



Finance and Public Administration Committee

Tuesday 6 January 2026

Session 6



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Pàrlamaid na h-Alba

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE

1st Meeting 2026, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Patrick Harvie (Glasgow) (Green)

*Craig Hoy (South Scotland) (Con)

*John Mason (Glasgow Shettleston) (Ind)

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

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Jackson Carlaw MSP (Scottish Parliamentary Corporate Body)

Liam Farrow (Scottish Government)

David McGill (Scottish Parliament)

Ivan McKee (Minister for Public Finance)

Andrew Munro (Scottish Parliament)

Kerry Twyman (Scottish Parliament)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 6 January 2026

[The Convener opened the meeting at 09:30]

Interests

The Convener (Kenneth Gibson): Good morning, and welcome to the first meeting in 2026 of the Finance and Public Administration Committee. I wish you all a happy new year.

I am pleased to welcome Patrick Harvie as a returning member to the committee. Before I invite him to declare any interests, I would like to record our thanks to Ross Greer for all his hard work on the committee over the past four and a half years.

Patrick, would you like to declare any relevant interests?

Patrick Harvie (Glasgow) (Green): I do not think that I have any interests that I am required to declare. My entry in the register of interests shows my membership of a number of organisations that might wish to submit evidence to the committee on the budget or other issues. I will draw attention to those memberships as and when it is relevant.

The Convener: Thank you.

Budget Scrutiny 2026-27

09:30

The Convener: As part of our scrutiny of the budget for 2026-27, we are taking evidence today from the Scottish Parliamentary Corporate Body on its budget bid for 2026-27. I welcome to the meeting Jackson Carlaw MSP, who is a member of the SPCB, and the following Scottish Parliament officials: David McGill, chief executive and clerk; Kerry Twyman, director of finance and resilience; and Andrew Munro, head of internal audit.

I intend to allow up to 90 minutes for the session. Mr Carlaw, would you like to entertain us with a brief opening statement?

Jackson Carlaw MSP (Scottish Parliamentary Corporate Body): Thank you very much, convener.

Here we are again. It seems like only yesterday that I was here. Indeed, I am not sure that I was not here, presenting the corporate body budget to the committee, when Mr Harvie was last on it.

Thank you for the opportunity to set out the context of the corporate body's 2026-27 budget proposal, which covers the forthcoming Holyrood election and the first year of session 7.

Although we have sought to capture, and budget for, the impact of the election and potential related uncertainties, a key theme throughout our budget process has been a focus on value for money, prioritisation and reform. As such, the budget proposal recognises the on-going constrained financial environment and financial challenges that public services face across Scotland. It is only right that the corporate body play its part in tackling those challenges, by driving best value and efficiencies while delivering high-quality parliamentary support and enabling effective debate and scrutiny. The transition between sessions provides the perfect opportunity to reflect on the Parliament's development to date as we look forward to future challenges and opportunities.

Our total proposed expenditure budget for 2026-27 of £150.1 million represents a tiny fraction of the wider Scottish consolidated fund expenditure that the Scottish Parliament is tasked with scrutinising—in effect, it is 0.255 per cent of a budget of more than £60 billion—although I would just reflect on the fact that it is almost twice what it was when I first joined the Parliament in 2007.

Alongside the aims of continuing to support our key parliamentary outcomes and deliver value for money across all our services, our ambition was to submit a 2026-27 budget bid that was below the 2026-27 indicative figure. I am pleased to report

that, despite a number of pressures and despite inflation outstripping our forecasts, that has been achieved for the controllable elements of the budget, which come in at £0.5 million lower than the indicative. We continue to deliver savings across a range of parliamentary services and contracts, as reflected in the budget bid.

The overall increase of £13.9 million, or 10.2 per cent, above the 2025-26 budget is primarily driven by the addition of direct, one-off election costs of £8.5 million. Stripping direct election costs out of the budget leaves an increase of £5.4 million, or 4 per cent. Roughly two thirds of that is driven by increases in office-holder costs, and the remainder relates to inflationary uplift and increases in contingency in order to meet a range of additional risks that are being carried into 2026-27.

For MSP and ministerial salaries, the scheme allows the corporate body to use any index that it deems appropriate to inform annual uplifts. I can confirm that, for 2026-27, we have continued to use the annualised average weekly earnings—AWE—index, as we have done for the past two years. The corporate body firmly believes that the retention of a single index offers a more consistent and balanced approach than being seen to jump between different indices in any two years.

The application of AWE at 4.3 per cent equates to an MSP salary of £77,710 in 2026-27. You will no doubt be aware that MSP salaries continue to sit below those of their counterparts in Westminster and the Senedd. Over the period from 2021-22 to 2026-27, MSP pay has been lagging 8.2 percentage points behind the consumer prices index—that equates to around £5,300 over the period. In other words, had member salaries risen in line with inflation, they would now be £83,000 rather than £77,710. I say that not to virtue signal but to counter the inevitable reporting on any increase that is generated by the actions of the corporate body and to point out that any increase still leaves us behind Westminster and the Senedd. The initial arrangement between the three Parliaments was that Scottish Parliament MSP pay would sit in the middle of the three.

Moreover, since 2023-24, the corporate body has chosen AWE to uplift the staff cost provision and will continue to do so to ensure consistency. Applying the 4.3 per cent uplift provides a total staff cost provision of £169,000 per member.

Following a rigorous prioritisation exercise, the total amount incorporated in the 2026-27 budget for projects is £6.5 million, of which £2.5 million relates to the election programme. Original bids totalled £8.4 million, and the reduction of nearly £2 million reflects our careful scrutiny of business cases and project bids to ensure best value for the taxpayer, as well as clear links to Parliament's

priorities and outcomes. In our submission, we highlight the projects that are under way or are due to commence in 2026-27, and we provide further detail on the prioritisation scrutiny process. Significant projects commencing in 2026-27 include the modernisation of the committee room conference system, a major redevelopment of the chamber desks and continued expansion of the election programme.

