



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Economy and Fair Work Committee

Wednesday 11 June 2025

Session 6



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Wednesday 11 June 2025

CONTENTS

| | Col. |
|--|-------------|
| DECISION ON TAKING BUSINESS IN PRIVATE | 1 |
| GRANGEMOUTH'S INDUSTRIAL FUTURE..... | 2 |
| COMMUNITY WEALTH BUILDING (SCOTLAND) BILL: STAGE 1..... | 29 |

ECONOMY AND FAIR WORK COMMITTEE

19th Meeting 2025, Session 6

CONVENER

*Colin Smyth (South Scotland) (Lab)

DEPUTY CONVENER

*Michelle Thomson (Falkirk East) (SNP)

COMMITTEE MEMBERS

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

*Murdo Fraser (Mid Scotland and Fife) (Con)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

*Daniel Johnson (Edinburgh Southern) (Lab)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Lorna Slater (Lothian) (Green)

Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Bryceland (Scottish Government)

Dr Emilia Crighton (NHS Greater Glasgow and Clyde)

Jane Martin (Scottish Enterprise)

Gillian Martin (Acting Cabinet Secretary for Net Zero and Energy)

Jan Robertson (Scottish Enterprise)

Jackie Taylor (South Lanarkshire Council)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 11 June 2025

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Colin Smyth): Good morning, and welcome to the 19th meeting in 2025 of the Economy and Fair Work Committee. We have received apologies from Kevin Stewart.

Our first item of business is a decision on whether to take in private agenda items 4 and 5 and all future consideration of our evidence on the Community Wealth Building (Scotland) Bill. Is the committee content to take those items in private?

Members indicated agreement.

Grangemouth's Industrial Future

09:30

The Convener: Our next item of business is an evidence session on Grangemouth's industrial future. Following the announcement that the refinery at Grangemouth would transition to a finished fuels import terminal and distribution hub, both the Scottish and United Kingdom Governments agreed to support a feasibility study, known as project willow, on the different options for the industrial future of Grangemouth. Last month, the committee heard evidence from Michael Shanks MP, Parliamentary Under-Secretary of State for Energy.

Today, I am delighted to welcome Gillian Martin, Acting Cabinet Secretary for Net Zero and Energy. The cabinet secretary is joined by Scottish Government officials Chris Bryceland, team leader, critical energy infrastructure, and Kenneth MacDermid, head of critical energy infrastructure; and by Jan Robertson, Grangemouth director for Scottish Enterprise. As always, I appeal to members and witnesses to keep questions and answers as brief as possible.

The Acorn project is an integral part of the transition at Grangemouth. I do not want to pre-empt any announcements that might be made today, but there have been reports that the UK Government will commit substantial funding to the Acorn carbon capture project. The Scottish Government's previous pledge of £80 million was in the programme for government but not in the budget. Is that commitment still there? Why has there been no Scottish Government investment in the project to date?

The Acting Cabinet Secretary for Net Zero and Energy (Gillian Martin): When I came into post as Minister for Energy, one of my first meetings was with the Scottish cluster, which, at that point, was hopeful of getting track status. It has been marched up a hill so many times, but the previous UK Government never committed to getting it track status. We pledged money to the cluster for the point at which it would need it. I had very strong signals from the cluster that it would ask for the money when it needed it; it did not see it as worth while to take the money that the Scottish Government had pledged when there was no track status guarantee. The pledge absolutely stands, and I really hope that there is an announcement on that today.

Everyone was very surprised that the project did not achieve track status under the previous Government, because it was one of the most viable carbon capture, utilisation and storage projects out there. The core team included

Storegga and Petroineos, and other partners included Shell. They all wanted to take advantage of the infrastructure that we have in Scotland, including the geological infrastructure—the empty reservoirs in the North Sea—and to harness some of the work that had been done, even more than 15 years ago, when CCUS was originally funded by the UK Government. That funding was then taken away. The cluster has been very patient.

However, I also want to say that the Acorn project has the biggest capacity in the whole of the UK in relation to the amount of CO₂ that can be taken, and it potentially rivals some of the reservoirs that the Norwegians have earmarked for CCUS. There is huge capacity that could take CO₂ from all over the UK and also help our European neighbours to decarbonise some of the hard-to-abate sectors across Europe. On many occasions, the Climate Change Committee has said to both the UK and Scottish Governments that CCUS is absolutely essential for us to meet our 2045 net zero target and our UK 2050 net zero target.

I am cautiously hopeful—but very hopeful—that, in the spending review today, the current UK Government will make the commitment that previous Governments failed to make. I will be first in the queue to welcome that.

The Convener: Will you be first in the queue with that £80 million as well?

Gillian Martin: Of course.

The Convener: Effectively, the Government's position was that the £80 million was on the table, with the caveat that it was contingent on the UK Government confirming a full funding package and timeline in the spending review. What prompted the change? Was it entirely due to discussions with the sector, or was there prompting as a result of the agreement with the Scottish Greens in government? That was what was reported at the weekend.

Gillian Martin: You are going to have to explain that to me—I have not seen that.

The Convener: At the weekend, the *Sunday Post* reported that the Scottish Government changed its position from saying that £80 million was on the table to adding the caveat that it was contingent on the UK Government confirming a full funding package and timeline in the spending review. It reported that that was as a result of discussions with your former coalition partners, who put pressure on you to water down that commitment. Is that not true?

Gillian Martin: That is certainly not my recollection of the situation. That £80 million was always on the table. It comes back to my first point

about those discussions with the Scottish cluster about when it would need the funding.

We have been calling for the new UK Government to step up and give the funding associated with track status to the Acorn project. We are all politicians here—we wanted to prompt that funding as much as possible. There was no point in the £80 million sitting there and never being used because the rest of the funding to get the project off the ground was not forthcoming.

As I said originally, the Scottish cluster told me that it would need the funds at the point at which it knew that the project would be going ahead. I hope that, by this time tomorrow, we will have a clearer indication of what the funding for that will look like and that, at long last, the Scottish cluster and the Acorn project can get going, because we do need them.

The Convener: Absolutely.

Michelle Thomson (Falkirk East) (SNP): Good morning, and thank you for joining us. Throughout this mini-inquiry, our focus has been on the refinery, and now we are looking forward.

Jan Robertson, there is obviously a great deal of work going on at Scottish Enterprise. Certainly, I have had a large number of approaches, meetings and discussions on the matter, which I have referred on to Scottish Enterprise to triage. It would be useful if you could share what you can about the type and nature of the projects that are coming through. After that, I will have further questions. I appreciate equally well that there will be commercial sensitivities, but it would be useful to put on the record what you are able to say at this point.

Jan Robertson (Scottish Enterprise): Absolutely—I am happy to do that. Thank you for the opportunity to share that with you.

Since the project willow public information document was published, which was a great point at which to showcase the opportunities at Grangemouth, there have been inquiries. We are the front door for those inquiries and we have seen a good number of them coming in. As of today, we have had 84 inquiries and, as you said, we have been working through them and triaging them.

As you said, I cannot share specifics, but I can give you some generalities. Among those 84 inquiries, there is a mixture of types. One type is inquiries that are interested in the site; we are working with and talking to those individuals and inquirers. Other inquiries involve potential projects for the site; again, we are working with those inquirers. There are also some inquiries that we think have a good opportunity of becoming projects in the relatively near term—that is, in the

next three to four years. Our approach is to work through the inquiries as quickly as we can in order to make the progress that we want at Grangemouth.

Michelle Thomson: We know that we have an issue around retaining the skills cluster. Given the nature of the funding, which includes £25 million from the Scottish Government, that could perhaps be disaggregated in order to get some shorter-term projects in place—to get some runs on the board now, if you like. The £200 million from the UK Government, via the National Wealth Fund, will involve a much longer and more complex process, including due diligence.

How are you breaking down the nature of projects between short-term ones that might be about job retention just now—but with the ability to go to scale in the future—and longer-term projects? Are you actively considering that?

Jan Robertson: Yes. There are a couple of aspects to that matter. You are right about the timescales: three time horizons are laid out in project willow, and there are three project sets in there. There is always the expectation that the plastics waste project set could have earlier opportunities. Biofeedstocks would be next, and the conduit for offshore wind would come after that.

We are very much working to those different timescales, and focusing at pace on—and putting a dedicated team around—those projects that we feel that we can move forward because they have the right attributes. Getting the longer-term projects is very much about getting into the market and working with investors, stakeholders, consortiums and the task force that we have in place, so that we can leverage in money from, for example, the National Wealth Fund and the Scottish National Investment Bank.

It is also important to focus on the existing companies on the site. We are blessed with having some very strong, world-class companies there already. There was a great example only a couple of weeks ago, when Scottish Enterprise supported Syngenta with a £2.2 million grant to develop a Seedcare manufacturing facility on the site, which has led to further jobs. We are very much focused on how we can support the growth ambitions of the existing companies on site.

That combination—of working with those companies that are already there, those that want to come in the nearer term and those that want to come in the longer term—will really deliver the maximum opportunity that Grangemouth can provide.

Michelle Thomson: On that point, I will raise a question that has come up, which I asked Michael Shanks when he was before us. A lot of future

activity is predicated on Ineos being a landlord of the site, which carries both opportunities and risks. You might well want to come in on this point, cabinet secretary. What is your assessment of the potential risks that any future projects will need to consider in order to work for Ineos—or, rather, not work against Ineos's commercial interests? What consideration have you given to the risks of the considerable power that Ineos retains?

Gillian Martin: First, it is not unusual for companies in development to have a landlord. If Ineos does not want to sell the refinery site and if it wants to be the site's landlord, it will have responsibilities in relation to how the site is developed and it will have an awful lot of infrastructure that it must put right.

On issues that developers might be bringing up about the relationship with Ineos, I will come to Jan Robertson. A lot of the people who are speaking to us in the task force have already spoken to Petroineos. It is working in good faith with the people who approach it, some of whom have been redirected to the task force via Petroineos and vice versa. Conversations about what it would be required to do as a landlord are happening.

Petroineos wants development to happen on the site; it wants to work with us across both Governments, and it wants Scottish Enterprise to secure projects for it. That is in its interests as a landlord—it has not indicated that it would want to take forward any of the projects in project willow.

Quite a lot of work was done with Petroineos previously. When Michael Matheson was the relevant cabinet secretary, the Scottish Government funded studies on turning the site into a biorefinery. However, Petroineos's board decided not to turn any of those proposals into reality—the shareholders on the board decided that they did not want to go there—and we are where we are, regrettably.

It is a source of regret that the refinery has stopped producing, because we have a situation where workers in the wider Grangemouth area are worried about what the future might hold—I do not have to tell you that, Ms Thomson. However, there have been constructive relationships between us and Petroineos, as well as between Petroineos and those who have come forward with proposals. I am not concerned, because companies build developments and have a landlord in lots of situations, and Ineos Olefins & Polymers will still have a footprint in the cluster.

09:45

Michelle Thomson: My point is that Ineos, as a landlord, could put punitive terms in place. If it was not all that keen on something that it viewed as

having the potential to represent competition that it was not looking for, it could do anything that it wanted. Ineos could look at the issue from a commercial perspective, and it would have the power to act in that way. Given that power imbalance, does the Government recognise that there are not only opportunities but risks?

