, everyone, and welcome to the 15th meeting in 2025 of the Finance and Public Administration Committee. We have received apologies from Ross Greer.

The first item on our agenda is a round-table discussion on the Scottish budget process in practice. I welcome to the meeting Andy Witty, director of strategic policy and corporate governance at Colleges Scotland; John Wood, director of membership and resources at the Convention of Scottish Local Authorities; Dr Alison Hosie, research officer at the Scottish Human Rights Commission; Dave Moxham, deputy general secretary of the Scottish Trades Union Congress; and Carmen Martinez, policy and engagement lead at the Scottish Women's Budget Group. I thank you all for your excellent written submissions.

I intend to allow around 90 minutes for this session. I would like the discussion to involve us all, so, if witnesses or members would like to be brought into the discussion at any stage, please indicate that to the clerk so that I can then call you.

As you will know, there were 11 questions—some were answered by all of you in your submissions and some were not. I have written down the interesting points from those 11 questions and—lo and behold—at least two of them apply to each of the five of you. I will pick on someone to kick us off. We are not going to stick to a script—this is just to ensure that all areas are covered this morning.

My first question is for John Wood from COSLA. The COSLA submission states:

“The 2025/26 budget process saw improved engagement between the Scottish Government and COSLA. There was earlier and deeper engagement between the COSLA Resources Spokesperson and the Cabinet Secretary for Finance and Local Government and increased transparency”.

How could things be improved even further?

John Wood (Convention of Scottish Local Authorities): Thanks for inviting us here this

morning. As we set out in the COSLA submission, we certainly saw some real improvements in the engagement on the 2025-26 budget settlement for local government. A lot of those improvements have been a couple of years in the making, as they have been part of the Verity house agreement, which is the key strategic document on the relationship between local government and the Scottish Government. The document sets out shared commitments between COSLA and ministers to improve engagement on the budget, including in relation to exploring and concluding the fiscal framework between local government and the Scottish Government, as well as other shared policy commitments. It is a key piece of work for us. Broadly, we have seen that agreement reflected in our engagement with the Scottish Government on the budget.

This year, as we outlined in the submission—and as you referenced, convener—we saw earlier and deeper engagement at both political and officer level. In terms of improvements, there have been opportunities at an official level to share COSLA's calculations ahead of the budget settlement coming through. That good engagement resulted in a settlement that allowed COSLA and the Scottish Government to agree on what the numbers meant, at the very least. There are references in our submission and others to the difficulties that result from the complexity of the process of the budget settlement across the board and how, for example, year-on-year comparisons are often difficult to make. We arrived at a position whereby, at an officer level, we were agreed on many of those numbers, which was really positive.

You asked about what could be improved. Improvements ahead of 2025-26 meant that fewer announcements came at short notice for local government and there was an absence of commitments that were unfunded or for which the funding was unclear, which we have seen in the past. Those improvements flowed through into the budget settlement.

In relation to COSLA's assessment of the budget, we have made it clear in some of our documentation that there were shortcomings around, for example, the additional funds that were provided for national insurance. However, we understand that there was a limit to what was available from the Scottish Government in that regard.

Beyond that, convener, as we set out in our evidence, we have seen some improvements, but it is really important for us to ensure that the engagement between councils and the Scottish Government at officer and political levels continues to deepen.

The Convener: You have raised concerns that, for example, the Scottish Government is still

insisting on maintaining a level of teacher numbers, which COSLA does not think is necessary. Is that a cause of continued tension? Where are we with those discussions?

John Wood: That certainly continues to be discussed at the political level, and the respective positions of COSLA and the Scottish Government are clear. I do not know whether I am necessarily best placed to give an assessment of where we are, but I can say that commitments were made this year that COSLA will seek to work towards a certain level of teacher numbers. Funding has been provided previously in relation to that, and COSLA's position has been that that commitment constrains the budget overall.

On the level of engagement between COSLA and the Scottish Government, such points have been openly discussed at officer and political level, so the line of communication is clear. I am not sure that budget engagement is always going to be the answer or that it will get us beyond that, but it has certainly helped ahead of this year's budget. Wrapping some of that conversation up together allowed an element of progress to be made.

The Convener: Okay. Alison Hosie, you say in your submission:

"Several barriers continue to limit the effectiveness of the budget process. One ... issue is the timing of engagement, which often occurs too late to allow for meaningful external contributions. By the time consultations take place, key decisions have already been made".

Dr Alison Hosie (Scottish Human Rights Commission): Yes. Having listened to your evidence session last week with the Auditor General for Scotland, I know that you referred to the open budget survey work. When we look at best practice around the world, we see that the timing of when key documents are produced influences how they inform discussions about the budget and the decisions that need to be made. The move to pre-budget scrutiny in the summer is a good move, because it allows discussions to happen, but there is a strong feeling among participants that decisions have already been made at that point.

One of the key documents that Scotland does not currently produce is a pre-budget statement setting out the general fiscal situation, the general trends of where we think it is going, and what might be coming up in the budget. Such a statement would allow discussion to focus on what might be happening rather than on what has probably already been decided. Timing a pre-budget statement to allow that discussion at the pre-budget scrutiny stage would be helpful.

John Mason (Glasgow Shettleston) (Ind): I am interested in the idea of a pre-budget statement, which I read about in your submission,

Alison—others have mentioned it as well. I presume that you or anyone else can engage earlier; you do not have to wait for the Government to do something. If you want to say to the Government that it has to spend more money on something, you can do that at any time of the year—you do not have to wait for the budget.

We already have a very complex landscape, and the public does not understand it. If we had a pre-budget statement, would that not just confuse the public even more? Also, there has been a huge increase in the number of civil servants. Would it not just mean yet more civil servants and money being taken away from front-line services?

Dr Hosie: I think that it is disingenuous to assume that the budget is too complicated for the public to engage with. The reason that it is difficult to engage with is that a lot of the information is too complex. When I first started looking at it—I am not an economist or a maths specialist; I am coming to it from the perspective of Joe Public, but with an interest in budgeting—I found it incredibly difficult to follow decisions, to follow the money and to connect the budget to outcomes.

In the production of what are considered to be best-practice documents, a series of documents—perhaps more streamlined and more accessible—would allow for public scrutiny and for better decision making by the Government, so I do not think that it would be a waste of time.

There are some complicated documents that could be simplified. I know that the budget is complex, but I think that conforming with best practice would help. Best practice exists for a reason. The advice of the international budget partnership on what documents should be published to enable good scrutiny and good budgeting is based on the practice of the International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Bank and the Global Institute for Fiscal Transparency. The criteria are not the commission's criteria; we have judged the Government on the basis of that international best practice.

Looking at what we produce in Scotland and perhaps overhauling what we do, as well as looking at the timing of when things are produced and simplifying them, would make the process easier for everyone.

The Convener: You have mentioned international best practice a couple of times. Which countries have best practice? Do they have devolved Parliaments? One of the issues that we have in Scotland is that are we quite dependent on decisions that are made elsewhere in terms of timings and so on. What areas of best practice

would you like to highlight by way of comparison with Scotland?

Dr Hosie: An important thing in identifying best practice is that you are not going to find another country that does everything perfectly. What the open budget survey does is interrogate in fine detail, through more than 240 questions, the workings of a budget process. It is in there that you will find what is considered to be best practice. You should look at those questions and at the guidance on them to see why those things are considered in that way.

Lots of examples from different countries are presented in the open budget survey main report. There are examples of where there is good participation and where there are good transparency efforts by different Governments. It is not about looking at just one country; rather, it is about looking at the different elements that you can take from the open survey and trying them out.