The office-holders' 2026-27 budget submissions totalled £24.7 million, which is £3.4 million, or 15 per cent, higher than the current year. A significant element of the year-on-year increase relates to one-off election costs for the Electoral Commission, covering the 2026 Scottish Parliament election, the 27 Scottish council elections, and, for the first time, costs relating to the Patient Safety Commissioner for Scotland and the Electoral Management Board for Scotland.

As the committee is aware, the corporate body carefully scrutinises the office-holder budget bids and provides a robust challenge. You will recall that the corporate body warmly welcomed the publication in June last year of the SPCB Supported Bodies Landscape Review Committee's report, and work is going on at an official level in preparation for implementing the report's recommendations, most of which will be for the next session of Parliament.

We have provided our budget submission in a new expanded format, which takes a more detailed look at the SPCB budget, specifically what it provides for the Scottish Parliament and the link to our key outcomes and priorities. We have sought to take into account the committee's helpful recommendations from previous sessions, especially in areas such as the prioritisation of spending decisions and examples of reform and efficiencies.

That concludes my remarks on the 2026-27 budget. My colleagues and I are very happy to take questions.

The Convener: Thank you for providing a more detailed report than we have had in previous years. It is very much appreciated. I saw a wee glint in your eye when you first mentioned office-holder costs, which no doubt will be touched on as we progress, and, despite your extensive labours in that respect, I am not convinced that the MSP salary increase will be put into its true context when it is reported.

I want to start on a positive note. From the Auditor General for Scotland's report, I note that, by 2024-25, the Parliament had achieved a 68 per cent reduction in carbon emissions compared with the 2005-06 baseline, exceeding its interim target. That is something to be welcomed. Moreover, the outturn for 2024-25 was £2.1 million lower than

was anticipated, and it is also important to point out the high level of member satisfaction in the services and facilities that are provided to support participation in parliamentary business—it stands at 90 per cent—and the fact that there have been no complaints under the culture of respect policy, reflecting a positive workforce environment and commitment to staff. It is important that those are put on the record, and I commend everyone on the SPCB and Parliament staff for those magnificent achievements.

It is reported that the Parliament welcomed 175,686 visitors in 2024-25. How does that compare with previous years—before the pandemic, for example?

Jackson Carlaw: Thank you for your comments on net zero. The facilities management team continues to actively develop a strategic investment plan to ensure its preferred route to make the building net zero ready. Work is continuing on that at all times—indeed, it has been a valuable part of the work that we have done.

I recall inviting members at a previous committee meeting to go into the bowels of the building to see all the plant and equipment that was due to be replaced as part of that exercise. I gather that everything has now been duly replaced; I am told that it all looks much the same, but, nonetheless, it has been an extraordinary investment and is quite something to see. I am sure that, were the committee ever minded to get the opportunity to see the outcome of all that, it would be made most welcome.

As for the number of building visitors, we have obviously seen an increase in the post-pandemic period. David, do we have the detail on actual visitor numbers?

David McGill (Scottish Parliament): I do not have actual numbers for previous years with me today, but I can say that we have not yet quite got back to pre-pandemic levels. There has been an upwards trajectory over the past four years, but visitor numbers have not quite reached pre-pandemic levels again.

The Convener: Indeed. I have noticed that, in recent months, there does not seem to be the same urgency when it comes to securing tickets for, say, First Minister's question time. Perhaps the performance of those who participate in it, including all of us around this table, is one of the reasons for that being the case.

Jackson Carlaw: It is true that viewing figures for Scottish Parliament TV have declined, too.

The Convener: Yes, indeed.

Let us move on into the report. One of the things that you highlight is

“continuing to apply a 5% vacancy”

rate, which you say improves efficiency. How does it improve efficiency? I would like you to explain how that works. Is it 5 per cent across the board? Is it just the first 5 per cent of vacancies that occur? There must surely be certain circumstances in which a vacancy must be filled. It seems odd to me; if you can work with a 5 per cent vacancy rate, you surely have 5 per cent more staff than you really need. Will you talk us through how the vacancy rate works and how it makes the Parliament more efficient?

Jackson Carlaw: That is a question that we have explored ourselves as members of the corporate body, and I know that Kerry Twyman will be happy to answer it.

Kerry Twyman (Scottish Parliament): The rate is set largely at a blanket 5 per cent across all areas; that was set some years ago, at the beginning of session 6, as part of the medium-term financial plan. However, year on year, we flex. If somebody leaves and, as the convener says, the post is absolutely integral, a business case will be prepared, considered and agreed to, and the post will be filled. We look at that case by case. We also have a pattern of filling temporary posts using contingency where additional flex is needed. For example, in the run-up to the election, we have looked at filling temporary posts in areas such as the allowances team to allow them to flex to cover that period; the team will then get smaller once that work has been completed.

We start with an across-the-board approach, but, within directorates, it is looked at and scrutinised carefully over the year to ensure that the posts that need to be filled are filled, and other areas flex and adapt where possible. We should probably say that hitting the 5 per cent vacancy rate varies year on year and between different business areas, depending on who leaves and the nature of the business that is undertaken.

The Convener: You have a 7.1 per cent turnover, so, if there is a 5 per cent vacancy rate, a wee sum in my head suggests that the average vacancy is about eight months long. Is that right? That is how it reads to me.

Kerry Twyman: We would probably have to come back to you on the length of the recruiting process. I think that it is some months between a post being left empty and it being filled; recruiting takes some time, and the labour market is quite sticky at the moment so it is taking quite a long time to fill posts. We can come back to you on the exact length of time between somebody going and their post being filled.

The Convener: The SPCB did not really touch on this issue in its report, so I am wondering how it

works with the Scottish Government on what the Government has described as

"a managed downward trajectory for the devolved public sector workforce in Scotland (0.5 per cent per annum on average over the next five years)".

That seems to me to be incredibly modest compared with what you are delivering on the vacancy rate, which effectively means that you are permanently operating at 95 per cent capacity.

09:45

Kerry Twyman: The argument that we would make is that, in effect, the Parliament has gone early on this. As I said, through session 6, we have effectively had the 5 per cent vacancy gap. We have held numbers incredibly level. I think that we are looking at a 1 per cent increase over the past five years, which is mainly because of the additional security staff, for very important safety reasons. David McGill might want to come in on this, but that is why, going forward, we are not looking to cut numbers further. In effect, we will try to maintain what we have and do more with the current figures.