Gillian Martin: We have to move forward in good faith. We want to work with Ineos, which owns the site. As the constituency member, you are absolutely within your rights to ask such questions. Scottish Enterprise is progressing all the work that it is doing for the task force, and we are triaging all the approaches that come in. Scottish Enterprise is discussing with potential investors how they would want to operate, and discussing any issues that they might bring up around leasing parts of the site is part of that process.

To date, Ineos has certainly worked with us in good faith. It would not be in its interest to set punitive terms. If what it wants out of the process is to be the landlord, it wants to attract people into developing projects, via project willow or anything else, as that will secure it long-term tenancies. Putting punitive terms in place would not be in Ineos's interest, because that could put off investment.

Michelle Thomson: I am not saying that Ineos would do that; I am only making the point that it could do so, because it has the power. There is more than one way to skin a cat and more than one way to stop a project. I am not claiming that it will do that or even that I see such an intention; I only recognise, for the sake of risk assessment, that it retains considerable power and could make the situation difficult.

Jan Robertson: To build on what the cabinet secretary said, we absolutely recognise the potential risk. As you said, all the projects at Grangemouth are co-location projects, which means that they need to co-locate with a landlord.

Michelle Thomson: Exactly.

Jan Robertson: Ineos wants new income streams and new tenants on the site. A key thing that derisks that is project willow. As it was developed and the projects were identified—they might not be the final set, but they are a really good start—synergies arose on site with the existing businesses, which are strategically relevant to Grangemouth. The landlords were part of that process and are excited and motivated by those projects and technologies. As I have said, they integrate and have synergies with Ineos's business in Scotland and more widely. That is the first point.

I will reflect on the interactions that we have had. We meet the landlord every month at least,

and we speak to it regularly. The level of engagement has been huge. Ineos is working with us, but it is also engaging with a lot of companies. Some of them are in the willow technology set, but it is interesting that it is also bringing forward other companies with different technologies that are approaching it, which is another indication that it wants to see new companies on site. It is very interested in new technologies, because the world is transitioning to sustainable chemicals. Ineos and others have an interest in that.

There are lots of positive signs, and we have lots of different forums, which is the other piece that derisks what you outlined. We work with Ineos on the Grangemouth future industry board, and it is part of the leadership forum. It is very integrated not only into the plans for the Grangemouth site but into the overall strategy for it, which helps us move forward.

Michelle Thomson: You have introduced the Scottish speciality chemical cluster, which I had wanted to ask about later. A lot of the focus has been on enabling that, which we will come on to, but I will ask about the latest thinking. You referenced the money that was given to Syngenta. I have asked quite a number of questions in the Parliament about the strategy around the chemical cluster. I sense that there is not the same focus on it, but there should be, because it is excellent, is high value, plays into provenance and brand and has high margins. What is the thinking and the strategy around retaining and growing a specialist chemical cluster?

Gillian Martin: That is quite interesting. Jan Robertson might be able to give more detail about the near-term projects that have come forward. There is a near-term opportunity from acetone, butanol and ethanol refining—that involves the fermentation of biowaste into chemicals—and the sifting process has bottomed out a number of opportunities in that area. Another near-term opportunity involves the recycling of plastics into hydrolysed oil.

Project willow identified nine key development opportunities—that is the shop window. The Grangemouth site is a great offer, because it is strategically placed when it comes to geography and infrastructure and it is part of an industrial cluster. If it becomes more of a chemical cluster, that is great news, because that will mean high-value jobs. One huge disappointment about the ceasing of the refinery is about jobs, because the jobs that were associated with the refinery were high value. We do not want to lack high-value job opportunities. Sustainable aviation fuel provides an opportunity on the site in the medium term, and potentially in the longer term, that would bring high-value jobs.

In the medium term, we are focused on getting some projects off the ground—specialist work has been done to put teams in place for them—but we are also looking for high-value, sustainable, low-carbon opportunities in the longer term. A few things have to happen in the regulation space—I will come on to that—and in the aviation sector to prompt the demand for SAF. Things have to happen in relation to the regulation of hydroprocessed esters and fatty acids, which is the feedstock that is associated with biorefining. The Scottish Government has given the James Hutton Institute money to do a pilot study on the cover crops that would be required, and we are hoping to do more work to ascertain how we could play our part in that. Quite a lot of things have to happen at the regulation level but, to address your wider point, attracting high-value industries is absolutely at the core of what we are doing.

Michelle Thomson: Perhaps Chris Bryceland can pick this up. We have discussed changing regulations in order to enable SAF, which other people might want to come in on. My point is that, as an attractor, a clear Scottish speciality chemical strategy is needed. I am not yet sufficiently clear about the specific Scottish strategy for speciality chemicals, compared with some of the wider stuff that is going on. If we get the approach right, the specialist chemicals, in and of themselves, will have significant potential to provide added value for all of Scotland.

Chris Bryceland (Scottish Government): That work has already kicked off in earnest. Scottish Enterprise is working with Arup, which is developing a cluster strategy for Grangemouth—not only the Ineos bit but Grangemouth more widely. The Earls Gate area, where a lot of the specialist chemicals manufacturers are located, will be included in that strategy.

Jan Robertson: Another large project that we are working on for Grangemouth involves innovation. We very much recognise that we need an innovation offering to give the site longevity, and chemicals will be at the heart of that. The multiple strands that we have talked about show how we, collectively, can progress that important opportunity.

Gordon MacDonald (Edinburgh Pentlands) (SNP): Good morning, cabinet secretary. I will ask you about funding. If I have picked you up correctly, project willow provides nine key development opportunities, and 84 proposals are on the table. Can you say whether private investors have coalesced around any of those nine projects?

Gillian Martin: I am not telling you anything that you do not know, but the Scottish Government's £25 million just transition fund for Grangemouth is in place to support the progression of those

projects, as well as ancillary work around the just transition and skills interventions in the area. As part of the Falkirk and Grangemouth growth deal, £50 million has been given for work in the wider area. Jan Robertson will be able to give the specifics of the detail on private finance.

We have an offer, because we have a fund that is in place to support some of the development that is needed to make such proposals commercial. That bridging funding is needed for the projects to get to the commerciality point.

Jan Robertson: Across the nearer-term projects that we have talked about, a range of finance options are involved. They are all different, as you would imagine. Some already have private sector finance behind them, some need more and some will need access to public sector funding.

As the cabinet secretary explained, many of the companies are at the development expenditure stage, which is quite a risky stage, and they are looking to upscale. Several of the projects will seek to secure public sector funding, but we are working with them to leverage in the private sector, because that is what we want. If we take an approach to those companies that involves the public sector and the private sector, that will give them the best chance of progressing.

In the longer term, bigger sums of money will be required, which is absolutely when we would be looking for the private sector to be leveraged in. We are working with the likes of the National Wealth Fund and the Scottish National Investment Bank to ensure that we pick the best projects and leverage in money. That is very much a mixture, and a big part of our role is to keep leveraging in money through our contacts and networks.

Gordon MacDonald: When Michael Shanks appeared before us on 21 May, he said that the £200 million that the National Wealth Fund has allocated will not be released

“until a viable investment proposition is on the table.”—*[Official Report, Economy and Fair Work Committee, 21 May 2025; c 17.]*

Is enough funding in the system to act as seed funding to get projects off the ground? We are talking about the cost of many projects running into billions of pounds, if any of them take off. Who is providing the seed funding for the projects to get to that stage? If we do not have a viable proposition, we do not unlock the £200 million.

Gillian Martin: I have great sympathy with what is behind your questions, because I have the same questions. My UK Government partners in the task force know of my concerns. There must be consideration of the flexibility that is needed. The £25 million just transition fund is modest in comparison with the funds that the National Wealth Fund has at its disposal. The UK

Government wants what we want—for the projects to be taken forward.

10:00

On how the National Wealth Fund operates, it has stated that it will put in money for projects that are commercially viable. We do not want something that could become commercially viable and which just needs an injection of more seed funding not to be supported. I am discussing the issue with the UK Government. Should such a situation arise, I would make the point that the National Wealth Fund must step in so that we do not jeopardise any projects that have the potential to be very successful. I do not think that it would want to jeopardise such projects. There will maybe need to be a bit of flexibility. At what point would the NWF consider something to be sufficiently commercially viable for it to step in? I am concerned that that has not been quantified to me.

The good news is that UK Government ministers and I have been working closely on the issue. That is a real sea change in comparison with what happened previously, when there was not close collaboration. The task force reports to ministers. At least monthly, we have a meeting where we bottom out a lot of these questions. Jan Robertson reports to us on the status of all the projects, too. Therefore, it is not as though we will not know about the risks in relation to growing something—we are in the room, having granular-level updates on the projects.

Gordon MacDonald: I have another question on funding, given the difficulties that you have just outlined. The UK Government has set up an advanced fuels fund of £165 million. With that, it wants to build five sustainable aviation fuel plants. Two of those will be in Teesside, one in Immingham and one in Ellesmere Port, leaving one location to be confirmed. I do not know whether Grangemouth will be the location of the fifth plant. If sustainable aviation fuel is to be produced at Grangemouth, have you had any conversations with UK Government about our getting access to a share of that £165 million?

Gillian Martin: I have had many conversations with UK Government ministers on that. It is no secret to say that I was very disappointed that Grangemouth was not factored in when those initial announcements were made and Teesside was allocated £50 million. Given that project willow had probably just published its report, in which SAF was one of the nine options, it would be an understatement to say that I was surprised about that. I am not telling you anything that Ed Miliband and Michael Shanks do not know. They know how disappointed I was about that.

There is an opportunity for some of that funding to be leveraged into Grangemouth. The refinery is an ideal place for SAF production. Indeed, the Scottish Government funded some studies to allow Petroineos to bottom out its capability to produce SAF in Scotland. One of the reasons why that was not progressed is that, at the time, the previous UK Government was against removing the HEFA cap. That put a limit on Petroineos's ambitions in that area.

Petroineos was quite up front—this was mentioned at the Grangemouth future industry board, when ministers from the previous UK Government were involved—that the HEFA cap was a real barrier to it progressing anything on sustainable aviation fuel or any biorefining projects, in relation to which the Scottish Government had given it funding to carry out studies. That was a missed opportunity.

What you have asked about, Mr MacDonald, is exactly what I have been putting to the UK Government. I hope that I am being listened to.

Daniel Johnson (Edinburgh Southern) (Lab): Some of the things that I want to ask about have been touched on, but I would like to go into a bit more detail. A broad range of things needs to be done in relation to the project willow opportunities, some of which are complicated and some of which are quite prosaic—some of it boils down to rubbish. With plastics collection, you need to make sure that the materials are disaggregated. With something as complicated as biorefining, it is important to make sure that you have secure feedstocks.

Some of that will come down to things that the Scottish Government will need to do in relation to regulating and co-ordinating. I therefore ask the cabinet secretary to summarise what the Scottish Government needs to do and to set out what work is currently under way. In relation to project willow, it is clear that feasibility studies in all the areas need to be concluded by 2026 if we are to stay on track. Will the cabinet secretary outline her understanding of the Scottish Government dependencies, the work that needs to be done and the work that is under way so that we get to the point at which those feasibility studies can be concluded?

Gillian Martin: I will try to be as brief as possible.

Daniel Johnson: Do not feel that you need to be. I think that it is important that you are expansive, cabinet secretary.