The Convener: Indeed. I suppose that it is like football in that you do not necessarily judge a team on one match. However, if there is a league table of countries—or of devolved Parliaments or sub-state legislatures—where would Scotland be, and who would be at the top?

Dr Hosie: On the different areas, our legislative scrutiny was very good. We were one of the highest-ranked countries in terms of the kind of scrutiny that the parliamentary committees perform. We did not perform well, or as well as other countries, in transparency and public participation. That said, we did the same work four years previously and Scotland has made notable progress in both of those areas over that time. We are above the global average, but we are sitting slightly below the OECD average in those two areas.

For fiscal transparency, we currently produce six out of the eight documents. If Scotland were to produce a pre-budget statement or public in-year statements, it would immediately fall into the next category, or possibly the top category, in terms of not being slightly limited when it comes to providing information and instead being a substantial provider of information.

The Convener: Who should we look to in those categories? What countries should we look to?

Dr Hosie: Have a look at the International Budget Partnership's website. There is a fantastic interactive system online where you can pull up all the different countries and look at all the different elements of success.

The Convener: We are in public session, so, for the record, are there any specific countries that

you think have got the transparency spot on—or near enough—and that we should emulate?

Dr Hosie: From memory, I think that New Zealand was top in quite a lot of areas. Germany was equivalent to us on legislative scrutiny. I will give some examples. During the war in Ukraine, Moldova's Ministry of Finance has shared budget summaries and video explainers, and it has given daily press briefings to maintain public confidence and understanding. Argentina responded to pressures from feminists and social justice groups by showing how budget decisions impact women.

The Convener: Those are independent countries—they are not sub-state legislatures like us, so they are not in the same position. Much of the budget process that we have to work under is decided elsewhere. We have a kind of ball and chain round our ankles in some areas. That is why I am thinking of Bavaria or California, for example, which are more equivalent to Scotland, rather than New Zealand, Argentina or Germany.

10:45

Dr Hosie: It is certainly an area that the International Budget Partnership is looking to develop. At the moment, the open survey includes only countries at state level. The United Kingdom is the country that is formally included in the survey. We asked whether the partnership worked at the sub-state level. It does not, but it offered to provide us with peer review and substantial support to enable us to follow the methodology to complete the survey for Scotland on a comparable basis.

We have been contacted by the International Budget Partnership because there are a couple of other nations that have sub-state level government that are interested in doing this as well, so it is potentially going to happen. At the moment, we are trailblazers in having followed that process.

We have also had conversations internally about possibly developing a form of the methodology to look at local government decisions, because, of course, the open budget survey looks at the national level. It would be interesting to look at the process at the local authority level. At the moment, you have the data for only those countries with sub-national Governments that choose to follow the methodology.

The Convener: Dave Moxham, you are keen to come in, and I will bring you in in a second.

Parliament is waiting with bated breath for the medium-term financial strategy—the first one for a couple of years—that will come in the next few weeks. You say in your submission:

“In recent years the MTFS hasn’t supported a more strategic approach to financial planning. Much of the blame for this lies with the previous UK Government whose fiscal policy was characterised by short-term budget decisions, a lack of spending reviews, and general contempt for the Scottish Parliament.

However, it also reflects a lack of early Scottish Government engagement with trade unions on strategic decisions about public sector resourcing and public sector pay.

Unrealistic public sector pay policy, published without the agreement of unions, has led to a regular cycle of strike ballots”—

and so on.

You can, of course, say what you were wanting to say—that is up to you. However, can you talk us through whether such issues arise elsewhere in the UK and what you consider to be a realistic public sector pay policy?

Dave Moxham (Scottish Trades Union Congress): As far as I am aware, they do not happen elsewhere in the UK.

With reference to your specific point about Scotland’s devolved nature and constitutional position, it is arguably more important that public sector pay policy is formed at a Scottish level. As you know, we are working within pre-set budgets. I would say that the Scottish Government has a relatively powerful position in relation to the public service decisions of its constituent bodies. Public sector pay policy technically applies only to around 10 per cent of employees and moves across a spectrum of being fairly influential through to being less influential, depending on whether you are talking about the national health service, local government or other services.

It is not very good for public service workers to exist in the current circumstances, in which pay policy is kind of set in the budget and then kind of applied by different public bodies, which take it on at vastly different speeds. It will not be a surprise to John Wood to hear that we are frustrated—and it is frustration that could lead to industrial action quite soon—that the pace at which different Government departments or different sub-sectors of government move on public sector pay can be incredibly different. We should be looking at two, three or four-year planning, and whether there is a basis for multiyear deals is a question that should at least be put to the unions. I believe that, in some cases, they would be open to that. The knock-on effect of that on overall medium-term budget planning would be relatively positive. That is not happening just now, which is partly about design and partly about implementation.

I return to the point that you put to John Wood. We take in good faith from both local authority and Scottish Government representatives statements that things have improved. However, although

things have improved, there is still a massive difference of opinion on whether council tax rises of an average of 10 per cent are appropriate. Things have improved, but local government pay settlements are notoriously slow, so what is happening in that process has led us to this position.

There is still a risk that that improved discussion—we are advised to say that that is true—between local government and central Government still has the effect of narrowing political debate in some ways and creating new silos. For instance, all our members and constituent unions, and a large proportion of civil society and think tanks, want a bigger and wider discussion about the nature of local government revenue raising and, obviously, the council tax. We are continuously told that that discussion is taking place between local government and the Scottish Government and that there is no wider political discourse to be had.

We take it in good faith that there is improvement. If we can move more quickly through a transparent public sector pay policy towards getting results from that discourse involving local government and begin to have front-foot discussion about how public sector pay in the future can match with other budget considerations and positive public sector reform, that will be a positive outcome in the period ahead.

The Convener: What do you consider to be realistic? The Government could say that the average public sector worker in Scotland is paid £2,300 more than public sector workers down south. The sector makes up 22 per cent of the Scottish workforce compared to 17 per cent down south, so it is already a larger sector, and, relatively speaking, it is better paid. What would be realistic? The Government suggested 9 per cent over three years. Of course, inflation could be 1 per cent a year or 5 per cent a year—that is one of the obvious difficulties with multiyear settlements. What do you consider to be realistic?

Dave Moxham: I came here today tooled up to discuss process more than actual numbers—I thought that that was the nature of the inquiry. I am certainly not going to write down on a piece of paper now what I think the number should be. We accept that it is a good thing that average pay is better in Scotland. It is fairly modest, and it goes nowhere near bringing us back to the levels that were enjoyed in some industries a decade ago. It is positive that that is slightly more weighted towards the less well-off, which reflects positive Government pay policy that generally protects the lowest paid. At the end of the day, however, you would not expect me to say to care workers, who are still a million miles away from £15 an hour, or low-paid public sector workers that they have had

their bit just because the UK Government has done slightly less badly than we have when it comes to pay.

The Convener: Okay. Thank you.

Craig Hoy (South Scotland) (Con): Dave, I would like to extend the convener's line of questioning. When Shona Robison appeared before the committee, she made the point that one of the reasons that the Scottish Government has not been transparent or forthcoming about public sector pay is that, if it put a number out there, that number would become the floor and the unions would always negotiate up. Is there an issue now with both sides not necessarily entering into these discussions in good faith? If the Government comes to you and says, "It is 9 per cent over three years or we are going to have to make cuts to front-line services," should you not be taking that at face value and then working out how you apportion that annualised 3 per cent, rather than—as the recent data shows—public sector wage growth continuing to exceed wage growth not just in the rest of the UK but in the private sector?