The Convener: The point that I am trying to make is that, rather than have a 5 per cent vacancy rate, would you not be better to say that we will have 5 per cent fewer staff? Basically, you would base the figure on what is required by each department and then, when a vacancy comes up, you would fill it as soon as you can, as is normal in most organisations, one would have thought.

Kerry Twyman: I guess that how the vacancy rate works is that we are not looking to make an additional 5 per cent cut. In effect, we have embedded that 5 per cent in the current staff numbers.

The Convener: All right. I will move on, as there are a lot of other things that I want to touch on, but others might wish to pick that up.

You talk about reducing electricity bills and usage through introducing

"LED lighting and other efficiencies generated by the ... Building Energy Management System."

What other efficiencies have been introduced?

David McGill: The building energy management system allows us much more sophisticated control of the parliamentary estate. In short, the previous system allowed us to heat the whole building or not heat the building, whereas the new sophisticated system allows us to target areas much more. For example, we have just come out of the recess period. We knew that occupancy rates in the building would be very low for the past fortnight, so we asked people who were in the building to go to a particular part that

would be heated, whereas the rest of the building would not be. We have the ability to be much more efficient by targeting the heating and resources through the energy management system.

The Convener: That is interesting because, a few weeks ago, I remember that members of the committee, who usually complain about how hot it is, were concerned that it was actually too cold. Perhaps you decided to drop the temperature just a wee bit too much at one point. However, from my perspective, it seems just right at the moment.

On productivity, you have said that you will absorb

"the impact of introducing the shorter working week from March 2026 via enhanced productivity."

How will that work in practice?

David McGill: During the previous pay negotiations, the corporate body signed up to a commitment to reduce the working week, in line with societal changes. We have therefore spent the past year or so encouraging teams to talk about how they might deliver that saving within existing resources, and we are on target to implement that from 1 March this year. The efficiencies that have been generated have been driven by automation, the use of AI, reductions in the number of meetings and that kind of thing. We have asked people to look at how they work and what the benefits could be.

The reduction in the working week is very small—it is 5 per cent. Basically, we are tasking people with delivering their current services within 95 per cent of their current capacity. We are getting good feedback from business areas across the Parliament that they have been able to identify ways in which they can do that. I am very optimistic that we will deliver that on target on 1 March.

The Convener: One of the issues that concerned the committee at the start of the session was the £3 million-plus that was, in my view, squandered on a not particularly brilliant website. We took a lot of evidence on that at the time. However, you say in your report that efficiency savings have been achieved through the

"use of Scottish Government procurement frameworks to drive value for money in contracts."

I notice that the committee room conferencing system will cost £1.783 million. What has the difficulty been with the consoles that we have been using? It says in your budget submission that they are "obsolete". However, they still seem to work, so why do we need to spend nearly £2 million to replace them?

Jackson Carlaw: One of my colleagues might be able to answer that in detail. It is an issue that members of the corporate body explored. The

obsolescence is in the delivery of replacement parts—as I understand it, we are now having to rob a reduced number of older units to ensure that the current ones continue to function.

I am of a generation that finds the built-in obsolescence in everything that we now buy extraordinary, on the basis that my great-grandmother would probably still have the same light bulb in her kitchen that she had had since 1947. However, that is not how the world now works.

Unfortunately, the obsolescence is such that we cannot take the risk of committee rooms suddenly being unable to function because there is no availability to replace the existing console units. The essence of the matter is that there must be a programme of replacement.

Kerry Twyman: That is absolutely spot on. The equipment is no longer supported by the manufacturer, so maintenance and repairs are increasingly challenging. As Jackson Carlaw has just said, spare stock is critically low. My understanding is that, when something goes wrong, staff are almost taking it from different committee rooms and moving it around, which is obviously very risky. If we have a bigger failure, there is nowhere to go.

The idea is that the system is obsolescent to a point where putting off a replacement any longer puts the whole thing in doubt. The decision has been made to ensure that the new system delivers more: there is the link-up to hybrid and better electronic voting, for example, which has a knock-on impact on productivity in the clerking teams and links in with how we are delivering the shorter working weeks and a more flexible workforce.

When we consider those sorts of projects, we think about what is best from a technological perspective and what frees up critical people resources to enable us to stretch those further. That is why such a decision was made on this project. Could we have limped on another year or two? Possibly. However, as I said, if something had gone seriously wrong, there would have been a real risk that we would have had to shut down some of the committee rooms.

Jackson Carlaw: I understand that our counterparts in other Parliaments now have some of the working functionality that the new console system will provide, which we do not.

The Convener: Are you happy about the cost, though? Three hundred thousand pounds per committee room seems to be an awful lot of money.

Jackson Carlaw: I think that the word “happy” is pejorative, if I could put it that way. If the question is whether we are content that a suitable

exercise has taken place to ensure that we are procuring the system on best-value terms, then the answer is yes.

The Convener: Right. Let us go on to office-bearers, which I know is always the most exciting part of the session in some ways. Thank you for providing us with some detail on that, albeit in four-point, which must be the smallest typeface that I have ever seen in the Parliament. Nevertheless, I got my magnifying glass out and was able to read some of the detail.

I take on board a lot of what you have said about the Electoral Commission for next year. Let us look at other office-bearers: there is a 9.4 per cent increase for the Standards Commission for Scotland, a 6.2 per cent increase for the Biometrics Commissioner, an 8.9 per cent increase for the Scottish Commission for Human Rights and a 7.1 per cent increase for the Scottish Public Services Ombudsman. We know fine well that, when the draft budget comes out next week, it is unlikely that any area of front-line service will get anywhere near those kinds of increases. One or two might—one never knows—but it seems to me that, yet again, increases for those office-holders are well above inflation.

Jackson Carlaw: As you know, convener, that has been the concern of the corporate body and my personal concern in the years since I began presenting the budget to you, which is why I was so delighted that the committee initiated the work that it did.