Gillian Martin: This will not be easy to summarise.

Recycling is one of our medium-term opportunities. The Circular Economy (Scotland)

Act 2024 set the direction of travel in relation to where Scotland wants to be on the circular economy. We also have things happening at a pan-UK level, such as the deposit return scheme and the producer liability stream.

One thing that comes through the Circular Economy (Scotland) Act 2024 is that, wherever possible, we want to take as much as possible of our waste or feedstock to whatever domestic recycling opportunity exists; we do not want to be sending it elsewhere. We are therefore doing an analysis or study of what recycling opportunities look like in Scotland at the moment and where the gaps are, particularly with a view to the development of the DRS and the waste route map. That is a huge opportunity for the Grangemouth cluster, and we are mapping recycling facilities in Scotland and where the gaps and opportunities are. There are massive opportunities in that area. We want to know where the feedstock comes from and about any opportunities to turn plastics into fuels and so on.

We have engaged with a number of potential developers on the recommendation around the aggregation of waste plastics, on which we are working with the Scottish Environment Protection Agency and Zero Waste Scotland.

In relation to HEFA, there is obviously the investment and project side of things, but the other part of the task force's work is to identify where regulatory change has to happen in order to remove any barriers to investment. A very live and granular conversation is being had about that. Most of the things that need to be done in relation to regulation sit with the UK Government, but it is completely open to looking at that.

We are not standing still and waiting for the regulations to change with regard to the HEFA cap; we are looking at what Scotland could offer in terms of feedstock. That is why the James Hutton Institute and Scotland's Rural College are doing the pilot study. The study should report in July, after which there will be trials, in late summer, of the type of crops and the viability of those crops. I will be working closely with my colleagues in the rural affairs team in the Scottish Government, because that work will make a material difference to what we grow in Scotland and where the land is for growing it.

I have mentioned some of the issues around sustainable aviation fuel. My assessment is that airlines want to use more SAF, but that there are few opportunities for them to buy that in the UK, which leads to some of the issues that Mr MacDonald mentioned and to them procuring quite a lot of it from Europe. Regulation in that area is reserved to the UK Government.

No one has mentioned hydrogen so far, but we have had some good news around RWE's plans, which are supported by Ineos. Ineos was successful in the second hydrogen allocation round, which is fantastic news, because it means that there is an opportunity to have RWE come and invest in the Grangemouth area and produce hydrogen there. There is a lot going on around hydrogen, but, again, regulation in that area sits at a UK-Government level.

I assure Daniel Johnson that there is a synergy on the part of the two Governments' ambitions to remove barriers in order for progress to be made on some of the projects that Jan Robertson and her team are looking at. If there are any regulatory barriers, they will be identified, flushed out and, hopefully, tackled.

Daniel Johnson: I am quite sure the UK Government will furnish you with everything that you wish for, if I can put it glibly.

Gillian Martin: Is that right? That is on the official record. *[Laughter.]*

Daniel Johnson: On a similar note, I will sidestep some of the points around aggregation, because I know that Lorna Slater would like to raise those. Instead, I will zero in on the things that are Scottish Government dependencies and drill into a little bit more detail there.

Policies on waste projects and the requirement to increase plastic collection, separation and aggregation clearly fall within the purview of the Circular Economy (Scotland) Act 2024. I would like to understand that situation in a little more detail. What level of resource is looking at those issues? When do you expect that work to conclude? What do you expect the outcomes to be? Will they involve regulations being made under the 2024 act? Will further primary legislation be required? When might we expect clarity about those outcomes and what the Scottish Government needs to do?

Clearly, if you are going to do work in those areas, you need a secure supply chain. However, no investor is going to come in if they do not know whether they are going to get the feedstocks to do the stuff that they want to do.

Gillian Martin: At the moment, SEPA and Zero Waste Scotland are collaborating on work on aggregation, involving an analysis of where plastics that are not covered under the deposit return scheme would go for processing and what the volume of that plastic is. That information is going to be useful to potential developers.

Whether there would need to be any changes to regulations is not something that has been flagged to me as an issue at all.

Daniel Johnson: Would there not need to be such changes, though? One of the things that occurs to me on that, especially with regard to separation and aggregation, is that, during the passage of the 2024 act, there was a lot of discussion about whether we were taking the right route compared with Wales, for example, where there is standardised collection, which increases the level of collection and potentially allows you to do other things. It strikes me that, if every local authority is doing its own thing, that makes it harder to achieve what you want to achieve. Presumably, an investor will want a very particular kind of plastic, so you cannot just throw a plastic bag in with a plastic bottle—I am making this up, but I am guessing that that is the sort of thing that is important. Making sure that a facility gets absolutely the right kind of feedstock is going to be critically important, and there will probably need to be a degree of standardisation in order to deliver that. Surely that requires regulation. Did we miss an opportunity in that regard during the passage of the 2024 act?

Lorna Slater (Lothian) (Green): The 2024 act does a lot of that.

Daniel Johnson: Forgive me, but I am asking the current minister.

Gillian Martin: The previous minister is not making that up; she lived and breathed that legislation, and I took over the bill half way through.

The route map has been developed in collaboration with the Convention of Scottish Local Authorities, individual councils and other stakeholders. We did not want to take a top-down approach and say that all 32 local authorities have to manage their waste in a certain way. What we want is for local authorities to look at good practice that can be shared. The Verity house agreement is in place, and local authorities are in charge of managing their own business.

10:15

There will be geographical variations in the types of waste but SEPA and Zero Waste Scotland are doing an analysis of the current gaps in relation to the types of plastics, where they are being sent for reprocessing, whether there is opportunity for reprocessing in Scotland and what the associated volumes are. That will enable them to tell companies such as Celtic Renewables where the opportunities are and work with them to ascertain what they need, with an eye on the opportunity to expand their operations.

We have a really good waste sector in Scotland. We have companies such as Keenan Recycling and Celtic Renewables, which are expanding into different areas. This is an opportunity for them to

do that with regard to plastics recycling. I will not reel off a lot of different types of plastics because I would be making it up if I did that, Mr Johnson. However, SEPA and Zero Waste Scotland are doing that analysis on behalf of the Government.

The Circular Economy (Scotland) Act 2024 is robust. It allows flexibility. I do not think that regulatory change will be required but co-ordination of the waste streams will be needed. I refer not only to the waste streams from Scotland. If plastic waste recycling of the types that I mentioned happens in Grangemouth, that will also be an offer to the rest of the UK. There are gaps in the types of plastic recycling that can happen in the UK, not just in Scotland. That is why it is critical that the Scottish Government and the UK Government work together. The intelligence that the UK Government has on the waste streams in the rest of the UK will help the business case for any such projects.

Daniel Johnson: I am slightly struggling with this. To have reliable waste streams, you need consistency, which surely requires standardisation. By “regulatory change”, I do not necessarily mean wholesale change. I mean considering what powers the Scottish Government has under existing legislation to create that standardisation by secondary legislation.

You said that there will be variation. However, it strikes me that, to have reliable feedstocks of the sort that we are talking about, you want to minimise the variation. You want consistency so that you maximise your potential feedstock. Surely that requires updates in regulation through secondary legislation, which will require a bit of thought and planning—or am I missing something?

Gillian Martin: I will not say that you are missing something, now that I have got to the nub of your question. It is not as if in Scotland we use different plastics from those that are used in the rest of the UK. Standard plastics are used throughout the UK and Europe. We know what they are and whether each one of them is viable as feedstock for the types of operation that are coming through and that Jan Robertson is considering with her team.

SEPA and Zero Waste Scotland are analysing where those different plastic streams go for recycling and where there are gaps—for example, if processing is not happening in Scotland or the wider UK, which might mean that there is an opportunity to do it. They are also assessing the volume. That is important for the business case. The question is where the volume of the feedstock needed to turn plastics into the chemicals that I outlined will come from.

That is critical work that not only has to happen in Scotland but must be done with our UK Government partners. If any streams of plastic waste are being taken elsewhere in Europe or further afield, it is in the interests of both Governments from a carbon footprint point of view and a business development point of view to minimise that as much as possible. That work is happening and is being done by the task force.

Anything that is required in relation to regulation is being fed back to both Governments. I would expect the UK Government to take forward any regulatory changes to enable projects to progress, and the Scottish Government would do the same, should anything land on our desk.

Daniel Johnson: However, you do not have clarity on that right now.

Gillian Martin: No.

Daniel Johnson: Finally, UK oil production peaked in 1999 and we have known for about a decade that there was uncertainty. Although the most recent announcements and decisions have clearly increased the urgency, it has been clear for some time that Grangemouth would need to change what it produced at some point in the future. When did the work to look at the feasibility of providing feedstocks for biorefining start? Did it start in earnest after Petroineos said that it was looking to close down Grangemouth, or was work done on that before the announcement?

Gillian Martin: I am glad that you asked me that, because a narrative has been put out there that we are reacting to the decision that the shareholders of Petroineos made last year, when, in fact, work has been on-going for quite a long time. The Scottish Government has been working with Petroineos in particular to prepare for a just transition, or a transition in the type of work that it would do, and I have a list here of the projects that we have worked on.

In 2021, the Scottish Government provided financial support to project GRACE, which investigated a range of potential decarbonisation interventions across Grangemouth. In 2022, the business provided 50 per cent of the funding for a biorefinery pre-appraisal study for biofuels, and the Scottish Government matched the funding. Appraisal studies on fuel switching, net zero and blue hydrogen projects were funded by a 50:50 split between Ineos and the Scottish Government. There was a further study on the biorefinery in 2023, and project willow was completed last year.

It is unfortunate that the shareholders did not want to progress any of those projects. That is a real shame, because I think that there was appetite from the workers and the management of the refinery to progress those opportunities. When I first came into post as Minister for Energy, I

visited the refinery to discuss some of the outcomes of the biorefinery appraisal study, and the excitement was palpable. However, the shareholders and owners did not want to take it forward. It is not true to say that project willow was done in an emergency situation—the Government, working with Ineos, has been building the case for the refinery to change what it produced for quite some time. When it comes down to it, the company made a decision not to go forward with any of those projects, based on the views of the shareholders and the board.

The fact is that that work remains: it has been done and it fed into project willow. The study was funded by both Governments, and Petroineos led the work. Up to the point that the study was published, the work was done by EY, and it is now being taken forward by Scottish Enterprise and the task force. A great deal of work has been done in preparation for what we knew could happen.

Daniel Johnson: I am wondering whether you would be able to quantify that. I am not asking for the information right now—you may want to provide it in writing. I want to know what the current commitment is to explore funding as well as the number of full-time equivalent jobs, and what has happened in the past with the FTE commitment in relation to the projects that you have set out, as well as the quantum of funding. It would be useful to have that information as context for the committee.

Gillian Martin: Kenny MacDermid has just given me what I think is the final figure for the funding to date, which is £87 million. That is for lots of things—the growth deal, additional resources, studies that have been done on hydrogen, and something that I should have mentioned when we were discussing project willow, which is the £2 million funding for the feasibility study on the pipeline. When we think about project willow, project GRACE—or the Grangemouth advanced capture project—the biorefinery and so on, we can see that the numbers all mount up. I can certainly furnish the committee with that information in writing.

Daniel Johnson: That would be very helpful. Thank you.