Dave Moxham: It depends on what facts you expect us to accept before we go into that discussion. If we were to accept the fact that the completely unproven small business bonus scheme on which the Scottish Government spends £300 million a year cannot be changed, or that the policy of not increasing taxation cannot be changed, what you suggest would be reasonable.

When we enter into these discussions, we always say, "It is a really good thing, for our economy and for individuals, that low-paid public sector workers in communities continue to have reasonable wage growth." If you adopt the perspective that none of the other variables in the Scottish Government's budget can be changed, your question is a reasonable one to put. However, we do not. We say that the Government has other options and that uprating the pay of some of the hardest-working and lowest-paid people in our communities is a good thing that can be funded in different ways.

Craig Hoy: Although above-inflation wage growth for those at the lower end of the spectrum would probably gather public support, there is an increasing focus on the higher levels of the civil service—bands A to C, for example—for which unions negotiate with the Scottish Government. Should we be starting to be more prescriptive or granular when we talk about public sector pay? There are some public sector workers who are now earning considerably more than their counterparts in the private sector and who also benefit from better pension arrangements. Should the trade union movement perhaps be a little bit more up front with the public about who you are talking about? There are high-earning workers in

the public sector who are getting significant pay increases.

Dave Moxham: Of course, we advocate—and we have been successful, to some extent, in achieving—higher tax rates in Scotland for those very people. If they benefit, they should make their contribution. The first thing to say is that those people pay higher tax.

I think that it is very hard to compare the public and private sectors, so I am not sure that I agree with you about that. I am sure that I could conjure up examples of some pretty well-paid private sector employees as well. Also, there are levels in the civil service—particularly the Scottish Government civil service—where we do not negotiate. The Scottish Government is the negotiator with the UK Government. I think that the question is slightly more complicated than the way in which you present it.

There has been, and will continue to be, a very strong trade union emphasis—which you have seen come to light in negotiations—on making sure that those on low and medium pay benefit most. You will see that come into effect through the tax system and by comparing the UK and Scotland.

Craig Hoy: In your submission, you say:

"Politicians need to recognise the impact of public sector wage restraint following a decade of austerity, and that wages in the public sector will need to keep pace with private sector wage growth if we are to recruit and retain skilled workers."

By contrast, the Institute for Fiscal Studies tells us that

"We do not find any evidence that larger increases in public sector pay in Scotland in recent years have boosted the retention of public sector workers."

What is the point of higher pay for higher-earning civil servants? Is it to retain them or is it simply that that is the culture that now persists within those roles and functions?

Dave Moxham: I think that your comparison needs further investigation. The IFS also makes the point that there may be other factors in relation to retention. There are geographical issues. We know that a range of areas—particularly the more remote areas of Scotland—have problems with retention for other reasons. However, I take the point at face value. It is certainly something that is worthy of more exploration.

I do not consider retention to be the primary reason why we should pay public sector workers decently. Their quality of life and their contribution should be the key factors.

Craig Hoy: I go back to the original comment from Shona Robison about the floor. What more could be done so that the negotiations are more

transparent and perhaps to take the heat out of them, so that the Government can be a bit more honest with you about what it can and cannot afford?

Dave Moxham: All that I will say to you is that the two biggest public spending areas when it comes to wage bills in Scotland are the NHS and local government. In the past four weeks, there has been an offer, a rejection, an improved offer and an acceptance, and that has all been tied up in four or five weeks.

Sometimes, people come late to the negotiating table and are not clear about what they are prepared to offer. Unions are rather democratic; we first have to go out and ask our members by consultative ballot whether the offers that have been given to them are in the right sort of area. If they say no, we have to go back and consult again—that is the law; it is not our choice—on, potentially, industrial action. The process that has been laid down for us is a long one with legal constraints. You are possibly proposing a level of light-footedness that is not available to us.

Craig Hoy: Finally, has the Scottish Government tied one hand behind its back at the negotiating table by entering into discussions with a presumption that it will not countenance strike action?

Dave Moxham: Sorry—that it will not countenance—

Craig Hoy: There is a presumption that it will not countenance strike action. The Government has made a virtue of the fact that there have been no large-scale public sector strikes in Scotland. Does that give you the whip hand at the negotiating table?

Dave Moxham: I would not say so, because these long processes that we are involved in—the direction towards industrial action—are relatively hard to slow down. We do not think that anyone is easy with us at the negotiating table.

11:00

I think that what the Scottish Government is referring to is the fact that the previous UK Government tried to make a virtue of going to war with the unions, which did not have a particularly positive effect down south. However, the fact that the Scottish Government does not make a virtue of that does not enter into the psychology of negotiations. In fact, if anything, it makes us more minded to sit down and listen, because we know that at least it is not going to war with us.

The Convener: Both Johns want to come in. I call John Mason, to be followed by John Wood.

John Mason: My question is in the same area. I thought that your submission was very good. It was four pages long and was easy to read, and it had a big emphasis on—

The Convener: Short, sharp and to the point.

John Mason: Exactly.

I agree that we could raise taxes more. I thought that the little graph showing 20 countries and that countries such as Denmark and Norway pay considerably more in tax and get much better public services was very good. I do not know whether you want to comment on that.

I cannot remember exactly when the Government came out with the figures of 9 per cent and 3 per cent—I think that it was at the start of this year. Do you think that that was worth while, or should the Government be speaking to either the STUC or individual unions during the autumn, asking what pay settlement you would want, before it speaks to COSLA or anyone else? How do you see that process working?

Dave Moxham: The last thing that the STUC or any union wants is to take away the bargaining rights from individual unions and individual sectors. I think that we are limited in our ability to have an earlier discourse with the Government and say that, for example, if it makes that 9 per cent 10.5 per cent, that will be fine and everyone will be bound by that. I just do not think that that would work.

Early engagement could be far more useful if the Government found out, in good time, some of the other factors that might be involved. Such discussions have taken place, but they have not taken place early enough. I will give you a completely imaginary example—this has not happened. The Government might come to us and say, “We want to make it 10 per cent over three years”—I was never going to say 8 per cent, even in my imaginary example. We might then say that we do not know whether that will really do the job, and then we might start to talk about other areas of public service reform. We might talk about multiyear deals and about the length of the working week. That would at least set the tone and set the terms for what the policy might be.

John Mason: Is that not happening at the moment?

Dave Moxham: I want to be careful with my answer here. It has not happened soon enough for that to be effected through Government and trade union processes.

John Mason: Should that be happening now for 2026-27?

Dave Moxham: Absolutely.

I will make a very quick point. You made a general point about tax rates in other countries. We are in great political and economic trouble if the mainstream political parties do not start to accept very clearly that the tax that we pay has to rise as a percentage of gross domestic product, because of demography and various other developments in the economy and the green economy. Every mainstream party should be very aware that only one party will benefit if we are not honest with each other about the level of tax that we will have to pay to sustain decent public services.

John Mason: I am with you on that, even though I am not in a party now.

John Wood: It might be useful if I pick up on some of Dave Moxham's points about pay bargaining and the engagement that takes place between COSLA, as the employers' organisation for local government, our trade union colleagues and the Scottish Government in that space.

Rewinding to Dave Moxham's initial remarks, I agree with the STUC that engagement is absolutely key. You mentioned council tax, which is not on the agenda today. For the record, it is COSLA's and the Scottish Government's intention to go out and engage properly on that this year, and that conversation will involve a range of stakeholders.

Going back to the process, the key bargaining group for non-teaching staff in local government is the Scottish joint council for local government employees. In a spirit of referencing some of the improvements that have been made and the good engagement between us, I note that, shortly after the draft budget was published—I cannot remember exactly when, but I can confirm it in writing—we had a meeting with the Scottish Government and our SJC trade union side colleagues to clarify that there was a shared understanding between COSLA and the Scottish Government of the figures that were presented. That helped to inform future conversations at the SJC and has, we hope, informed pay negotiations as well. It was useful for us to be on the same page, at the very least, as the local government trade unions in our understanding of what the variables were and what the figures were within the local government settlement, as well as having essentially the same story from COSLA and the Scottish ministers.