It is the case that the overall percentage of the budget that we are presenting to you that is directed towards the office-holders is increasing and will continue to increase, given the commitments that have been placed on us and those that Parliament has already entered into in relation to the additional commissioner. I can only assure you that those sentiments are very much felt by the corporate body. I also assure you that we interrogate and challenge the office-holders directly.

There could well also be a schedule of areas in which we have declined requests that have been made to us. We have started to look at budget bids based on what statutory obligation the corporate body has in relation to the office-holder budget or bid and what in the bid might be in addition to that, and we are much more critical and less likely to support that.

However, the office-holders have also had additional responsibilities foisted on to them. Maybe “foisted” is not quite the right word, but they have acquired additional responsibilities that they have to address and requirements that they have to meet. Therefore, some of the budgets that you referred to relate to commissioners who have

additional responsibilities and have had to meet them.

The vast majority of the cost in all the office-holder budgets relates to people. As you know, we have previously done everything that we can to share services. You might be aware that many of the commissioners have been located at Bridgeside house. The lease there ends in 2028 and we are looking to see what opportunity there might be at that time for further incorporation of office-holders at Holyrood.

The Convener: For some of those organisations, staff salaries account for about 80 per cent of spend. In future years, it would be interesting to see detail on what has been rejected and why they need additional funding, as we see only the bare figures.

The cost of salaries at the Scottish Public Services Ombudsman went up from £6.437 million to £6.770 million. I looked at how many staff it has, and found that it has a whole-time equivalent of 80 staff. That means that the average salary is £80,000 per year. I do not know who is employed there, but some folk will be doing fairly mundane jobs and some will be in senior positions. That seems like an awfully high average salary for such an organisation.

Incidentally, it deals with about 5,000 cases per year, so, looking at its total budget, that means it costs about £1,500 per case. Some of the cases might be detailed, but when I think about the myriad cases that members' offices deal with daily—and there are dozens every day, never mind how many we get each week or in a year—I wonder at the huge staff complement that it has to deal with a relatively small number of cases; it deals with 1.5 cases per week, per person.

I am picking at that organisation, but it seems that one organisation each year has an inflation-busting increase in its budget, and most of the costs seem to be related to salary. The cost of that organisation is now going to be £8.5 million.

Jackson Carlaw: David McGill will come in on this question. However, the corporate body's responsibility is not to examine any of the office-holders on the execution of their responsibilities; we are there to fulfil the parliamentary planning function—

The Convener: I appreciate that. I understand that the Local Government, Housing and Planning Committee takes evidence from the ombudsman, for example, as I was on that committee. However, the corporate body provides the cash and I think that questions need to be asked about what is happening in the structure of the organisations that means that they need significant increases in funding.

I did not mention the Information Commissioner, because we know that a tidal wave of freedom of information requests have come to it, so one could say that the figures for it are reasonable, but for other organisations, I struggle to see the justification for some of the figures. That seems to apply across the board, with the exception of the Ethical Standards Commissioner, where the increase is 2.5 per cent. However, the rest are well above inflation.

Every other front-line service is likely to face challenge when the draft budget comes out, so it seems that office-holders are almost immune to the same pressures that everyone else in the public sector faces.

10:00

Jackson Carlaw: Those issues have been attached to the office-holders for some time now. They are the things that the corporate body seeks to interrogate with them and which, of course, have been behind the issues that we have previously raised with the committee. I know that David McGill will speak to this directly.

David McGill: I am happy to do so. I want to reassure the committee that there is that robust challenge at official level, first of all, before the budget bids are submitted to the corporate body, and then by the corporate body. Part of the process involved the same approach that we talked about with regard to the Parliament's staff vacancy gap—in other words, pushing office-holders to increase the vacancy gap, to reduce and prioritise projects and that kind of thing. That took quite a lot out of the budget bids before they were submitted to the corporate body.

With regard to some of the issues that you have raised, convener, I am pretty sure that the salary at the SPSO will be significantly lower than the £80,000 that you have just averaged out, because the salary cost will include employer contributions, too. It is not the salary that staff earn but the complete employment costs. However, we can certainly provide that breakdown for you.

Looking at one or two of the other examples that you have picked up, I would say that, once you get into smaller budgets, relatively modest changes become bigger in percentage terms. For example, the 9.4 per cent figure that you highlighted for the Standards Commission for Scotland equates to £33,000, and it is due to regrading and increasing the hours of a very junior member of staff in response to the fact that referrals from the Ethical Standards Commissioner have gone up by 44 per cent. When the corporate body interrogated the increase, it was satisfied that there was a demand that had to be met, and agreed to it. As for the Scottish Commission for Human Rights, it has had

to incorporate the United Nations Convention on the Rights of the Child, which has led to an increase in hours.

The Convener: Given the extent of the report that you provide to us, would it not be helpful to also have a paragraph explaining that each year, to save me having to ask these kinds of questions? Inevitably, if costs are significantly higher than inflation, we are going to be asking about that, and it would make life a lot easier for everyone concerned—and make scrutiny easier—if we had that information to hand.

David McGill: We will certainly endeavour to do that from now on.

The Convener: I should say that, as far as the SPSO is concerned, the number of complaints was 5,021 in 2023-24. I just wanted to get the figures right.

Also, if there are employer costs and salary costs, they should be broken down instead of there being just staff costs. After all, the implication is obviously that they are salary costs, because you also have a line for “Staff Related/General Costs”, and it is not clear what the breakdown is.

I have been asking questions for long enough. I have plenty more, of course, but there are colleagues around the table who, annoyingly, want to ask questions, too. I call Craig Hoy first, to be followed by John Mason.

Craig Hoy (South Scotland) (Con): Good morning, Mr Carlaw. You will be aware that, throughout Government now, there is real pressure to look at making efficiency savings. In your evidence, you have talked about the possibility of a 5 per cent increase in productivity, because of the shorter working week, and the possibility of carrying a 5 per cent vacancy rate. Does that suggest that, in the past, we might not have been as efficient as we could have been? How much further and faster can you go in trying to make efficiency savings in future years?