The Convener: On that point, cabinet secretary, in a report that was published in May 2024, the committee concluded that it did not consider that sufficient progress had been made in supporting a just transition at Grangemouth. What you are effectively saying is that responsibility for that lay with the company because it did not make the right decisions.

Gillian Martin: It made commercial decisions. I and Ed Miliband tried very hard to get it to make different decisions—

The Convener: But Ineos told the committee that it approached the Scottish and UK Governments five years ago. With all due respect, Ed Miliband came in 10 months ago, and I am talking about the work undertaken in the past five years. The company told the committee that it had approached both Governments, seeking a Government-backed plan to transition from fossil fuel refining to low-carbon manufacturing in Grangemouth; it said that

“that piece of work would have had to have been done five years ago ... but”

it

“did not move on.”—[*Official Report, Economy and Fair Work Committee*, 13 November 2024; c 29.]

What you are saying is that responsibility for that lay with the company, not with the two Governments.

Gillian Martin: As you have brought the matter up, convener, I have to say that the previous UK Government did not show an interest in putting money into any of those interventions. I have outlined what the Scottish Government did, including providing 50:50 match funding with Ineos to do a lot of those studies. The previous UK Government was not interested in removing the HEFA cap and, although a member of the Grangemouth future industry board, it stayed largely silent and was not interested in doing anything to save the refinery or doing anything like project willow.

We had already started to progress and flesh out project willow with Petroineos before the change in the UK Government. When that change happened, we were delighted that the new UK Government wanted to part-fund the project. Before that point, it had looked as though the Scottish Government and Petroineos would have to fund it, because the previous UK Government was not interested. With the change in Government, though, there was a different mindset, and each of the two Governments took a 50:50 share of the costs associated with project willow.

Personally, I think it is important that we look forward. Project willow has happened, and it has been very well received. Wherever we go, I and my UK Government counterparts have been speaking to investors about it; it is known about in Europe by the likes of RWE in Germany and all the big investors.

As Jan Robertson has outlined, there are 84 proposals coming forward—and that is just to date. The door is not closed on any of them, and I say to anyone who is watching this committee and has projects that they want to bring to us that they should absolutely do so. Of course, there are the

approaches that are being made to Petroineos, too.

We could look back five years and start pointing fingers. However, the most important thing is that in the past year—and particularly in the past six months—project willow and the task force have moved things along in a swift, agile and focused way. I am feeling so much more confident than I did this time last year about the prospects for that site.

The Convener: When will we get the final just transition plan for Grangemouth from the Government? It is in draft at the moment—

Gillian Martin: Yes.

10:30

The Convener: You have acknowledged that there was a lack of progress. What confidence can workers elsewhere in Scotland have that we will learn lessons from the lack of action that we have seen on Grangemouth? There will be a transition in many sectors, including oil and gas, and sites such as Torness are facing closure within the next five years. What reassurance can you give those workers that lessons are being learned from that lack of progress—although we might still debate who is responsible for it—to ensure that we do not make the same mistakes again?

Gillian Martin: Project willow, the task force and the work that has been done in the Grangemouth future industry board—which we have not mentioned, but which has involved stakeholders from communities, Scottish Enterprise, Forth Valley College and so on—have been really important. Not only have lessons been learned from that work; it has provided us with a potential blueprint for how we could work in the future.

We must also look at the just transition plan for Mossmorran and other places that you have mentioned, convener. We are always looking at how we could improve and be not only agile but proactive—we have a just transition plan associated with the oil and gas sector in the north-east, for example.

I add that the just transition plan for Grangemouth should be published next week, subject to Cabinet approval.

The Convener: That gives us an exclusive.

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning. When we had Michael Shanks in several weeks ago, he said that, if he could have, he would have wanted to work on the issue 10 years ago. We might talk about some of the plans that the UK Government has for other sites, but I want to concentrate on

the issues that I raised with Mr Shanks concerning Sullom Voe and Flotta, which sit in Orkney and Shetland, in my region. Both sites are operating at the moment but, although Flotta's operational future was meant to last until the early 2030s, it has seen job losses recently and its ownership will change—NEO NEXT is, I think, the company that will be taking it over from Sinopec—while the plans that EnQuest has for Sullom Voe are all based around transition.

Michael Shanks could not say whether discussions were happening with the operators of both those sites. Are you having conversations with those operators about what the future will be, to ensure that we will not be in the same situation with Flotta and Sullom Voe as we are with Grangemouth?

Gillian Martin: I am having very regular conversations with all energy producers in Scotland about workforce issues, capacity and potential for changing to different activities associated with the just transition. The Deputy First Minister is having the same conversations with regard to economic growth and the green industrial strategy, and the First Minister is having them as well. That is happening across all the areas that will be involved in the just transition as we decarbonise and look to maximise the opportunities that exist, particularly from Scotland's renewables proposition. The green industrial strategy is absolutely at the heart of that—of its five main areas, the majority are energy based.

Jamie Halcro Johnston: I am conscious of time, so I just want to be clear. Are you saying that conversations are happening between the Government and the operators of Flotta and Sullom Voe about how an operational future will be secured for both sites?

Gillian Martin: If you are looking for detail on the matter, we can get it to the committee.

Jamie Halcro Johnston: That would be very helpful. As I said, Flotta will have new operators next year. Although there are operational issues currently, this session is about the future so I want to confirm that those specific conversations will be had with the new operators.

Gillian Martin: The enterprise agencies that are involved—such as Highlands and Islands Enterprise—will absolutely discuss all the opportunities for transition with any operators, but I will take that point away to consider.

Lorna Slater: I will dive into a bit more detail about what Daniel Johnson has discussed. Looking to the big picture, I am glad to see that there is a plan to transition a fossil fuel refinery to projects such as recycling and using the fuels of the future.

One challenge with plastic recycling is simply the ability to make money from it—to make it financially viable. Producing plastics as a by-product of fossil fuels is ridiculously cheap, which is why plastics are so ubiquitous. However, recycling them is expensive.

To build on what Daniel Johnson said, to make recycled plastics economically viable, there would have to be regulatory change. That would mean having measures such as taxes on plastic, which are of course not within the remit of the Scottish Government, or, as the minister alluded to, extended producer responsibility for packaging, which would make producers of plastic packaging pay a fee that could later be used towards recycling it. The deposit return scheme is one such measure. However, there would have to be other regulatory changes, such as introducing a required percentage of recycled plastics in plastic goods, because, if left to its own choice, the market will always go for new plastics as they are much cheaper than recycled ones. What appetite is there for such regulatory change? What discussion has the minister had with the UK Government on the foundational regulations that would be needed to make business plans in that area viable?

Gillian Martin: As part of the industry task force, as we bottom out some of the more viable projects and as the projects go forward, we will assess the regulation that will be required. As Lorna Slater will know all too well, I am also involved in inter-ministerial conversations among the four nations on everything to do with the circular economy—in fact, I think that I am due to have one next week. We are having conversations not just with the UK Government but with the Governments of Wales and Northern Ireland. In particular, the recycling rates in Wales are very good—I think that they are among the best in Europe—and it wants to go further and to be able to recycle more.

Where regulatory change would be required to enable the feasibility and viability of the projects that we see, we must be agile in looking at the regulation that is associated with any of them. Ms Slater makes a very good point that there is an issue with the investability of recycling plastics, in that the business case for that is perhaps not strong enough to attract investment. However, interestingly, the recycling projects that are coming forward are the ones that are looking the most viable at the moment.

I will bring in Jan Robertson to give a wee bit more detail.

Jan Robertson: The bulk of the inquiries that come in are on plastics, which is probably not a surprise, because those are the nearer-term technologies. To reflect on some of Lorna Slater's

comments, the cost of recycling and commercial viability absolutely must be key considerations. Quite a few of the companies coming forward use new and innovative technologies, such as those that involve new ways of recycling that do not use as much energy, given that energy cost is a huge consideration for all the projects.

Plastic aggregation is a key consideration. We are working closely with the Scottish Government, because we need certainty and sufficiency of supply going forward. As we look across the projects, we are looking for complementarity so that there are some projects looking for certain types of plastics and some looking for other types. We want to ensure that we can optimise. Our focus at the moment is on the aggregation piece, as well as on innovation and ensuring that companies can produce commercially.

Lorna Slater: You mentioned supply. My question is substantially about demand, because the market by itself will not demand recycled plastics, as they are more expensive and might be lower quality depending on how they have been manufactured. Are Governments willing to force demand by essentially putting in place taxes on new plastics so that recycled plastics can compete?

We are in a cost of living crisis. One of the unpalatable things that people have to come to terms with is doing things such as taxing polluting products such as new plastic. Are Governments willing to do that? Do we have that appetite?

Gillian Martin: I will bring in Chris Bryceland to explain the technical aspects and what has already been done at UK level.

You are making a point—I absolutely hear it—about what we have to do across all four nations of the UK to accelerate the recycling of plastic. We have our landfill ban, which is associated with that, and we are moving forward with the deposit return scheme as well. We also have the producer liability duties coming into play. Some of the projects that we are looking at—I guess that we should call those the willow projects—are about making chemicals from plastic. There is a market for that. I will bring in Chris Bryceland on the detail of that.

Chris Bryceland: In answer to the question on packaging taxes, the UK plastic packaging tax will tax plastic packaging that contains less than 30 per cent recycled content from April 2027. Pre-consumer plastic waste will not count towards that percentage. The tax will act as a further incentive to increase recycling content in plastics.

Lorna Slater: But it will only do that with packaging—plastics, of course, are used ubiquitously. I will leave that one there.

My final question, cabinet secretary, is on another difficult conversation that needs to be had about biofuels, which, as you know, will require increased timber production. We already have difficult conversations with the agriculture sector about land being taken out of agriculture for things like reforestation and, in this case, commercial forestry. The aviation industry wants to convert to biofuels. That is a great idea, except that there is not enough land on planet earth to grow enough timber to keep the aviation industry at its current size. How much of Scotland's land are we talking about putting under commercial forestry for this? Is there an understanding of the scale of the land that would be required to feed Grangemouth that timber?

Gillian Martin: That depends on what gets taken forward. Several feedstocks are associated with biorefining. Biofuel does not just involve timber; it could be any kind of hydroprocessed esters and fatty acids.

We need to talk about what we use our land for. We do not want to displace the growing of food unnecessarily. There is a dichotomy: if we displace fruit crops for food, then we will have to import more food, and there is a carbon footprint associated with that. There is a careful balance to strike between what we use land for and the competing demands on our land. There is also quite a lot of degraded peatland that we want to re-wet in order to sequester carbon. That is an additional demand that we are putting on Scotland's land and there is the spatial squeeze that could be associated with that.

We have these discussions on what land is used for with our rural economy colleagues. We have also recently had advice from the Climate Change Committee on what it sees Scotland's land being used for. There are competing—actually, “competing” is the wrong word. We do not want to displace high-quality food production, as that would mean that we would have to import more of our food, which would have an associated carbon footprint, and might come from parts of the world that may not, for example, have such high animal welfare standards.

A very careful judgment has to be made. We could use feedstocks for biofuels, but we could effectively be offshoring emissions as a result. Your point is well made and this is a live conversation that we are having across all four nations and also in the Government.