It is maybe not quite within the remit for this meeting, but, on the point about wanting pay negotiations to be settled sooner rather than later, although we will see what transpires, we were able to achieve at least one thing through the SJC this year. We made the commitment last year that COSLA would put forward a credible offer by 1 April. We have not always managed to have an

offer on the table so early, but we managed to do it. Yes, it was rejected, but it has allowed us to fast-forward the negotiations at the SJC. Through the lens of the process of engagement around the budget, a lot of engagement happens beyond the direct negotiation, which we hope eases the path. As Dave Moxham says, good relationships between COSLA, as the employers' organisation, and the trade unions create a constructive working environment and allow us to make progress.

It would be nice for us all—and I think that we all strive for this—if, at some point, we were spending less time negotiating pay and spending more time with our trade union colleagues looking at how we can work together to improve terms and conditions and to deliver good public service reform for the people that local government and our partner organisations serve. There have been years when, frankly, certainly at an organisation level, capacity has been drawn up by those negotiations. We always want to minimise that, and having multiyear settlements would be a useful means of doing so. We have not been able to make that happen of late, but it is certainly something that we all strive towards.

Dr Hosie: I want follow up on Dave Moxham's point about taxation. At the commission, we have talked a lot about that and about the Government's human rights obligation to maximise the available resources. Before cuts are made to public services, there has to be a look at whether the Government is bringing in as much resource as it can. I know and appreciate the limitations that Scotland has in the devolved context, but Scotland has levers that it could use.

We discussed earlier the economics paper that was produced a few years ago on the different routes that the Scottish Government could have taken, which would have brought us by next April to quite a different fiscal situation from the one we are in now. We have not looked at how we can re-imagine council tax, at local wealth taxation or at pushing the UK Government on extreme wealth taxation. There are opportunities there.

The UK was reviewed recently under the International Covenant on Economic, Social and Cultural Rights, and one of the concluding observations was that the Governments of the UK and Scotland need to look at taxation as a means of providing more revenue rather than immediately looking to make cuts to public services. I would want to encourage that.

Michael Marra (North East Scotland) (Lab): The discussion about negotiations around public pay is useful, because it speaks to a lot of the evidence we have had from the cabinet secretary, which Craig Hoy highlighted. Public pay accounts for more than 50 per cent of the Scottish Government's expenditure. On a strategic level—

and going back to where you started, Dr Hosie, on the transparency of the budget process—the committee has found that part of the challenge is in being unable to scrutinise the overall spending of the Scottish Government in the absence of a public sector pay policy. We did not have a public sector pay policy for two years, although we have had one recently.

I am trying to pull the conversation more towards the strategic side by asking how we can improve the transparency around public sector pay in the longer term, so that we can scrutinise those bigger figures. Dave Moxham and Dr Hosie, is there more action that we could take to get the Government to be more forthright and open about the assumptions that it is working on?

Dr Hosie: We could ask the Government to produce the documentation and the evidence so that we can scrutinise it. You are quite right—across all the different areas, you cannot scrutinise if you do not have the information.

I appreciate that we are living in very uncertain times and that things change almost monthly, with big economic shocks seeming to come more and more frequently. That makes predicting difficult, but it also makes it even more important that we have a road map—one that has options A, B and C instead of just one route, so that, when things happen, you have contingency plans. The more information we have, the easier it is to scrutinise.

It is really important for public confidence that we are aware of what discussions are happening. These are difficult financial times, and I think that people are more willing to accept difficult decisions when they understand why they have been taken. Without that public transparency around decisions, it is very difficult. The challenge is for parliamentary committees to challenge the Government and ask for that information.

Carmen Martinez: That goes back to the point about the pre-budget statement, and it is one of the reasons why it is important. I see it not as a cost but as a practice exercise for the Government to disclose where we have come from, where we are at the moment and where we need to go to achieve objectives. All those discussions could be had, but the reality is that, at least for the past couple of years, we have had fiscal updates to Parliament the day before. That happened in 2023, when, the day before the UK budget was announced, there was a statement about X amount of savings being made. That does not feel very transparent from a citizen's perspective. If we want to engage more with people, if we want that engagement to be meaningful and if we want to get rid of the apathy that some citizens feel, we need to make an extra effort to discuss the difficult questions in a proactive manner.

The Convener: How would you suggest we do that?

Carmen Martinez: With a pre-budget statement and more regular updates, not on the back of mounting financial pressure. That is one of the points that we made in our submission. We feel that it was a missed opportunity in this Parliament that there was no pre-budget statement and that no changes were discussed as part of a pre-budget statement.

The Convener: How early should the pre-budget statement be made?

Carmen Martinez: That is a good question. I do not know whether I have the—

The Convener: It would have to be relevant. The UK will have its own budget, which will have a considerable impact on what the Scottish Government will have in its own draft budget. How valuable would a pre-budget statement be in that situation?

Carmen Martinez: Committees work on their pre-budget scrutiny during the summer, right? Do you, as a committee, feel that having a pre-budget statement before the summer would help you with your scrutiny?

The Convener: Do I personally feel that it would help? No, not particularly. I do not think that it would help, but others may have another perspective on that.

Michael Marra: I think that it potentially would, convener. You are right in that a lot of considerable variables move in a UK budget and there is often a very tight timetable between the publishing of an autumn budget in the UK and the need for the Scottish Parliament to look at a budget before the end of the year. There is a very tight timescale in which to do that work. In the absence of longer-term fiscal statements or planning strategies, some of the known knowns—pay progression assumptions that might be made, the size of the public workforce over the following year, how many people will be involved and how much progressions are likely to account for—could be foregrounded more. A cabinet secretary has told the Net Zero, Energy and Transport Committee that the Government knew that the assumptions it was making on pay last year were unrealistic and that it was a paper exercise. That was a pretty frank admission from Gillian Martin.

Is it partly about the absence of an MTFs since 2023? Could that be a better process for helping people to understand the structure?

11:15

The Convener: That is what I was going to suggest. The other issue, of course, is that the

Government has said that it will agree to the committee's request for a fiscal sustainability debate every year, so that we can look to long-term planning.

I want to ask Carmen Martinez about the medium-term financial strategy. You say in your submission:

"We are not aware of the MTFs being used regularly by the committees. Ideally, it should help them identify any risks that could be in the way of achieving their portfolios' policy objectives."

You go on to say:

"The MTFs should encourage committees to think beyond the immediate, current political term, to debate how to plan for the policy challenges facing Scotland."

One of the concerns that we have with committees is that they are overwhelmed with work as it is and, frankly, they are leaving the Finance and Public Administration Committee to do most of the heavy lifting on scrutiny. We should be doing a big chunk of the heavy lifting, but I do not think they are putting in the shift that they perhaps should in this area. How can we move that along with committees?

Carmen Martinez: Each committee has its own pre-budget scrutiny process, right? Do the conveners meet after that process? Would it be useful for the committees to discuss some of their priorities? You, as the FPA Committee, are always looking at how to finance things, how to influence policy and so on, whereas other committees are looking at equalities and at why one policy or another is important; they are not thinking about how to implement it, potentially. I am not sure about that, but they do not look at the detail of implementation through the lens that you use.

I also mention in my submission that the national outcomes inquiry was quite good. This committee was leading it, but other committees were involved. So, potentially, there is a space for committees to work together in when looking at the pre-budget scrutiny process and the big questions that will come up.