Jackson Carlaw: I will introduce my remarks by saying no, I do not think that I would draw the conclusion that you have drawn. We have always been very mindful of seeking to incorporate efficiencies into our operations. I do not believe that we necessarily have the same capacity simply to follow the Government’s current projections.

Perhaps Kerry or David can come in on that.

David McGill: I am happy to come in first. I will go back a step to the vacancy gap and try to explain that a bit more. It is more about uptake, really. If you reduced the staff by that number, you would still have a vacancy gap, as there is always a lag between someone leaving a post and its being filled. We try to manage that by not taking

100 per cent of that budget line and being responsible in that way—that is, by ensuring that we do not draw down all of it. Of course, we can run into difficulties if there is, say, lower turnover, because that means that there are no vacancies that we can manage in that way, or if we fill posts much quicker.

That is why we manage that, and why we try to maintain our commitment to having that gap. If we reduced the staff base by that amount, we would still have gaps that we would have to manage, and I would suggest that we would still not seek to take 100 per cent of what would be a reduced line, for similar reasons.

On the point about considering efficiencies, we are trying to harness emerging technologies. That has had benefits in particular areas. For example, colleagues in the official report have been using speech-to-text AI technology, which has created efficiencies. Similarly, colleagues in the Scottish Parliament information centre have managed to automate a lot of the work when they look at consultation responses, which is very labour intensive. The new corporate body in session 7 will be asked to give its support to harnessing emerging technologies as fast and as far as it can.

Craig Hoy: In relation to SPICe, have you been able to assess how many referrals from members for research happen year on year? If AI will assist with that, what would happen in relation to the head count moving forward? Would increased demand from members require maintaining a stable workforce even though AI can do some of the hard graft of research?

David McGill: The figures show that, over the course of this parliamentary session, there has been a year-on-year increase in demand on SPICe from members in relation to the volume of inquiries and the number of inquiries that SPICe classes as complex. The head count has been directed to the higher demand on its services. Some of the automation that I talked about would be to try to take out some of the labour-intensive analysis from the volume of inquiries rather than help to address that complexity. I do not anticipate that there would be any reduction in head count, given the nature of the demands that are on SPICe.

Craig Hoy: My next question links to that point in relation to pressures on MSPs’ offices. The flipside of the use of technology is that we are all receiving far more automated requests, particularly on emotive issues such as euthanasia, gender, animal welfare and so on. The Westminster staff support budget is now somewhere in the region of £280,000 per year for MPs who are not based in London. As with the point that Jackson Carlaw made, MSPs seem to have fallen behind. I am not necessarily

advocating for an increase in MSPs' office cost allowances, but what benchmarking has the corporate body done over time to see whether the staff cost provision is keeping up with, for example, the Westminster Parliament?

Jackson Carlaw: There was a significant uprating in provision to members at the start of this parliamentary session, which was to increase the allowance by the equivalent of one full-time employee. That led to a significant increase in the overall costs of the Parliament in the first year of this session. That was based on a rigorous review of the exact criteria that you identified. However, my understanding is that we continue to run at an uptake of total staff provision that is below the net provision that is provided. We believe, at present, that the provision that we have applied is appropriate. What MSPs subsequently choose to pay their staff is a matter for them, within the provision that exists. That is not something that the corporate body involves itself in, because we are not the employer of MSPs' staff; you, your colleagues and I, as members, are the employers of those individuals.

Craig Hoy: Absolutely.

I will ask about some of the grander areas of spending. It appears that restaurant services potentially cost £0.8 million—

Jackson Carlaw: Sorry, but I cannot hear you.

Craig Hoy: I am just asking about restaurant services, which are listed in schedule 3 of the budget submission, on page 42. The cost was identified at £0.8 million. The submission also alludes to the fact that there could potentially be

"a period of double running"

of the contract, which is presently up for review and award. The cost of that would be £46,000. Is that just a periodic retendering of the contract, or is there a particular reason for that coming forward now?

Jackson Carlaw: Yes, it is a periodic review of the contract. The corporate body felt that it was appropriate to look again at the contract and the provision of the current services. We consulted members on their views about those matters. I have my view, which is that, in some respects, we cater to a different age and that something different might be appropriate in the modern era.

Kerry Twyman: I confirm that the current contract concludes in July 2026. The contracts run for a couple of years, so this is us planning ahead for the new contract procurement process. As we said, we are making sure that there is an allowance in case there is double running, and that is factored into budgets.

Craig Hoy: Fine. I turn to the elephant in the room, which is the election. There is a significant projection in there, a large element of which is contingencies. Perhaps Mr Carlaw or Mr McGill might want to say for the record what those contingencies are, what the contingent dependencies are and what may or may not happen that could result in that £6 million contingency being used.

Jackson Carlaw: You might not be returned, Mr Hoy.

Craig Hoy: Nor might you, Mr Carlaw.

Jackson Carlaw: We might have all the consequences of that to deal with. Those are the variables that are in play. I cannot remember an election that seems to be less certain in terms of the dynamics that might be in play. The Parliament is already anticipating a record number of colleagues who have decided to stand down but, of course, we also have the electorate to consider. All manner of issues could arise.

David, do you want to detail further?

David McGill: Yes, it is exactly that. There is uncertainty about the size of the turnover in membership. Members will be aware of the polling that suggests that turnover could well be at record level. You may also be aware that we normally seek a contingency of £5 million. This time, because of the volatility in the potential turnover, we thought that we should raise that to £6 million. That money is used to deal with resettlement grants for MSPs, winding-up costs for local offices and MSP offices and redundancy payments for MSP staff.

We simply do not know those numbers, but the reassurance to give to the committee is that any of that that is unspent will be returned to the consolidated fund. It is not money that will be squirreled away in any sense and be directed to other things. If it is not used for those purposes, it will be returned to the centre.

Craig Hoy: Thank you. Finally, in respect of the expenditure in relation to the lobbying register, is it now perhaps time to look at the lobbying register more generally to see whether it is fit for purpose? I know that you have committed around £400,000 to a new platform on which the register will operate, but is it time, perhaps in the next session of Parliament, to look at the operation and the efficacy of the lobbying register more generally?