Lorna Slater: Thank you.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning. We use the term “just transition” a lot and the public hear it a lot, but I am not certain that we know what it means. For me, it means that a community is given the time to adjust

to a situation, rather than what has happened, which seems to have been an almost overnight closure and asset-stripping exercise by Ineos. I think back to the days when Diageo announced the closure of the Johnnie Walker plant in Kilmarnock. Even Diageo took three years to effect that closure, which gave our community time to adjust, plan and prepare. Looking at Grangemouth as an outsider, I do not see that. That is anything but a just transition.

10:45

To your credit, you have mentioned a number of projects that have been under way for a while, not only since the closure announcement. That is great, but a just transition has to be embraced by all the parties around the table—all the Governments and the company. Do you get the sense that we have such a process in place and that the company is committed to that?

Gillian Martin: We did not want this situation, Mr Coffey. We wanted Petroineos to make different decisions and potentially take forward some of the things for which the Scottish Government was offering part funding, such as switching to a different type of refinery. I have outlined some of them today. We also wanted Petroineos to extend its refining process in order for there not to be a gap between the cessation of refining and bringing new opportunities on stream. Believe me, we tried our best, but a commercial decision was made by its shareholders and its board to do it the way that it has been done, and it is for them to answer why they did it in such a way.

I want to come back to the point about how well-placed Grangemouth, as an industrial cluster, is for new opportunities. Grangemouth has had it tough in the last year, and the closure is devastating for the wider community—the refinery has been there for more than 100 years and it is totemic. There are 400 or 500 high-value jobs associated with the plant. There are other viable industries in the Grangemouth cluster that are still there and working but looking to the future as to how they can expand and diversify.

As devastating as it is that Petroineos has made the decision to cease refining at Grangemouth, with project willow bringing in other opportunities that are associated not only with the refinery but with the wider cluster, there is an opportunity for Grangemouth to become a real powerhouse. It is connected in the pipeline infrastructure; it is associated with the green port; it is ideally located in the heart of Scotland; it is on the Firth of Forth; and it is an industrial cluster that has a long-term future.

Michelle Thomson mentioned some areas where we could focus our energy on what the site could become in the future. At the moment, our focus is on reducing the gap between the refinery closure and what that future will be, as much as possible. Many of the workers have been redeployed to other parts of the Ineos company, and there have been fairs at which other companies, such as Scottish Power, have offered jobs to workers who are facing redundancy. Forth Valley College is providing those workers with opportunities for reskilling and filling in skills gaps. Those opportunities have been accelerated by the money that has come in from the Scottish and UK Governments. The college has a centre of excellence, which is making a wider offer to the area through the courses that it is providing related to future jobs that are associated with a just transition.

However, the central fact remains that workers were given notice of redundancy and are having to find other work, with the exception of the small percentage of them who are being redeployed to the import terminal, and the ones who are involved in the decommissioning of the site. It is a staged approach, but the fact remains that refining has ceased there.

It is not the way that things should be done. The role for Governments is to try to encourage different decisions to be made. Where we are unable to do that, we are trying to reduce the gap as much as possible. We are working at pace through the task force to say that the site is absolutely open for business in order to bring low-carbon opportunities into that cluster. I hope that, in however many years' time, we can look back and say that, although we did not want what happened to happen, it was a turning point for Grangemouth that enabled it to become a low-carbon industry cluster.

Willie Coffey: Thanks for saying that.

I turn to the issue of the workers. How just is it for them to get either a redundancy check or an offer to take their families and move away somewhere else to work? If a just transition were in place, we would surely see people who live in that community being able to transition to these wonderful projects that are coming on stream rather than having to move away. That is what I understand a just transition to mean, and I hope that you share that view, too. I would be keen to hear whether the workers at Grangemouth think that we are in a just transition process, or whether they agree with me that everything has been rather sudden and they have been forced into the situation that they now face.

Gillian Martin: That is a question directly for them. What I would say is that the workers at the

refinery will get other opportunities because of the high level of transferable skills that they have.

A good proportion of the workers at the refinery have always worked there, so they have never had to apply for other jobs or think about what other areas they might want to go into. They have gone from school into college and then into apprenticeships, and have been in the refinery for their whole working lives. That is a very unusual situation, but it is what the refinery has meant for Grangemouth.

The issue is not that the workers do not have transferable skills but that they have never had to think about applying for other jobs. They have never analysed the skills that they have and effectively marketed themselves to new employers. Work is being done at Forth Valley College to assist them to do that, and jobs fairs that are being run in association with that work are bringing in companies that recognise those people's transferable skills and can offer them work.

However, Mr Coffey, you make a very good point. As marketable and highly skilled as those workers are, at the moment, a lot of the opportunities that they will be offered will require them to move. I come from a family that had to move because of a lack of a just transition—people will have heard me saying that my father was in shipbuilding and had to move in order to get work. The history of Scottish industry is full of stories of families having to relocate. It is not an easy thing to do and it is disruptive for families, so we want to ensure that people will have an opportunity to stay in the Grangemouth and Falkirk area—it is important to remember that it is not only Grangemouth that is affected; the surrounding area is affected, too. We want to prioritise medium-term opportunities for new businesses to come in, but we are also working with Petroineos, Forth Valley College and large Scottish companies who need workers with the skills that those workers have, so that as many of those people as possible can stay in the area.

Willie Coffey: On the legacy issue, are you convinced that Ineos is committed in that regard? The fact that a bundle of money has been put on the table is really welcome, because Kilmarnock did not get that from Diageo. However, from your engagement with Ineos, are you convinced that it is committed to participating in that legacy process for the community?

Gillian Martin: The First Minister has met Jim Ratcliffe, and I met him last year, too, along with Ed Miliband. From those meetings, I can say that Ineos wants to stay in the cluster. That is what it is telling us.

The Convener: Thank you, cabinet secretary. That brings us to the end of the evidence session. I thank all our witnesses for appearing before us today.

I suspend the meeting briefly before we move on to the next item.

10:54

Meeting suspended.

11:04

On resuming—

Community Wealth Building (Scotland) Bill: Stage 1

The Convener: Our next item of business is our second evidence session on the Community Wealth Building (Scotland) Bill. I am delighted to welcome Jane Martin, the managing director of innovation and investment at Scottish Enterprise, and we are joined online by Dr Emilia Crighton, director of public health at NHS Greater Glasgow and Clyde, and Jackie Taylor, executive director of finance and corporate resources for the South Lanarkshire community wealth building commission. We hope to be joined by Hayley Mearns, chief executive officer for Voluntary Action Angus.

Daniel Johnson will kick off with the first question. As always, I appeal to members and witnesses to keep their questions and answers as concise as possible.

Daniel Johnson: Thank you, convener; I will do my best.

What will our witnesses be able to do as a result of the bill that they cannot currently do? What will they have to do that they do not currently, not including meetings or a reports?

I will start with our colleague either from the local authority or the health board, because they probably have the most interest in the bill. Perhaps Dr Crighton could start. *[Interruption.]*

Dr Emilia Crighton (NHS Greater Glasgow and Clyde): Can I come in?

Daniel Johnson: Please do.

Dr Crighton: Apologies, but there was an additional conversation going on that interfered with the question. *[Interruption.]*

Daniel Johnson: We seem to have some interference on the audio.

Dr Crighton: If I heard the question correctly, it was about what we would be able to do as a result of the bill that we cannot do today. Is that correct?

Daniel Johnson: What additional powers, abilities or capacities will the legislation give you that you do not currently have, and what will you have to do that you do not currently do, not including reports that you will have to produce or meetings that you will have to go to? What outcomes will you have to deliver that you do not currently deliver?

Dr Crighton: The national health service has been instructed by the Scottish Government to be an anchor organisation. We have three areas that

we have to report against: employability, procurement and the use of landed assets.

If the bill is passed, it will simply put into legislation what we currently already do with partners, particularly local authorities, and our wider partners through community planning partnerships, to demonstrate how we promote community wealth building. We are already engaged in quite a lot of activity. In the future, as a result of the bill, we would probably have to create formal plans for work that we carry out with partners, but there might be additional elements of work that we would have to engage in.

Daniel Johnson: You are saying that you are already carrying out the work and you probably already have the plans, but you might just have to retitle them. Is that what you are saying?

Dr Crighton: As an anchor organisation, yes, we have the plans. We are working closely to a framework that we agreed with Scottish Government colleagues. We are participants in the Glasgow city region, working as part of a team of eight local authorities and two health boards to produce those plans.

Daniel Johnson: Jackie Taylor, I will ask you the same question. What will you be able to do that you cannot currently do, and what will you have to do that you are not already doing?

Jackie Taylor (South Lanarkshire Council): Good morning. Our position is similar to the position that my colleague from the NHS described. Councils, including South Lanarkshire Council, and the commission that we have formed around community wealth building are already doing a fair bit in this space. That said, we are supportive of the proposed legislation in the bill, because it will give others that are perhaps not as advanced or engaged in community wealth building an added push to get involved and make sure that we address the need to build wealth in communities across the country. Having that wider responsibility and the statutory footing behind it means that we can get that benefit across the country.

However, I would point out that, as is mentioned in the financial memorandum, the responsibilities on councils to progress the measures in the bill will have resourcing and financial implications. I would expect that, as well as the benefits that we are seeing just now from community wealth building in my area and my council's community wealth building commission, there is likely to be a greater administrative burden on councils and partners to progress the measures. The level of that burden will depend on how advanced each area's work on community wealth building is at the moment.

I am not trying to take us into a negative space already, but the responsibility to take forward the legislation will probably be placed on councils, and that has resourcing and financial implications.

Jane Martin (Scottish Enterprise): Scottish Enterprise is a national agency with international reach, so thinking about our delivery in local economies can sometimes be quite challenging for us.

We have a statutory responsibility in relation to community planning partnerships. The discussions and plans on the local economy are inconsistent, to be honest. I think that we work very well across a number of regional economic partnerships, in which we consider how we can exploit opportunities with local government and other partners on the ground.

To answer your question, we already do a lot in that area. What will be different? We will be compelled to act, we will have to work harder at translating what we do so that it works at the local level, and we will be accountable for specific outcomes locally with our partners on the ground. Ideally, that work would be done on a regional basis, and we might come on to talk about that.

Conceptually, we do a lot of work in that area. I do not think that, at the moment, anyone, including local government, has a statutory responsibility in relation to the local economy. The bill will give us that. The challenge will be around, for example, the execution and the proportionality of the guidance.

Daniel Johnson: I have a brief follow-up question. You will have to undertake additional activities and co-ordination. You have mentioned community planning partnerships, which already exist. If the cabinet secretary, in a letter of direction to Scottish Enterprise, said that you must do certain things, including engaging in community wealth building and undertaking a co-ordinating role, you would have to do that, would you not?

Jane Martin: Yes.

Daniel Johnson: That would be in a letter of direction, so that would not require legislation, would it?

Jane Martin: Yes, we have to follow letters of direction. However, other partners in the local economic development system will not have that same line of sight to ministers that our organisation has.

Daniel Johnson: Great, thank you.

I return to Jackie Taylor. Councils have to abide by quite a number of different bits of guidance, both statutory and non-statutory. Councils absolutely must follow statutory guidance—that is a matter of law. Updates to guidance could deliver

very similar results without necessarily needing this legislation. Indeed, might that provide a more holistic way of looking at community wealth building and ensuring that it is thought about across all policy areas? The Government could set that out when it provides its statutory guidance to local authorities.