I know that the Scottish Fiscal Commission is trying to encourage the Scottish Government to look at the long term and set a multi-decade budget. That would bring risk, because things change very quickly, but we have the on-going problems of an ageing population, a decreasing population and climate change. The question that we were asked was how the MTFs could be further developed, and we thought that it should be further developed by looking at those areas and by committees thinking about what will be at risk within their portfolios.

The Convener: Committees tend to make their contributions before we get to stage 1 of the

budget bill process but after the draft budget has been published.

The issue that we have had with committees is that, because they cannot ask for additional spending outwith their portfolio area, as they should be deliberating on spend within their portfolio area, they often tend not to say, "Let's take money from schools and give it to colleges," or, "Take it from universities and give it to schools," or whatever. Frankly, they tend to be loth to make such suggestions, which is an issue. The question is how realistic it is to get committees to engage when they feel less than enthusiastic about the process in the first place, because they feel that it is not their responsibility to make such suggestions.

One thing that we suggested in a previous evidence session is that, when new MSPs come in, they should have a training session on the workings of the budget and so on, because we tend to be far too siloed in our approach. You make an important point about the need for wider engagement. I think that MSPs often feel as though they have to be experts in—or rather, that they have to have a good knowledge of—a number of different fields—and that it is perhaps a bit too much for them to take on the workings of the budget if they have not been given a grounding at the start of the parliamentary session, when they are first elected. Therefore, we are looking at how we can increase the financial literacy—to put it crudely—of all parliamentarians.

Carmen Martinez: I will give an example that might not quite answer your question but that shows why it is important that the different committees are involved in looking at how we use the money.

The Scottish Government committed to spending 10 per cent of the transport budget on active travel infrastructure. One of the strategic objectives of the active travel framework was to reduce inequalities. So, we have two areas—equalities and transport—but, despite that, the indicators and the outcomes were focused on the need to improve safety for all and on the number of kilometres built. That does not tell us anything about how we will improve things from an equalities perspective through active travel infrastructure. In focusing on the number of kilometres built, we are not looking at the different travel patterns or why it is important to have sex-disaggregated data. You would not think about the issue in the context of active travel infrastructure, but we use transport differently, and active travel is no different.

Our survey in 2023 included questions on transport, and 59 per cent of the women who responded said that the questions on access to and the safety of cycle routes were not applicable

to them, while 34 per cent of respondents felt the same way about walking and wheeling routes. That is why it is important to include equalities analysis and gender analysis as part of the implementation of budget allocations. I am not even saying that we need to spend more; I am simply saying that, with the same level of spending, we need to look at how the money is used and whether we will meet the objectives on equalities and safety.

The Convener: All members of the committee are keen for better outcomes to be achieved, regardless of which area we are looking at. We all want to see better outcomes for the money that is invested, and anything that can help to deliver that will be very welcome.

Craig Hoy: I do not want to venture an argument that we are wasting our time here, but is there an issue that we have not addressed—namely that, although we are arguing for greater transparency and, alongside that, greater accountability, which are interconnected but not interchangeable, does the realpolitik of the situation not work against that?

In any five-year period in Scotland, we have three major elections: a Scottish parliamentary election, a Westminster election and a local government election. Does that not work against transparency because, ultimately, the picture is always evolving, which means that the Government cannot set out a five-year plan at the beginning of a new session of Parliament, because there are so many variables that could cut across that? Are we arguing for something that, ultimately, is unachievable not because of the devolution settlement but simply because of the way in which our different democratically accountable bodies are elected and the timeframe in which they are elected?

Although there might be what stakeholders perceive to be an absence of transparency, there is greater accountability, because we get three elections in five years out of the process. Dr Hosie, do you think that there is a causal link between transparency and political stability? I suppose that having three elections in five years does not provide political stability per se.

Dr Hosie: I am not an expert in political cycles, but I take your point. It would be interesting to look at that. I was formulating my thoughts while the discussion was going on about the difficulties of getting committees other than the finance committee to engage. We cannot scrutinise this, that or the next thing, because we do not have the information and we do not have transparency. That is critical to everything. It is important that an understanding of the importance of the budget is instilled in the new MSPs who come in.

We have done workshops on human rights budgeting. There were people who, at the start, thought, “I don’t know why I’m here. I’m not that interested in the budget,” but who came away saying, “The budget is everything.” The budget is probably the most important policy document that any Government produces. It sets out what it will do and what it values. Everything else flows from the budget. We have talked about the fact that the programme for government is coming out today. The programme for government is the Government’s annual reflection on what it is trying to achieve in a policy sense. That needs to be clearly set out and connected to the budget.

There also needs to be a link with the national outcomes, which we have talked about and will, I am sure, discuss further. The national performance framework is probably the most underutilised, potentially transformational piece of work that the Government has ever brought out, but it has not been utilised in the way that it could have been. The national outcomes set out what Scotland says that it wants to achieve. Every year, the programme for government sets out how the Government will achieve those outcomes. The budget must speak to that, but, at the moment, there is no dialogue between those three pieces of work.

It is important that we have more transparency, although I appreciate the difficulty in negotiating the political lines around what it is that a Government wants to pursue. In general, unless we have transparency, we will not have the information to scrutinise.

The commission will be doing some work on rights budgeting and developing what we have been talking theoretically about over the past few years into more practical tools. Parliamentarians and clerks are a key catchment for us in progressing that work. We are doing some work with the Office of the United Nations High Commissioner for Human Rights, which will come over in July or August this year to look at areas of economic, social and cultural rights under the devolved Parliament where there are concerns and to consider how greater transparency can be provided in relation to budgeting.

Therefore, I disagree with your point. I think that transparency is key. Without the information, it is not possible to make decisions. We cannot scrutinise earlier, later or at any point in the budget cycle if we do not have the information with which to do that scrutiny.

Liz Smith (Mid Scotland and Fife) (Con): This is an observation based on what the Auditor General said—namely, that one of the problems here is the lack of a consistent approach. The Auditor General was concerned that it is not easy to discern a consistency of approach, because of

the timescales to which the various budget documents—whether we are talking about the budget itself, the medium-term financial strategy or statements about financial sustainability—are published. It is very difficult for people in local government to take on board what they ought to be doing to ensure consistency.

I think that there is a great need for greater consistency of approach in relation to what the Government's intentions are when it comes to the delivery of policy and how that will be funded. The Auditor General pointed out that, if we had such consistency, we would be able to have better scrutiny.

The Convener: Thanks for that. Andy Witty, you are keen to come in and talk about the fiscal sustainability delivery plan. You say that it would add more value if it included a

“direction on the fundamental change to how public money is spent, cutting across the different portfolio boundaries”

and aligned

“economic growth spending to gaps in skill needs.”

Could you comment further on that?

Andy Witty (Colleges Scotland): That speaks to what Craig Hoy and others have been saying about how to get as much certainty as possible in a landscape in which there are multiple elections in a five-year term. In the first programme for government, at the start of the parliamentary cycle, there should be a spending review for the parliamentary term. In their submissions, everyone who is here this morning called for multiyear budgeting, which would deliver as much security as possible regarding the five-year path. The statement should set out what is to be achieved by the end of the session in different areas to deal with the big cross-portfolio shifts such as demographics and climate change, how we want to help the economy and how we alleviate poverty. That would help to deliver as much certainty as possible not just for public bodies but for private investment, which would allow investment in the economy and would, from our point of view, enable us to see what skills are required. Such an approach would enable you to see whether the decisions that public bodies are making are helping to deliver that strategic direction.