Jackson Carlaw: I am grateful to you for asking that question. The corporate body's responsibility is to exercise the will of Parliament, which was that it wanted to embark on the adoption of the lobbying register and ensure that we have everything in place to allow it to be effective. I think that the premise of your question is whether

it is performing a function that justifies the cost that the Parliament is spending on it. It would be sensible for Parliament to review that through an appropriate committee, but it is not something that the corporate body can do. It is a question that the corporate body has asked in relation to anticipating the additional costs that we now have to spend to ensure that we can comply with the will of Parliament in its operation.

John Mason (Glasgow Shettleston) (Ind): I will follow up on that point, because that was one of my questions. My opinion is that the lobbying register is a complete waste of money. The information comes out months afterwards and serves, in my opinion, no value whatsoever. I do not know whether we could write to the appropriate committee and ask it to look at post-legislative scrutiny on that. I do not know whether it has done that. Are you aware, Mr Carlaw, whether it has done that?

Jackson Carlaw: No, I am not aware of that. I feel that I can reach for the cliché and say that you might think that, Mr Mason; I could not possibly comment.

John Mason: Yes, I get that.

Jackson Carlaw: However, it is something that the corporate body has looked at. In the same way as we looked at office-holders and drew those matters to attention during the budget process, when we saw the requirement that we would now need to invest in the lobbying register, a similar thought occurred to us.

John Mason: The one on the commissioners worked out very well from all perspectives, so I hope that we can do something on the lobbying register as well, convener.

The Convener: I am not going to say yes or no at this point. It is not nudge-nudge, wink-wink. We will discuss the issue in private session at some point.

John Mason: I was looking to you out of respect, convener.

I understand that the pay negotiations for staff are continuing. Can you give us a timescale of when that will be finalised?

10:15

David McGill: I would expect the unions to submit their pay claim during the next couple of weeks. That will then be considered by the corporate body, which will be asked to agree a negotiating remit. All being well, I would hope that negotiations can be concluded in time for the annual uplift from 1 April or, if that is not achievable, as soon as possible thereafter, but backdated to 1 April.

John Mason: The Government's intends to reduce staff, among civil servants and so on, by about 0.5 per cent across the board. Is the corporate body considering whether that should be happening for the Parliament and for MSP staff?

David McGill: It is not being considered by the corporate body at this stage, for a number of reasons. The first point is that the reduction that the Scottish Government has signified comes after many years of growth in the staffing situation at the Government. We have not had that same growth, so it would be unfair and disproportionate for us to match the reduction that the Government anticipates.

The second point is that we are only a few weeks away from the current crop of parliamentary committees publishing legacy reports. We know from experience that, at the beginning of a session, that can lead to significant demands for extra services or for things to be done differently. It would therefore be prudent for us to consider those reports with the new corporate body in session 7, which will also consider the sessional strategic plan and the medium-term financial plan.

It would be during those considerations that we would consider whether our on-going efficiency programme was sufficient or whether we then had to look at some sort of reduction in the way that the Scottish Government has signified.

John Mason: When I speak to staff, I get the impression that, especially over the summer recess, a number of staff—for example, those in security and cleaning—are hanging around with very little to do. I accept that you cannot sack all the staff in June and bring them back in September. However, how do you manage the fact that a lot less happens in the building during recesses, but you still have quite a lot of staff?

David McGill: Over the piece, we recognise that the Parliament has peaks and troughs of business. However, that in no way relates to all the people who are employed by the Parliament; some staff have a much more stable work programme over the course of 12 months.

A lot of people who are in sync with the cycles of parliamentary business acquire lots of extra time, which they then take during the quieter periods, as they are contractually entitled to do. A lot of it is therefore managed by people using recess periods either to take leave that they have accrued or to do a lot of planning, training and development work that they simply cannot do if they are more tied to the cycles of parliamentary business.

John Mason: We have heard about MSP staff and the fact that the take-up is 93 per cent on average. However, the figures vary a lot. For example, I looked at members of this committee

and two of them used only 70 per cent—or £103,000 out of a limit of £147,000—of their staff allowance in 2023-24.

It seems clear that some MSPs can cope with a lot less expenditure on staff than others. We had the big increase, which Mr Carlaw referred to earlier, at the beginning of this session. Is anyone measuring whether MSPs are achieving more with that big increase? How is it that one MSP can have three full-time staff, and that can be absolutely satisfactory, but others need to have more? Are we simply comparing with Westminster, as Mr Hoy suggested, or are we comparing with some kind of actual reality?

Jackson Carlaw: In my experience—which I suppose is all that I can draw on to answer your question—members who have indicated that they will not return to the Parliament might not replace staff, who might have chosen to leave in anticipation of the fact that the members do not intend to return, and that can lead to a reduction in the overall uptake of their current allowance, while other colleagues might be embarking on initiatives that enormously increase the workload in their offices. For example, I would have thought that taking forward a member's bill that has attracted a lot of interest—such as the bill on assisted dying or Gillian Mackay's bill, which I mentioned previously—would lead to a tremendous additional workload for a member's office.

It is not unexpected that there will be variances in allowance uptake between different members of the Parliament. In some years, they might totally utilise the allowance. In other years, they might not. In some years, I imagine, the allowance must seem almost inadequate, given the level of response that they might have received or have to process in relation to work that they have initiated, particularly in relation to a member's bill.

John Mason: I understand all that, but it seems to me that only a small number of members would be bringing forward a bill. We are paying all the members enough to have that facility but, clearly, some members are not exercising self-control to keep the costs down, are they?

Jackson Carlaw: I have never regarded my parliamentary colleagues as being incontinent, if that is what you are asking me. From my experience—I have probably been a member for longer or the same length of time as you, having entered during the 2007 session—I would say that the volume of inquiries, particularly in the digital age, has significantly increased. The volume of casework that my office progresses bears no relation to the volume when I was a regional member or to when most casework was generated either by a knock on the door or by a ring of the phone. A lot of it is very detailed and complicated.

My impression is that colleagues are quite rigorous in ensuring that they have effective staff and that their staff are being deployed effectively. I cannot think what interest would be served by any colleague not doing that and seeking to achieve the maximum possible return from their investment in the staff that they have.