Jackie Taylor: Absolutely. Statutory guidance and non-statutory guidance could and would, I assume, allow council areas and other partners to take forward the benefits of community wealth building.

We have the ability to do that right now. Some areas are more advanced than others in that approach. Having legislation would put community wealth building on a statutory footing; it would instruct and ensure that that is progressed in that way.

There are other non-statutory ways that could benefit communities with regard to building their own wealth. We explored some of those areas in our response to the call for views.

There are non-statutory ways in which we can progress the policy, but having legislation would force everyone's hand and ensure that everybody is taking this forward, which I think would be beneficial.

Daniel Johnson: I will leave my questions there. For the avoidance of doubt, I have been playing the role of devil's advocate this morning. I thank the witnesses for their comments—your responses have been very helpful.

Gordon MacDonald: I have a question about the benefits that the bill could have. Part of the bill is about procurement and increasing the local spend in our communities. What is the average spend on local procurement in your area and what are the potential benefits of increasing it?

11:15

Jane Martin: About 85 per cent of Scottish Enterprise's procurement is won by small and medium-sized enterprises in Scotland. We have tracked that for some time. We are thinking about whether we can break down any large procurement into regional procurement in future.

A potential benefit of the bill is that it could provide a model that creates much more cohesion across the public sector, which would enable us to think about joining up procurement and—there is a question about whether legislation is required for this—how we use it innovatively to stimulate new local businesses and social enterprises. There is something to be gained from public sector partners coming together on that agenda. There are probably examples of where we have done that, but we do not do it systematically.

Gordon MacDonald: Do you have any information about the proportion of spend across the bodies that are listed in the bill? I am talking about local authorities and the health service for example. Have you guys done any work on that?

Jane Martin: No, we have done no work on that at all. I think that the Scottish Government did some work a few years ago on how to unlock some of the public procurement and public spend.

Gordon MacDonald: I ask Jackie Taylor the same question.

Jackie Taylor: I do not have a percentage for how much the council spends on SMEs. It is probably around the figure that Jane Martin mentioned. I can provide that to the committee later. However, as Jane mentioned, we are talking about SMEs in Scotland, not necessarily our local community areas.

As well as being something that needs to happen at a national level in Scotland, for me, community wealth building is about South Lanarkshire and ensuring that we grow the wealth in our area. There are benefits that we can achieve in procurement for which, again, legislation might not be needed. For example, perhaps the existing supplier development programme can target organisations other than just council bodies.

There are ways that we can encourage, help and support smaller companies and third sector organisations to get a space in providing services to local authorities and wider public bodies. They will need support to do that. We have Scotland Excel, which delivers support for procurement across Scotland. Perhaps, using its skills, knowledge and abilities, we can help to drive procurement benefits for smaller organisations.

Being a finance person, I know that the commercial aspects of the matter are important. If we are looking to attract smaller businesses to deliver services, they might not be the cheapest. We have to acknowledge that. That is not to say that it is the be-all and end-all, but we know that councils' and other bodies' funding is particularly tight just now, so I am balancing the benefits of procurement against the potential for additional costs on the back of it.

Gordon MacDonald: I want to check something that you said. We were at North Ayrshire Council on Monday. It has grown its local procurement from 20 per cent to 26 per cent over the past five years. Are you suggesting that you are doing substantially better at local procurement than North Ayrshire Council? I thought that you said that it was probably in line with what Jane Martin said.

Jackie Taylor: I think that the figures that I quoted are for SMEs in Scotland rather than in the local area. I will confirm the figures to the committee so that I do not steer you down a road that is not correct.

Gordon MacDonald: Okay.

I ask Emilia Crighton the same question.

Dr Crighton: I mentioned the fact that we are an anchor organisation and report regularly to the Scottish Government. Our procurement annual report for 2023-24, which is the most recent year for which we have figures, shows that our local spend that year was £106,868,030, which was an increase on the previous year's spend. That figure represented 12.6 per cent of our overall trade spend, which was a drop from 13.5 per cent in the previous year, and we have a target to increase the local spend to 14 per cent. The spend on small and medium-sized businesses in 2023-24 was £354,149,593, which was 43 per cent.

The bill will not change our procurement processes. However, there are changes that we could consider through procurement legislation—that is, the Procurement Reform (Scotland) Act 2014 and the Public Contracts (Scotland) Regulations 2015—that would perhaps enable an expansion in how we contract local businesses. The NHS is a major procurer of services and supplies. Therefore, having legislation that is not community wealth building legislation but that would enable us to act in that way would be most helpful.

Gordon MacDonald: I have one final point. When we visited North Ayrshire Council, we heard that part of the reason why it was able to grow the percentage that it spent locally from 20 per cent to 26 per cent was because it made more use of quick quotes in the procurement portal—if I understood correctly, it raised the threshold to £200,000. What threshold does NHS Greater Glasgow and Clyde use for quick quotes?

Dr Crighton: I am afraid that I do not have technical expertise on thresholds for quick quotes.

Gordon MacDonald: I have done a bit of research, which suggested that the figure is £50,000.

Dr Crighton: I would need to go back to procurement colleagues on that.

Gordon MacDonald: Okay; thank you very much.

The Convener: I want to follow up on that point, Dr Crighton. You make the valid point that the bill will not change the current procurement rules. It has been put to us by witnesses on visits that the current procurement rules are, frankly, a hindrance, and that there is not enough power in

the bill to move the dial on local spend. There is no requirement to do that, even with the bill, because you are covered by existing procurement law. Is there an argument that that needs to change? Do you think that it will happen?

Based on current procurement laws, you are not very confident that you will definitely get a significant rise in local spend. Therefore, do we need to change those laws to, for example, strengthen community benefit requirements or look at thresholds again to really move the dial on local spend through public sector procurement?

Dr Crighton: We need a mixture of things, and it depends on what services we procure. One of my colleagues has just advised me that our threshold is indeed £50,000, as was mentioned earlier. I apologise for not having the figure to hand.

We need to balance the elements. We need to ensure that we have fair and competitive procurement but, should services be available from within the communities, we need to ensure that there is nothing stopping us from procuring those services. It is very much an issue of the availability of the services or goods that we require.

The Convener: But there is no requirement for you to do that under current legislation, is there?

Dr Crighton: As an anchor organisation, we are committed to ensuring that we do that. We are mindful that health is a by-product of the economic wellbeing of the community, so we are committed to procuring locally as much as we can.

The Convener: I put the same question to Jackie Taylor. I appreciate that you are going to come back to us with the figure on the percentage of South Lanarkshire Council spend that is local, but are there sufficient measures in current procurement legislation to ensure that you can increase that significantly once the bill goes through, or will the legislation still be a hindrance?

We spoke to businesses in North Ayrshire, which is a good example of what can be done. To be fair, there were no tier 1 bodies there, but the challenge was how to get companies that win big contracts to use local contractors, because procurement law does not really allow organisations to push for that. Do we need to consider changing that law to enable you to handle more contracts at a local level?

Jackie Taylor: Absolutely. One of the points that we made in our submission was that anything that can be done to help us to be more flexible in how we procure would be helpful. We are talking about things like quick quotes and potentially breaking down contracts into lots so that smaller companies can access what can be quite big

contracts for local authorities, the NHS and wider public bodies. We are still able to make decisions on what our thresholds are for things such as quick quotes. We have expanded and made our thresholds bigger, and we can go wider on that to make things a bit easier. We have also ensured that, if we go to quick quotes, at least two of the five quick quotes that we would look for in our local procurement rules would have to be from local SMEs.

That kind of thing does not have to be in legislation, but it is still possible to try to encourage and improve the uptake of business from local areas. Anything that can be done to change procurement law to keep everybody on the straight and narrow is to be welcomed, but there are things that we can all do on things such as thresholds, expanding our use of quick quotes and making sure that we are specifically getting quotes from local bodies.

The Convener: Jane Martin, I appreciate that Scottish Enterprise is a national body, but do you have a view on the current procurement thresholds and community benefit requirements? Are those a hindrance to community wealth building? Is that something that you come across when working with local business?

Jane Martin: The issue is relevant to Scottish Enterprise in relation to our procurement. We ask for community benefit responses in all the procurement that we do. Last year, about 57 per cent of those contracts had a range of different community benefits in them.

I would like to correct the figure that I gave you earlier. I have just checked, and 78 per cent of our suppliers last year were SMEs, and the figure was 85 per cent the year before, so it is always about 80 per cent.

We have heard from all kinds of businesses, particularly small businesses, about their challenges in getting public procurement contracts—you will have heard that yourselves. We need to strike a balance. Procurement can be a great tool in ensuring local benefits, but we need to balance that by ensuring that it is accessible for local businesses, because they just do not have the level of resource to go through the hoops and articulate all those kinds of things.

There is a point about how we can work better with supply chains and things like that, which you mentioned, convener. That could add a lot of value. We naturally think about the local impact, and I know that a lot of organisations do that. However, considering procurement legislation in a way that will better enable that and make it transparent, clear and consistent across the system might make things much easier.

The other day, I was at a session with a range of growth businesses from different parts of Scotland—younger companies, SMEs and global companies with a footprint in Scotland—and a common issue that was raised there was the need to ensure the procurement of local content. When big contracts are issued by the likes of the Ministry of Defence or others, it is important to ensure that local content is embedded in those processes in a much more systematic way. There is more that could be done in that regard.

The Convener: Dr Crichton, do you want to come back in? I see that your hand is raised.

Dr Crichton: Yes. Reflecting on the major expenditure that the NHS has on drugs and supplies for healthcare, it is absolutely crucial that the Scottish economy produces such goods, otherwise there will be a limit to our ability to procure goods locally.

The Convener: That is an issue about our capacity. Thank you for that.

Michelle Thomson: Good morning, panel members, and thank you for joining us. There is a wider perspective on the bill than that which relates to procurement. I have a general question about how you see things changing in a range of areas that would help to direct moneys positively to enable some of the community wealth building activities that are under way. How will the bill help to firm that up?

A range of mechanisms could be used, some of which are probably already being used. I am thinking of community asset transfer, compulsory purchase orders, local sector pension funds or the entirely different route that is provided by SNIB. I accept what you said earlier in response to Daniel Johnson, but will anything change as a result of the bill that will get money into projects? Jackie Taylor, you mentioned the commercial aspects, so perhaps you or Jane Martin could offer some thoughts on that.

11:30

Jane Martin: One of the things that we already do relates to what I would call the spillover benefits from foreign direct investment. The bill will make our accountability in that regard much more explicit, in that we will need to report on that and ensure that it is part of the action plans.

We already seek clarity on what the benefits to the Scottish supply chain of such investment will be and we track those over time, and we already ensure that introductions are made to local colleges to ensure that the necessary training and skills are provided. A number of larger businesses are involved in other activities in local communities that are about giving back, such as voluntary

groups working with local schools. The bill will make all that activity visible. It will make us better able to learn from best practice and to share examples of it more effectively.

The bill offers an opportunity to make the work that people are doing visible, to make the process much more systematic, to ensure that we learn from best practice and to give cohesion to all the different activities in local areas and regions in a way that allows us to have an even greater impact.

Michelle Thomson: How do you know that that will happen as a result of the bill?