11:30

There is a need to link the decisions now with priorities and direction at a more strategic level, taking a sort of whole-Government approach. The Government has its ambitions for economic growth, and it should set out its priorities and targets across the years. Reform of the public sector needs to be much more integrated into the Government's documents, so that there is a clear

plan of how the reform is going to help the sector to be transformed and go forward and also be clearly resourced and supported. That would give the direction that you need in order to achieve your goals in those bigger policy areas, and it would allow each portfolio to link its spending to that. You might say that each portfolio already does that, but the crucial thing is that the work can be done across the portfolios. Rather than having individual departments, civil servant groups, cabinet secretaries and private offices just asking how they can manage to deliver all of their goals with a reducing budget, the decisions could be taken across portfolios—that is why I talked about a whole-Government approach and aligning the budget planning with those national priorities, which would enable spending across portfolios to be approached collectively.

In the most recent budget round, the college sector gained an extra £3.5 million between the draft budget and the final budget. That is a relatively small amount of money, but the key thing is that it came from two different portfolios because it involved delivery on two priority policy drivers in those other portfolios: offshore wind and health and social care staff training. When you start looking at things across portfolios, you see those multiple benefits.

An example of where the system has not worked is the fact that—as Audit Scotland has clearly set out—there has been a 17 per cent real-terms cut to the college budget. When you start looking at single portfolios, you are not looking at that bigger picture. In all the big drivers—addressing demographic changes, dealing with climate change, trying to help the economy, reducing poverty and so on—the common element is that skills are needed. People need to be skilled up—probably reskilled from the career they started with—and that will probably need to happen several times. All the surveys show that the majority of jobs in those areas require high-end technical skills, and that is where the colleges come in.

When you step back and ask what role each portfolio plays in relation to the delivery of the overall priorities and how each portfolio's spend can be used to help that wider delivery, you get to a place where you can have more mature conversations about spending. That applies not only to colleges but to the public sector generally.

John Wood: I agree with everything that Andy Witty has put on the table. To an extent, it speaks to Mr Marra's question about what other practical things we would want to put in place to give us the stability that could inform decisions around pay for the longer term. On that point, the MTFs help local government make informed decisions about budget planning, and it would be helpful if it were

updated regularly. Having spending reviews at the beginning of a parliamentary session, as Andy Witty suggested, would also allow us to plan in the medium term.

The issue of how the electoral cycles of the three big spheres of government work together—or do not work together—is important in relation to financial planning in the public sector. Local government certainly feels that that wider system essentially ties us into an annual cycle of budget planning.

It is perhaps not fair to compare how accountable each of those bits of the system is, but I want to speak to how accountable things are at the local authority level. I am interested in Alison Hosie's comment about applying global comparators to local government in Scotland—I will probably pick up on that offline. I would like to think that we would come out as a highly accountable sphere of government, with our annual audited accounts, the useful scrutiny from the Accounts Commission, budget consultation and the engagement that local authorities undertake locally, annually and on specific decisions. The level of transparency in the public meetings that are held to make local spending decisions leads to a high degree of accountability locally. That does not necessarily mean that the decisions that councils must make are any more palatable, because we face such a degree of financial constraint at the moment, but, at the very least, local government has that accountability on its side.

The recent budgets that have been agreed at a local level have put our elected members under intense scrutiny. Sometimes, that has bordered on abuse online, which COSLA has been working with its members and other agencies to address, but that level of accountability is strong within local government. It may not be for this committee, but we would be interested to think about how accountable councils are in Scotland compared with local government in other parts of the world and also with the Scottish and Westminster Parliaments.

Dave Moxham: I will touch on the theme of transparency and accountability, and I will address a couple of the points that have been made, such as how wide and extensive the approach of committees should be.

I might be wrong, but there might be a potential to be a bit clearer at the outset about whether we expect the outcomes that we are measuring to be largely quantified or based on qualitative issues. For example, if there is disagreement about teacher numbers, is that because pupil numbers have fallen or because teachers need more teaching time because their stress levels are through the roof? The answer to that question has

implications for the aim of the spend and the extent to which the outcome involves qualitative or quantifiable issues.

I agree with Andy Witty that we might want to quantify the number of technical places that further education is turning out, because we have identified a skills shortage in the emerging green economy. I would argue that that can be quantified, but there will also be qualitative outcomes, which are measured differently and are possibly more open to interpretation. Do we want working-class people to have better access to education and happier lives? I would answer yes to that question, but it might be more difficult to quantify. We might start by saying that we think that certain interventions can play a role in positive qualitative outcomes, but other interventions are focused on precise quantitative outcomes. That brings me back to the green economy, because I wish that I had a pound for every time the Government told me that X amount of spending in the green economy would produce tens of thousands of jobs more than the number that was actually created.

There is no way to be accountable if people do not have a more precise and granular understanding of how something is going to happen. I do not think that that is possible everywhere, which is where you move to qualitative outcomes, but some outcomes can be quantified, and we should at least be making that distinction and setting out how quantitative we can realistically expect to be at the end of the process. That would not be a bad discipline for everyone to engage in.

Andy Witty: I want to pick up on a point that Dave Moxham made about colleges serving their local communities. Outcomes for colleges and probably other public bodies are about what they want to achieve locally, nationally and internationally. Elements in the regional space may be different from those that apply at a national level. Some things will apply at a national level, but the challenge for colleges in trying to service local communities is that there is unmet demand in the face of the 17 per cent real-terms cut in the college budget. Everybody talks about the value of colleges in terms of delivering skills that are needed nationally but there is a mismatch somewhere in the system. That is where cross-portfolio thinking comes in.

When looking at things from that perspective, data is important—that was touched on in quite a few of the written submissions. Data needs to be available to underpin scrutiny, and it impacts on the transparency of reporting and the governance around it. That needs to be worked through and looked at differently.

We must recognise when and where reform can fit in. Various parts of the public sector, including colleges, are going through reform at the moment—

The Convener: I must say that you are making a lot of my colleagues nervous with the continued use of the word “reform”.

Liz Smith: It is a small “r”.

Andy Witty: Indeed—a small “r”.

There is planned reform, and there needs to be a clear and costed plan of how that is going to be brought in. However, there is another side of reform—I am still talking about small “r” reform—because, within that process, we need to create the fiscal space within portfolios to look at collaboration, innovation and doing things differently. I can give you an example. Colleges receive funding to teach—that is the money that they get. Therefore, it is difficult for them to find fiscal headroom to start looking at different curriculum areas, developing what might be needed to pivot to different subjects, skill sets and so on. We must find a way to create that fiscal headroom and capacity within all portfolios in order to bring forward innovation and collaboration. We must find ways of achieving outputs at local, national and international levels without any additional spend. For example, work is being done now on how the flow of funding for apprenticeships can be streamlined. That does not involve additional resources for apprenticeships; it involves looking at how existing funds can best be used to focus more on the learner and, therefore, help more learners.

The Convener: I will turn to public engagement and bring in Alison Hosie and Carmen Martine, because there is quite a lot in both of your papers on that issue. Alison, you say:

“Public engagement in the budget process is growing, but significant barriers remain. Current efforts tend to focus more on consultation than genuine co-production ... Targeted outreach to marginalised communities is also vital, as these groups are often underrepresented in budget discussions.”

Can you tell us how that would work? You talk about

“a co-development model—one in which communities, civil society, and Parliament are meaningfully involved in shaping fiscal priorities before decisions are finalised.”

How would that work within the white heat of the budget process that we operate under at the moment?

11:45

Dr Hosie: There are a lot of different ways of doing good participatory work. Going back to the previous conversation, getting other committees to

look at fiscal information and fiscal aspects of the work that they do is probably a good place to start.