John Mason: I could go on and on about this, but I probably should not, as I will upset all my colleagues along the way, so I will leave it at that for now.

We have always struggled to have the Parliament shop's income cover its costs. As I understand it, people can either come into the Parliament, which means going through the security system, to get to the shop, or they can buy online. Has any thought been given to one of the local shops having a franchise and being able to sell Scottish Parliament products outside, on the Royal Mile? I think that some tourists would be up for that kind of thing.

Jackson Carlaw: That is not something that I, personally, recall us having explored. As you know, we have gone through the issues of the shop before, and you are absolutely right that, in order to enter the shop, you have to enter the Parliament. I suppose that you can think romantically of having doors opening on to the main street and people wandering in and out, but there would be huge security issues relating to access from the shop into the Parliament. We are constrained by that fact.

I think that members of the public visiting the Parliament expect there to be a shop. Considerable effort has been made to have Scottish Parliament branded merchandise in order to give a much wider and unique offering to the public who come into the Parliament so as to encourage people to spend more. I do not think that we have looked beyond that to whether the shop could be franchised out to other operations. That might not assist the shop—I am not saying that we would not benefit from the income, but I do not know that it would necessarily assist the shop.

Kerry, would you like to add anything?

Kerry Twyman: I do not think that that has been given any detailed consideration. It would probably open us up to all sorts of interesting tax considerations and us being considered a trading body and things of that nature. I understand that, as Mr Carlaw has said, the shop is effectively loss making, but visitors to the Parliament have openly said that they enjoy and like it and that it is part of the wider experience. The idea of franchising it out would be complicated and would take time in a world where, as we have said, we want to do more with the same number of people—time that is

probably better spent elsewhere. We probably do not see it as a core priority at the moment.

John Mason: It was just an idea. I was not thinking of having it instead of the shop; I was thinking of having it in addition, because quite a lot of tourists who do not come into the Parliament might be interested. Some of the shop's products are excellent. I have bought a number of the scarves over the years, and people really like them.

Liz Smith (Mid Scotland and Fife) (Con): I refer to section 5 of your financial statements, in which, under

“travel, accommodation and other costs”,

the figure goes up from £2.9 million in 2023-24 to £3.1 million in 2024-25, which is an increase of just under 7 per cent. Is that increase largely due to the increase in the use of hotel accommodation for members who do not have their own accommodation in Edinburgh? Is that the reason for the increase?

Kerry Twyman: Is that figure from the annual report and accounts?

Liz Smith: It is, yes.

Kerry Twyman: Let me double check.

Liz Smith: It is under “other administration costs”, which is section 5.

Kerry Twyman: We can come back to you with a concise answer, but yes, my understanding is that the increase is, in effect, an inflationary uplift based on the price of accommodation in Edinburgh. Let us come back to you with a detailed response.

Liz Smith: That would be helpful, because it is becoming quite an issue for several colleagues. The increase in hotel prices in Edinburgh is well beyond the current inflation rate. It is an issue for those colleagues who do not have their own properties in Edinburgh but have to use Edinburgh hotels, particularly given the number of later sittings that are happening for bills at stage 3. I do not object to later sittings, but we seem to have far more than we used to, and more colleagues are therefore taking advantage of Edinburgh hotels.

Has the SPCB thought about having any discussions with hotels other than the one next door—the Macdonald Holyrood hotel, which is now a Marriott hotel—to see whether there are possible special deals for members, given that the cost seems to be rising quite a bit?

Jackson Carlaw: We have discussed that matter because members of the corporate body have had it drawn to their attention by colleagues in their own parliamentary groups, particularly in relation to sittings for stage 3 proceedings.

One thing that I have noted in the time that I have been an MSP has been the quite remarkable success of Edinburgh as a destination that people want to come to. In the walk from the front door of the Parliament to the station, it used to be that you could expect to see certain types of people at certain times of year—students for one part of the year and visitors for another—whereas it is now almost permanently the case that you see visitors. Edinburgh has also transformed itself into a weekend destination. It has had some very high-profile music concerts, which have tended to absorb a lot of accommodation. In fact, I think that one took place while there was a sitting for a stage 3, so we were at the point at which there was no accommodation to be had, never mind whether it was affordable.

The corporate body has become aware of the issue. We make it clear that we will fund accommodation to meet that challenge, which I recognise could be on-going. It is obviously the case that colleagues should be able to meet that cost, because a consequence of the increased number of visitors is that Edinburgh is becoming a more expensive city, in the way that London is.

Liz Smith: The SPCB is generous in its commitment. It is just that, to my knowledge—you might be able to correct me—the special members' deals that are offered by the Marriott hotel do not exist in other hotels. Is it worth the SPCB pursuing whether other hotels can offer deals? I have certainly heard several colleagues complaining that, when they have gone to—

10:30

Jackson Carlaw: I am pretty sure that other hotel groups offer such arrangements—

Liz Smith: For members?

Jackson Carlaw: I know that the allowances office will be exploring that with those hotels. Of course, those discussions will take place in a commercial environment, in a city where accommodation is even more in demand than it was when a lot of the deals were initially arrived at. I am sure that we will continue to pursue the matter, but we are conscious that it is becoming more of a challenge.

Liz Smith: It would be helpful for members who are returned next year—or for new members—if that kind of information could be put forward, because I understand from quite a few colleagues that things have become a lot more expensive. As I have said, the increase in the number of sittings for stage 3 proceedings that we are having is another pressure.

Jackson Carlaw: As is where we are in the current session, in the period running up to dissolution.

Liz Smith: Precisely.

I am just interested to find out whether the 7 per cent increase in the financial accounts for that specific topic was mainly due to hotels, rather than to some other aspect. If you can provide information on that, that would be helpful.

Kerry Twyman: I do not have a detailed breakdown for that.

Andrew Munro (Scottish Parliament): It might be helpful to add some more context. We have recently concluded a review of the reimbursement of members' expenses scheme, and when we looked at the Edinburgh accommodation provision, which is where those costs are met, we came to the view that further work and analysis needed to be done in advance of the uplift that the SPCB will make to that provision. That will happen over the next couple of weeks and months.