Jane Martin: I do not know that it will happen. All the aspects of how that will be delivered will be in the guidance. There is a maturity across the local and regional partnerships in Scotland, because we have been doing community planning for quite some time. The regional economic partnerships are evolving and maturing. I have been in this game for a very long time, and I get the sense that we are now coming together in a way that has been building up for a few years. The bill could create a platform that enables us to be clear on the actions that we need to take together, but how that happens will depend on the detail. It is important that it is done in a way that is proportionate and outcome focused.

Michelle Thomson: Even if there is a good prevailing wind and the guidance sets out how best practice should be shared, that will not, of itself, mean that any more money will be available, will it? The bill will simply suggest that things could be made marginally better through the sharing of best practice.

Jane Martin: Potentially. A lot of this will be in the guidance rather than the bill itself. If we all become accountable for a proportion of the outcomes that must be delivered, there will be an opportunity for us to be much more creative about some of that. However, I absolutely take your point.

Michelle Thomson: Do you think, therefore, that we could come at the issue from the other end? Could we look at the financial mechanisms over which the Scottish Government can exert some control and see how those could be used effectively to assist community wealth building? Do you have a sense of whether we could flip the approach on its head in that way?

Jane Martin: To be honest, that is likely to be how a national agency such as Scottish Enterprise would approach the issue, rather than by dividing up the pie in every local area. We would probably approach it by looking at what we see happening internationally, understanding where the big strengths are in the economy and working out how to translate that and work with local partners to ensure that the benefit reaches local communities.

That is likely to be how we would approach the issue, because the downside of the bill for an organisation such as Scottish Enterprise is that there could be 32 community wealth building partnerships across Scotland. I do not think that that is how the bill is likely to work in practice, but we could invest a lot of time and resource in holding lots of meetings in an effort to get things done. To be fair, I do not think that that is the spirit of the bill, but there is a risk of that, so the approach that you have articulated is likely to be the one that we would take.

Michelle Thomson: Would you expect there to be more mention of that in the bill? What the bill intends is great—I do not think that anybody is particularly objecting to it—but I am not hearing much dialogue about how you actually make it happen. We will probably start to derive a much clearer set of benefits by focusing on the how, and I feel as though there is a slight disconnect in that respect.

Jane Martin: That is fair. There is something about timing, is there not? When community planning partnerships were rolled out, the guidance gave a structure but allowed local partners to develop processes that would work for them. Those partnerships needed to mature over time. From an economic perspective, a lot of them have morphed into joint working across regions with local authorities and others in order to get much greater bang for their buck. The bill's intention could potentially be delivered through that route.

Michelle Thomson: Do either of our two guests who are online want to come in on that point? Emilia Crighton, I see that your hand is up.

Dr Crighton: Thank you very much for all the questions. Our experience of developing the anchor plans encouraged us to think about areas such as employability initiatives and the use of our estate, such as the Parkhead hub, in which a social enterprise is embedded along with the library and the community space.

One of our greatest challenges is resources. Health is focused on delivering healthcare, so community wealth building is an additional activity. However, having additional resources would perhaps enhance that work. Our experience through the anchor accelerator summit, working through the Glasgow city region, allowed us to come up with initiatives on employability and supporting local businesses. The bill might provide the resource, which would enhance the ideas and the work that we already do with our partners and would increase our ability to deliver on community wealth building.

Jackie Taylor: To pick up on what others have said, it is positive that everybody who is

participating today seems to have quite well-developed approaches to community wealth building. It is not necessarily about having extra money in the system; it is about the actions that we are all taking to ensure that the community is building its own wealth. The lack of funding into this area is not necessarily a barrier to that work.

Action plans in South Lanarkshire are built on pillars such as workforce, spend and procurement, which allows us to grow community wealth through things such as community asset transfers and making the space and procurement work for local businesses. That said, if there is the ability to influence moneys coming into the area, having the umbrella of community wealth building on top of that can only be helpful.

We said in our submission that the ability to perhaps influence in some way any national moneys that have a community wealth building focus, such as lottery funding, can only be a good thing, as it would support organisations, along with anchor organisations such as the NHS and councils, to take forward their input into community wealth building.

Lorna Slater: I thank the witnesses for coming in today. I have a quick question for Jane Martin and then more general questions. We heard last week from Neil McInroy about the intention of the bill to pivot how we support businesses. Is Scottish Enterprise ready to pivot to supporting co-operative social enterprises and employee-owned businesses? Is that part of your plan?

Jane Martin: You might be familiar with our small inclusive models team, which punches way above its weight—it is a national asset. It does a mix of awareness raising, sharing and promoting business models, and working intensively with companies that are moving to a co-operative model.

We do not currently have plans to do a lot more on that. However, Neil McInroy has been doing some work on it in the response to his report, which talked about a centre of excellence, and there are pockets of resource across different parts of Scotland, so there could be merit in joining all of that up so that it could punch above its weight and drive more work.

If, as a result of working with partners on community wealth building action plans, we saw opportunities to create more of them, through different mechanisms, we could look to see how we could resource that organisationally.

As my colleagues on the panel have said, we find that there are always trade-offs, and my experience of working with local partners has been that we add value by keeping the national oversight and international reach. We are able to approach partners and consider whether there are

things going on in different parts of Scotland that could be duplicated and whether we could join those up to add more value. That is where an organisation such as Scottish Enterprise, with the remit that we currently have and what we are resourced to deliver, can add value, as opposed to taking work or resource that might be deployed to early stage investment markets, foreign direct investment, international trade et cetera. We could pivot all of our focus on to putting more resource into co-operatives at the expense of that work, but I do not think that we are quite ready to do that.

Lorna Slater: I have a more general question for you. The committee went on a wonderful visit to North Ayrshire on Monday, and one of the questions that we put to some of the organisations there, which are on the ground and delivering community wealth building with projects that are benefiting people, was how do we measure the success of community wealth building? People in the room talked about building connections, crisis support, quality of life and other opportunities. Some of my concern is about how we measure that in the bill. In its intention statement, it says that the intention of the bill is to

“reduce economic wealth inequality”,

which is fine—I do not have a problem with that—and

“support economic growth”.

I am worried that “economic growth” will be explicitly interpreted to mean an increase in gross domestic product at the expense of all of the other lovely things that we know are so important, such as opportunity, crisis support and quality of life. Is economic growth the right way to measure the success of the bill, or are there better ways to do that?

Jane Martin: The approach needs to be layered. There is something about how we can work systematically to know that we are successful in some of the things that you spoke about. Ultimately, if we were successful, it would add up to more growth. I am not convinced that that means only GDP growth or that that is the gold star.

We measure the number of living wage jobs and we are also much more concerned about higher value jobs and taking what people are paid much further up the value chain, because of underemployment in Scotland. We measure things such as research and development and business investment based on their own growth, rather than by using GDP outcomes. We measure things such as those because we know that that is how overall economic growth can be tracked.

This could grow arms and legs and become very complex, but it could also unlock a fruitful

conversation about what the right things are so that partners could get to the point at which they face a measurement framework together and holistically. That could add a lot of value and give us evidence for decision making in future. However, the risk is that it becomes overly complex.

I do not know whether local government still does this, but it used to track a set of economic impact measures, and I think there were about 50 or 60 of them, which meant that sometimes it became difficult to see the wood for the trees. Therefore, I take your point about being thoughtful about what the measurement framework looks like, but it should be proportionate.

11:45

Jackie Taylor: Our community wealth building commission talked about that only yesterday at its meeting on metrics and how we measure success. Our plan contains 71 measures—I will call them actions—that we are giving a red, amber or green status. So, we are saying, “We’re working on this” or “Yes we’re doing it”, and we are probably less focused on how we measure whether something has improved.

You would hope that we are seeing improvements as a result of doing all these things. However, the commission has talked about the importance of something that is measurable from a quantitative, rather than qualitative, perspective in relation to how things are improving.

I was pointed to something that the NHS has started using that I think is called the anchor metrics framework. I do not have details of that—maybe Emilia Crighton does. That framework seems to be designed to measure improvement and how the outcomes are improving. How we can make sure that we are measuring this work appropriately is definitely on the radar, because, if we are not measuring it, how do we know that what we are doing is working?

Dr Crighton: Thank you for provoking that deep question, Lorna. We have the anchor metric, which Jackie Taylor mentioned, but, on the impact, the short answer is that GDP is not the answer. I say that because, if we look at the use of community assets since the Community Empowerment (Scotland) Act 2015 was passed, for example, we can see that it is not the communities that would benefit most that are engaging, so there is a danger that a GDP measure might not capture an increase in inequality, which you mentioned. Therefore, perhaps we can truly measure the impacts through elements that are sensitive to identifying whether inequalities have been narrowed in any shape or form if we target particular communities where we

would really like to see wealth building happening. In addition to our existing metrics, we perhaps need to track the impact on inequalities in specific communities, by looking at employment rates, income satisfaction and distance to place of work, for example.

Lorna Slater: Who needs to be in the room to ensure that the bill captures the learning from your experience of community wealth building? We have heard that the finance pillar is one of the more challenging pillars of community wealth building, so who needs to be in the room to help to tackle that? How important is the influence of partners who own land or significant assets, for example? Should private business be in the room? Who needs to be around the table for that to be successful?

Jane Martin: All of the above need to be in the room. The risk, however, is that you end up with a huge group of people who are not really coming together. It depends on the action that we are focused on. This already happens, but really embedding the idea of public-private partnership for delivery is critical, because we will not get wealth building without thinking about the private sector dimension. Things are happening in the banking sector, for example, with regard to inclusion for bank accounts. There is innovation in that regard, and there could be really good thinking and input from the banks on that agenda, which might provide ideas and innovative models that the public sector can then get behind. Business and others absolutely need to be in the room. In my experience, we get better impacts and outcomes when we work alongside the private sector but we are very clear about what we are trying to achieve, as opposed to it being around governance, criteria and box ticking. We need to be very clear about what we are trying to do in a particular area and what success would look like. There is an opportunity to engage with partners and the private sector around that agenda, as opposed to having a very complex governance structure, which I would certainly recommend that we avoid.

Jackie Taylor: Jane Martin's points are all well made. I would add that, for me, the more the merrier, because there is a role for the private sector, the third sector and publicly funded bodies to play in taking the agenda forward. However, each of those bodies will have different objectives. The private sector will have a commercial mindset. I am thinking about things such as pension funds, which will be focused on delivering outcomes for their current and future pensioners, so they will have obligations to focus on that over community wealth building objectives. Therefore, it is absolutely important that those individuals are part of our considerations in relation to community

wealth building, but we must also consider their competing objectives.

Dr Crighton: I am mindful of particular businesses that we have in Scotland and the difficulties that we have in relation to the input of alcohol businesses to various aspects that impact on health. Therefore, I am mindful of the sort of private businesses that would have an input. However, to answer Lorna Slater's question, we certainly need the third sector in the room. I agree with Jackie Taylor about competing interests, and I would not see extracting wealth from communities as beneficial to community wealth building.

Lorna Slater: We have spoken about guidance already, but would you suggest anything else that should be included in the guidance? For example, during the committee's visit to North Ayrshire on Monday, we heard that they had had good success by taking as their starting point the inclusive growth diagnostic and a map of regional land and assets. In that way, they knew where the problems were and where their assets were so that they could understand what they were doing. Would that be a good place for our new community wealth building partnerships to start? Is there anything else that should be in the guidance to make sure that this works?