If committees’ inquiries and subject area investigations all involved looking at the financial issues relating to those areas, it would be a way of having that discussion. Then, by the time it comes to the budget process, where there is wider participation and people come in to talk to committees, those preliminary discussions will have already happened. Evidence that you take in inquiries is not necessarily about the budget, but it reaches different audiences, so why not include issues around the budget in the inquiries in all the different areas that committees look at? In that way, you would widen discussion around budget and are start an educative discussion around money and its relevance to the different policy areas. You would bring that into every discussion. As a platform, that would start to widen out who talks about money and who talks about what matters.

There are a lot of good examples of participatory outreach practices that we could draw on. I would ask you to look at the wider global report on the open budget survey, which draws on different examples of good practice that have been tried elsewhere. I can certainly send links to that to the committee.

Fundamentally, having access to the right information allows those discussions to start. Any efforts to do co-productive work must begin with having information available for discussion. That would be my starting point.

The Convener: Is there a wider demand for that, frankly? How many people in Scotland do you think would be interested in that kind of stuff? A lot of people are interested in having good public services, for example, but not a council tax rate that is too high. Beyond that, they want to ensure that the streets are lit well and safe, that the schools are good and so on, as we all know, but do they want to get into the granularity of budgetary decisions? I suppose that is why they elect people to do that. They can then judge them on their performance.

I would be surprised if more than 1 per cent of Scotland’s population would be interested in that. I have been an elected member since 1992, in local government and the Scottish Parliament, and I have not seen a demand from the wider public for that kind of granularity of budgetary information. Stakeholders and organisations certainly want it, but the general populace do not. That is unfortunate, and the media certainly does not report much of what we do in these kinds of deliberations.

Dr Hosie: Part of the problem is how we look at that. People cannot engage with something that

they cannot understand or access. It is a classic chicken-and-egg scenario. If budget documents are technical, dense and hard to follow, it is no surprise if you do not get engagement from the general public.

That is not a reason to give up, but it is a reason to do better. We need to have better, more transparent, accessible information if you intend people to engage. We would never accept the same kind of reasoning in other areas of public life. Can you imagine saying we should not bother making polling stations accessible because—

The Convener: I do not think that anyone is saying we should not bother. I am just saying that there must be a realistic idea of what the level of engagement is likely to be. No one is more interested in having a wider discourse about the budget than the finance committee of the Scottish Parliament. None of us wants to see fewer people engaging. We want to see more people engaging.

Everyone in the committee gets excited when we see that a tweet on something that we have done has reached 5,000 people or 10,000 people. Folk recognise the work that we do because this committee works hard and is dedicated to doing the best job possible. All that I am trying to suggest is that people are never going to say, “Did you watch a match last night?” “Never mind the match. What about the block grant adjustment committee?”

I understand what you are saying about trying to make things simpler, and the Scottish Fiscal Commission has done a lot to make things very presentable and accessible, but you can take a horse to water—if you know what I mean. There are real issues, so I am looking for practical steps to see how we can do that engagement. I am thinking about the budget cycle and all its moving parts. Can that be done to the extent that it would involve a much larger group of people? If it can, this committee would buy into it—obviously we would.

Dr Hosie: I genuinely think that the committees have been doing a good job with the new form of pre-budget scrutiny. When you look at the scoring of the open budget survey, you see that the deficit is in Government consultation and Government work with the general public on more participative discussions on the budget. The parliamentary side of things is quite strong. There may be ways of looking at how the Government can draw on the experience of what the Parliament does, and there could be some interactive work so that you are not repeating the same questions.

I go back to the point that, if you do not have the information available to enable people to engage, they are not going to engage, so you will not really know what level of genuine engagement you could

have. My household talks about budgets all the time. That is partly because of my interest in this area of work, but the budget is relevant to everything, and the public need a wider understanding of just how important it is to the decisions that we make when we vote. These are important things for the public to take on board. If we do not have the information, we cannot scrutinise or have those conversations.

The Convener: I agree completely. Local authorities sometimes put out flyers that say, “This is how much money we raise and this is where we get it from,” because a lot of people think that the overwhelming majority of it is raised by council tax, fees, charges, grants and so on. Then they will say, “This is what we spend it on.” You see that information sporadically, and I do not know what attention is paid to it. I think that there have been efforts over many years.

Carmen, how would you suggest that we engage further with the wider population outside the parliamentary stakeholder bubble?

Carmen Martinez: One of the points that we made in our submission is that, in some of the pre-budget scrutiny stuff, we see that a certain level of knowledge is assumed. That can be a barrier for people, so I second Alison Hosie’s point about making information accessible.

The work needs to be resourced. Last year, we supported a group of women to engage with the budget process. They made a submission to your pre-budget scrutiny process and my colleague, Heather Williams, came here on their behalf. That engagement was done through a series of sessions that looked at the budget, gender budgeting and so on. That is the kind of time and resource that needs to be spent to engage with a particular group of people.

Parliament has a participation team, as far as I am aware. There might be scope to look at how committees could work alongside that participation team to engage with more people on the budget.

Another point is that engagement needs to be meaningful. People might have opinions about where resources should go, what is needed and so on, but if those are not taken on board by the committee or the Scottish Government when decisions are made, that must be explained. We made that point in our local budget review. Councils can have consultations in which people might say, for example, that they want fewer cars in the city, but councils very rarely explain their decisions and say, “Unfortunately we can’t do that at this point, because that would require investing X amount of money in public transport and we have other priorities.”

You can try to engage with people, but people deserve to know why their concerns have not been taken on board in relation to the budget.

Craig Hoy: I have a question about the ecosystem of bodies that could hold the Scottish Government accountable and could push for greater transparency. Is there not an inherent contradiction here in that many of those organisations are either directly or indirectly funded by the Scottish Government? For example, the Scottish Women's Budget Group is partly funded, I think, by the Scottish Government through Inspiring Scotland or directly. Is there an issue that the ecosystem of bodies in Scotland, which we now call civic society, is, in many respects, funded by the Scottish Government? On whether you are open, honest and critical with the Scottish Government, do you sometimes perhaps pull your punches because you rely on the Scottish budget for funding?

Carmen Martinez: As I said, the Scottish Parliament has its participation team, which would be neutral, so that could be used. Also, I think that, not long ago, Shona Robison said that the Scottish Women's Budget Group is a critical friend. When we have concerns, we will sometimes have to be critical of something that the Government has done. We will be the first to call for more transparency, better analysis of sex-disaggregated data and the embedding of equality analysis in the process. I understand your concerns, but we are critical of the Government when we have to be.

Dave Moxham: As an organisation that is partly funded by the Scottish Government, we certainly do not pull our punches. I recognise the risk, however. On a weekly basis, organisations such as ours ask ourselves, mentally or through other rigorous processes, whether we are pulling our punches, and our conclusion is that we are not.

The best way to judge that might be to look at the comments that are made by independently funded charitable organisations. Are the Carnegie Trusts of this world disagreeing with the Government-funded organisations of this world? In our work in civil society on taxation and poverty, we do not hear views from organisations that receive Government funding that are different from those of charitable organisations that should theoretically be more independent, but it is worth watching in order to ensure that the area of civil society that receives funding is not massively out of step with the others.

My current view is that that does not happen, but it is a very fair question.

Carmen Martinez: I want to add another point about funding. Thanks to that funding, certain voices are heard, and that is why we can make a point about the importance of embedding gender

analysis in the budget, for example. Without that support, we would not be able to make those important points.

The Convener: Thanks very much, folks. I do not have anyone else down to ask questions, but I do want to give you all an opportunity to make a final point before we wind up. If there are any points that you feel that we have not touched on or that we have not touched on enough—I will let you in in a second, John—please make them now. I would like people to be able to make some final remarks.