Jane Martin: Actually, that would be a good start, because that would involve people asking, "What will work for our local area, what are we trying to achieve and what are the assets that we can deploy?" The additional piece of work is about considering what we are aware of across the region and across Scotland that could add value to that agenda, but that strikes me as a good place to start: clarity of outcome and establishing what assets and tools we have to deploy.

Jackie Taylor: I would like to see guidance that is enabling, rather than prescriptive. I would not want to quash the good work that is already taking place on community wealth building. I have no issue at all in relation to the plan around assets and understanding what resource we have to do this, but we need the flexibility to develop these plans in the right way for the local area.

Dr Crighton: First of all, I am thinking about the footprint of the plans. For example, NHS Greater Glasgow and Clyde covers six local authority areas, and it would not necessarily be very helpful if I was required to participate in six plans. The other thing is that I want to ensure that the guidance allows the natural geographies to come together, such as with the Glasgow city region. Mapping might be helpful, but we might spend a lot of time mapping the assets instead of putting in place the ideas that we have and promoting what we already do. Therefore, I would like to see us evolving and building on what is already there.

Murdo Fraser (Mid Scotland and Fife) (Con):

Good morning. Will the bill have an impact on existing economic development structures and plans, including community planning partnerships and local place plans? What difference, if any, will the bill make? I put that to Jane Martin in the first instance.

Jane Martin: I hope that the bill will not add to the existing structures, because there are available structures that can be used. Community planning partnerships currently have no statutory responsibility for the local economy. As I said earlier, there could be an opportunity to ensure that that is done systematically and consistently across the piece.

Similarly to my colleague, I am hopeful that the emerging and maturing regional economic development structures that we have can be deployed in relation to the delivery of the action plans.

I do not know whether that answers your question. I do not think that anything new is needed for that work to be executed, but I think that we could strengthen what already exists around coherent and concerted action.

Murdo Fraser: Jackie, do you have anything to add—for example, on community planning partnerships? Do you have a view on whether the bill will make a difference?

Jackie Taylor: I am very aware that the bill sits to the side of community planning partnerships, which we already have. I am not sure whether those existing relationships and economic partnerships need to sit in a separate space. Having legislation on a community wealth building approach does not necessarily mean that partnership working will be enhanced if it was not there previously. Community planning partnerships are working, which I think is a good thing.

To pick up on a point that Emilia Crighton made earlier, we must be clear on how thinly some of those organisations might be spread—we see that in community planning partnerships, where the NHS might be required to work in multiple areas. That is definitely an important issue to consider.

Murdo Fraser: Emilia, would you like to add to that?

Dr Crighton: Yes. Most of the partners that the bill identifies as being part of community wealth building are already in the community planning partnership, and the CPPs already have their own planning cycle—I think that the Glasgow one goes on until 2034. Therefore, we need to ensure that we do not duplicate efforts, that we have consistency and that we minimise the impact on organisations that will be fairly thinly spread on the

ground if we have to meet in different arenas for different aspects. It is a case of coalescing agendas across different aspects.

Murdo Fraser: I have a slightly broader question. Is there anything that is not in the bill that you think would improve it? I see that you are all thinking.

Dr Crighton: With the NHS being an anchor organisation, there is a clarity of focus in what we do. On whether the bill can enhance anything, the issue is perhaps about how we mobilise behind a clear purpose and have the ability to go to the next level in a way that builds on what we already do. My question is how we would be enabled to do that and how we would cut down the different silos. As well as child poverty plans and CPP plans, we will have community wealth building plans, so it is a question of how we bring all those things together to strengthen the impact of all the plans that we currently need to have.

Jackie Taylor: I will touch on an issue that I have mentioned already, which we addressed in our submission. We would like to see something in the bill that helps to break down some of the barriers that we face, perhaps around procurement and—although this is not my area of expertise—planning. We would be in favour of anything that could alleviate some of the barriers that restrict our ability to progress community wealth building. That is probably where I would go with that question.

Jane Martin: I am not sure that I have much to add. I agree with Jackie Taylor's point about procurement and planning and the need to think about how the bill could be used to remove barriers. I also agree with Emilia Crighton's point about the need to ensure that we do not create an additional layer. Perhaps the bill could include a provision to ensure that we coalesce around the multiple different things that we are being asked to do and that we use community wealth building—which, to be frank, is happening quite a lot on the ground anyway—and, in particular, the action planning aspects of it, as a way of bringing those strands together.

Murdo Fraser: Thank you.

The Convener: Willie Coffey is next.

Willie Coffey: Good morning. My question is probably for Jackie Taylor from South Lanarkshire Council, but I would be obliged if our other two colleagues were able to respond, too.

Jackie, you will have heard committee members say that we were down in Irvine in North Ayrshire on Monday, where we met fantastic local people who deliver local projects there, as well as some great officials, who provide support.

My colleague Lorna Slater mentioned the diagnostic tool that North Ayrshire Council has developed. I am keen to ask you whether South Lanarkshire Council has been able to do something similar. Your authority has a big area and many communities to cover; it stretches all the way from Rutherglen away down to Biggar, it includes East Kilbride, and there are small villages all over the place. Do you intend to embark on a diagnostic process that engages with communities at their level to understand their needs, their hopes and their aspirations for what community wealth building could bring them?

12:00

Jackie Taylor: I am not au fait with the diagnostic tool that you mentioned, so I cannot comment on whether we are working towards pulling that information together, but I know that our approach to engagement with the community is very strong. We have a strong team that is responsible for making sure that community engagement is taken forward.

You are right that, as other councils do, we have every size, shape and form of difference in our geographic area. It is important that we recognise all of that, from affluent areas to areas of deprivation. That is important when we think about how we are going to tackle the actions in our community wealth building plan.

With your permission, I can ask my colleagues in the community engagement team to see whether they have considered whether we could take forward the diagnostic tool that you mentioned. If that would be of use and we could take that forward, I would absolutely encourage that.

Willie Coffey: We were keen to see a copy of that tool, because it is not something that would appear in a Scottish Parliament bill. It is something that is very local and meaningful to the communities that have to deliver it.

We asked the community groups what makes the whole process work. It is the people who deliver and drive it—the local officials and local community groups and their enthusiasm, determination and dedication to build and improve community wealth building—that make it work, not the bill. Do you see that in abundance in South Lanarkshire? Are you well placed to get a meeting of minds between the officials who are determined to deliver it and the community groups who are keen to exploit it?

Jackie Taylor: In South Lanarkshire, we absolutely have visibility of how communities play a role in what we all do. As well as having our community wealth building commission, our action plan and our strategy, we are very much focused

on what the community can do for us and for themselves. We are undertaking a review of our relationship with the third sector. That is important, because the third sector delivers a heck of a lot for communities, which enables the council to deliver more. We recognise the crucial role that the third sector and community bodies play in supporting key council services such as social care and education.

Our elected members are particularly strong on that support. Having that basis of support from our elected members is important, and I imagine that that is replicated in councils across Scotland.

We recently had a big drive on community asset transfers, which is fantastic, given that councils are having to consider policies to reduce the number of assets that we have, and given our drive to be efficient in an environment in which money is tight. We have been able to withdraw from owning physical assets because the community has taken those on through community asset transfers. In that way, we have been able to continue to deliver a space for the community to access. Presentations from organisations at our community wealth building commission have sung the praises of our ability to do that.

Working in partnership with communities is absolutely key to driving forward community wealth building, and you are absolutely right that the groups that are on the ground know how to make a difference, and they are making a difference. This process is not about producing 15 pages of actions; it is about getting those groups involved and hearing from them about where they want to go and where we need to support them.

To pick up on what we have talked about today, if we enable things to happen—for example, through procurement or planning regulations—that could help local groups, regardless of whether we call it a community wealth building action plan. That is important.

Willie Coffey: I see that Dr Crighton wants to come in.

Dr Crighton: To add to what my colleagues have mentioned, we know about the wealth of our communities. We have had community planning action plans for a very long time. However, we wonder whether the co-ordination of Scottish Government grants could be improved through the bill. We have examples of grants coming from nine different sources, which has a huge impact on the ability of poor communities to spend money and generate wealth. That is the one thing that we would ask for, if possible.

Willie Coffey: I have a final question for Jane Martin, which is a bit like the one that Daniel Johnson asked. What role do you see Scottish Enterprise having in the community wealth

building process? How do you see the organisation working with, say, South Lanarkshire Council to grow and develop the whole principle of community wealth building?

Jane Martin: I see us as being an active and constructive partner. We rely heavily on our colleagues in local authorities to bring us in as appropriate, because we do not have the bandwidth to be involved in every community conversation. Unlike our colleagues in Highlands and Islands Enterprise and South of Scotland Enterprise, Scottish Enterprise, as an organisation, does not have a community remit.

The way that I would describe it is that we would actively lean into those conversations. We are very up for being challenged on and accountable for how we ensure that the work that we deliver as an organisation creates a win-win situation. We want to ensure that what we do is additive and goes in the same direction as what is being done by others, as opposed to off to the side. We are already actively involved in such conversations with regional economic partnerships, community planning partnerships and so on. That is what I see us doing.

Willie Coffey: Thank you.

The Convener: I have a final question. This is not quite “Dragon’s Den”, but I will give you a chance to pitch to us. Is there anything that you have not been able to share with us—either in your written evidence or your observations so far—about ways in which the bill could and should be improved in order to deliver the ambition of community wealth building across Scotland? You might not have anything—you might be happy with the bill. Who wants to go first?

Jane Martin: From my perspective, I think that the bill is quite clear. The principles are well laid out, but the guidance and the implementation will be key. It will be a case of keeping a proportionate focus on outcomes, building on all the things that we have talked about and, potentially, challenging organisations such as Scottish Enterprise to be more creative and thoughtful with regard to how we can be accountable and measure the impact on local economies of what we do. I imagine that my colleagues will have more to say about that.

The Convener: They might have a longer list. Dr Crighton, I think that you put your hand up first, so fire away.

Dr Crighton: I was asked to ensure that there is resource to deliver whatever is required. We do not want to divert from our current core business, but we would like to have the facility to increase wealth in our communities because, ultimately, that is the answer to addressing inequalities in health.

The Convener: I see that Jackie is ticking that point about resources off her list—

Jackie Taylor: Absolutely.

The Convener: However, I am sure that she has others.

Jackie Taylor: It is always good when others have the same ideas as we do. I very much think that the devil will be in the detail. We have all had a good opportunity to feed in some of the areas in which, through the bill, we might be able to see benefits.

When times are tight, having the resource to deliver something that is good, such as community wealth building, is important. As I have said, the financial memorandum mentions that the cost to local authorities of delivering the bill will be £4.5 million. That is a lot of money that we do not have, so if we are to deliver the bill well, we must rely on having that resource there. If we are to take forward the bill, it is important to recognise that—outwith the responsibility of local authorities—those partners that we want to ensure are involved in the process have resourcing restrictions as well.

However, again, we are very supportive of the bill and of the enabling powers that it will provide across the board.

The Convener: Thank you for that final word. I thank all our witnesses for joining us today.

12:09

Meeting continued in private until 12:21.

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