As he opened for us, John Wood will be the last person to speak. To our other guests, I say that, if you want to make any final points on any issue in this inquiry, please do so—although you do not have to, of course.

John Mason: Perhaps people can incorporate a response to this question in their final remarks. In its submission, COSLA talks about prevention and early intervention. What, in general, do you think about that? Should we be doing that better in the budget process? Should we have something alongside each of the budget lines that says, "This one's for prevention", "This one's for early intervention" and "This one's for neither", or is that just impossible? One could argue that the line for, say, colleges would be both early intervention and just normal practice.

Dave Moxham: I am quite sympathetic to that. Indeed, I will give you an example that Alison Hosie and I were talking about earlier.

I was involved with the Christie review and, at that time, we should have been making clear which of those proper interventions should have been potentially measurable about now. At the moment, however, I hear the Christie review getting mentioned most often when somebody needs to make a relatively short-term saving, which is completely the opposite of what Campbell Christie argued. He argued that these interventions would be what I would call long-term preventative, and, at the time, we should have marked up which were long-term preventative and which of the other initiatives were short-term quantitative. You can be short-term quantitative about, say, the Government's relatively successful Scottish child payment scheme, because you should be able to quantify how many people are being taken out of poverty on a fairly statistical basis. It might not be the answer to all the problems that people face, but you should be able to quantify it. I think that it would be incredibly helpful if we were able to better adjudicate on these things, or, perhaps, if we could better combine our expectations with regard to these outcomes.

The Convener: That is not the final point that you want to make, is it, Dave?

Dave Moxham: You drew all my main points out of me at the start, convener. I do not have anything particular to add.

The Convener: That is fine.

Andy Witty: Going back to John Wood's point, I talked earlier about multistream funding from different portfolios, but I think that all of that and specific education funding need to be related to outcomes, as that would give flexibility. If each portfolio had a single pot, that would be more helpful for flexibility, as it would allow funds to be utilised as best needed within a region. All the evidence suggests that economic growth is going to come from regional economic growth, and the colleges need flexibility within the national framework to be able to deliver at the regional level.

My only other point, which has been touched on briefly, is on the national performance framework. I think that more of that could be explored and used, because it sets out those broad areas and outcomes that, in many cases, cut across portfolios. Others have already mentioned this, but there is an issue with regard to where the national performance framework plays into various documents in the process.

12:00

The Convener: Thank you very much.

Dr Hosie: I have two points to make, the first of which is on preventative spend. As others have said, the connection to outcomes is really important. The Government needs to set out better what it is trying to achieve and have specific visions that connect with the budget and that we can scrutinise at the other end in order to ask, "Did we achieve what we were trying to achieve? If not, was it because it was the wrong policy or was it because not enough money was being spent on the right policy?"

We all know that preventative spend can save money in the longer term, but unless we set out how we are trying to achieve it, we cannot measure it against anything. There are no lines in the budget that say that they are for preventative spend; perhaps, for the next cycle, there should be a way of being able to look at the budget and interpret which lines are preventative spend and which would contribute to preventative approaches. However, that will mean setting out your vision and then looking at the other end and at points in between to see whether that vision is being achieved.

My main comment takes me back to the point that transparency really matters, and I can give

you a very micro example in that respect. Recently, we did a piece of work on the Government's coming home implementation programme. Back in 2021, £20 million was given to health and social care partnerships to be spent on facilitating a route for people in institutions to live at home. When we looked at that fund, we managed to trace only just over £12.5 million of that £20 million; the majority of the money was unspent. There is no clarity about the funds that were available at the end of the programme—we do not really know what happened to the money. We might say that we are living in times of fiscal constraint and that no money is available, but the fact is that money is being wasted or is just not being accounted for.

We are not saying that anything nefarious has gone on with that money—we just do not know where it has gone. If we cannot follow the money, we cannot see where the slippage has been or where any available funds might come from. We need transparency to be able to follow the money, to be able to scrutinise well and to be able to look at all the sources that we have available to us.

The Convener: We try to pick up some of the areas where money is unspent in our scrutiny of the autumn and spring budget revisions, and the fact is that it tends not to be unspent; it tends to be transferred to other portfolios where there is much more pressure.

I would also note that, in 2011, the Government provided £500 million over three years for preventative spend but one of the issues and difficulties that we came up against was that there seemed to be no disinvestment in areas where expenditure had been less effective. People were obstinately spending money where they were not getting any return or any of the outcomes that one would have expected, so such approaches tended not to continue. I should say that John Mason has been messianic about preventative spend for many years—haven't you, John?—and the committee supports its use wherever it can be implemented.

Did you want to comment, Carmen?

Carmen Martinez: I have already talked about the importance of gender analysis and the monitoring of outcomes linked to spending.

On preventative spend, I would like to make a point about policy coherence and transparency with regard to the delivery of social care. Given that local authorities deliver social care, how much money is spent on it is not really under the Scottish Government's control, and it is crucial that we understand the links between how local authorities allocate budgets to integration joint boards and what we refer to as the implementation gap.

Because of recent budgetary constraints, integration joint boards are increasingly making decisions that are at odds with the Scottish Government's understanding of health and social care services as an essential pillar of public services. For example, our research with the Glasgow Disability Alliance identified the impact on women of the increase in repayment of non-residential social care charges from 50 to 75 per cent from April 2023. Likewise, the Edinburgh integration joint board recently—in October—proposed to cut up to £4.5 million from its grant programme by deprioritising preventative approaches, which is something that we highlighted in the short analysis that we published.

I suppose that the point that I want to make is that the budget process should perhaps focus on or try to correct such a tendency. We might have the objectives—or a kind of route map—from the Scottish Government, but, when it comes to implementation, things can look very different. That brings us back to the issues of transparency and being unable to follow the money.

The Convener: Thank you for that. Finally, I call John Wood.

John Wood: Perhaps I can respond to some of those concluding remarks. First, the local accountability element of public services is hugely important and needs to be preserved, although, yes, it can sometimes be at odds with what has been discussed or agreed at a national level; the system is complex in that regard. When it comes to budget scrutiny, it is difficult to look at it through only one lens, and I understand that it will be a challenge for this and other committees to scrutinise the public purse while acknowledging the important layer of local accountability that exists, too.

I absolutely agree that there is a need for a continued focus on prevention. A couple of participants have mentioned the Christie commission, and I think that there is absolutely no shame in our continuing to stick to the principles that Christie set out in that report. They still hold true today and should be what we aspire to with regard to breaking down barriers between budgets, pooling budgets, aiming for shared outcomes and investing in prevention. I am not sure whether it would be helpful to identify prevention in budget lines, but it would certainly be useful to continue to look at public budgets through that lens.

Finally, I just want to reiterate some points that were highlighted in our written evidence and that have been raised today. As Alison Hosie has said, we talk quite a lot about the complexity of these issues, but that does not mean that we should not try to make things more accessible, more accountable and more transparent. The continued

effort between Parliament, local government and civic Scotland to do that is important.

It would also be good to see some of the key documents that have been mentioned and to get them working together. The medium-term financial strategy, the public sector pay policy and the national performance framework are all important, and it is important that they all work together. As has been suggested today, ensuring that they do so would help us to have greater transparency and scrutiny of the budgets.

The Convener: Thank you very much.

I thank all our witnesses this morning. Our final evidence session on this matter will be with the Scottish Government in the next couple of weeks.

That concludes the public part of our meeting today. We will now move into private session for the next item on our agenda, which is consideration of our work programme.

12:09

Meeting continued in private until 12:22.

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