We have applied the retail prices index to that provision in the budget, but only for budgetary purposes; the SPCB has yet to consider the most appropriate index for each of those provisions. We know that uptake of the Edinburgh accommodation provision has been fairly low—circa 60 per cent or thereabouts—but, of course, there will be individual cases where there might be those pressures. We will present that to the SPCB and ask for ways of managing that.

Liz Smith: Is uptake lower than it was previously?

Andrew Munro: It has been relatively consistent over the session. Where we are seeing the most pressure is with members who have sought accommodation, because we are seeing real challenges in that market, too. Following one of the recommendations in our report, we have committed to looking again at the market and coming back with an appropriate recommendation for corporate body uplift. For the moment, though, we have budgeted for RPI at 4.3 per cent for all items.

Liz Smith: That was helpful. Thank you.

The Convener: Craig Hoy wants to come in on this.

Craig Hoy: I have a specific question in relation to members' accommodation. Thinking about those members who rent a flat—which, in some respects, might be a more efficient approach for those who live further afield—I note that councils can now charge double council tax and that, as a result of recent legislation, that multiplier has been extended. Is that one of the issues that you will be looking into? Is it putting pressure on

accommodation allowances, given that £2,000 to £3,000 is potentially being added?

Finally, the legislation that allows for the doubling of council tax exempts those who require two properties for the purpose of employment. That will cover a Church of Scotland minister living in a manse, but not an MSP who happens to live in the Highlands but works three days a week in Edinburgh. Have you made any representations in that respect?

Andrew Munro: Yes, we have absolutely made representations to the city council, but without much success, I have to say, Mr Hoy. Those representations have been made.

In respect of the double council tax bill, the corporate body decided earlier in the session, when this became a thing, to fund it separately: instead of increasing the Edinburgh accommodation provision for all, the corporate body has made a separate provision for those who need it, for exactly the reasons that you have cited.

The Convener: Thank you for that clarification. I call Michael Marra, to be followed by Patrick Harvie.

Michael Marra (North East Scotland) (Lab): Given the work that the committee has undertaken on the office-holder landscape, you will understand why we were quite disappointed to see the costs continuing to rise quite considerably. It feels as though the Parliament has pulled up the drawbridge slightly, but we still have an existing problem, given that the costs are continuing to rise.

You mentioned some potential future options with regard to shared facilities. I frequently notice that parts of the Parliament building are quite empty for much of the week, because, I assume, people are working remotely or from home. What options are being looked at to try to make better use of the estate and bring some office-holders on to the campus?

Jackson Carlaw: I am reluctant to go into anything that would represent a formal commitment of outcome. I only wish to say that we accept and acknowledge your analysis of the landscape in the Holyrood estate and that work is being done that might facilitate the incorporation of more office-holders in that landscape.

As I noted earlier, the existing lease on the Bridgeside house facility, in which a number of office-holders are located, expires in 2028. The next corporate body will potentially be able to say more than the current one can, given that we are in the foothills of exploring the options that might be available as a result of the analysis that you have identified.

David McGill: I will go a bit further and say that the matter is actively being investigated at the moment. We have talked in the committee previously about the accommodation audit for office-holders, which will conclude in the first part of this year, as Jackson Carlaw has said. The 10-year lease at Bridgeside house is up in 2028. It has led to savings of £500,000 to date, so it has been very cost effective. Given that the lease is coming up, it is incumbent on us to look for different opportunities.

One of the new office-holders that has come on stream this year is the Electoral Management Board, which we will accommodate in the building, for the reasons that you have given. It is a small body with a three-person outfit, so the savings there are relatively low; however, they still amount to £25,000 a year, so we would all be keen to replicate those for some or most of the other office-holders.

Michael Marra: Do you have a desk occupancy rate for the campus?

David McGill: Our facilities management team carried out an audit of the use of this building in the past year or so. Andy Munro will be more able to answer that question.

Andrew Munro: I do not have the figures to hand for the building. Some of the information that I have from office-holders thus far is in respect of their use of Bridgeside house, and one of the office-holders—I think it is the Ethical Standards Commissioner—is in an accommodation called Thistle house.

I must say that the occupancy rates are pretty low. It was a snapshot in time, and things vary, hence the reason why we have extended the audit a bit to get a fuller picture of what a six-monthly or nine-monthly period might look like.

The occupancy levels are about 10 to 20 per cent over a week. Of course, that can vary—on a Tuesday, for example, the place might be absolutely full, but most people might choose to work remotely on a Monday or Friday. It is about finding the balance and saying, “We can’t provide a seat for everyone, so are there ways in which you can adopt working patterns, across all office-holders, such that we could accommodate you?”

Moreover, some office-holders have very specific needs, which we have to meet. The Children and Young People’s Commissioner Scotland is one example, because inviting children and young persons into Holyrood might not be ideal; similarly, some of the office-holders who hold MSPs to account might have other accommodation requirements.

There are a few moving parts, but we are absolutely taking them all into account with a view

to coming back with some proper recommendations.

Michael Marra: You have given us some detail on the occupancy rate outside the building—the figure of 10 to 20 per cent is quite striking—but not for the campus here. Could you provide that information to us if you have it to hand?

Andrew Munro: Absolutely.

Michael Marra: In relation to the commitment that was made to the convener, I would like some clarity on what the additional paragraphs might contain. It would be useful for the additional legislative responsibilities for office-holders to be itemised so that Parliament can have an understanding of its own actions and apply pressure, which was a theme that came through the work of the committee. Would it be possible to put that information in those paragraphs?

Jackson Carlaw: It certainly would; that is perfectly reasonable. As I said, the growing percentage of our overall budget that is absorbed by the office-holders means that additional scrutiny of what that cost is for—given that it is inevitably driven by decisions that Parliament has made—would be helpful, particularly because Parliament has taken a view, which the committee initiated, about the creation of additional commissioners in the future. Personally, I think that there is still work to be done to assess the overall benefit of our current commissioners.

Michael Marra: I was struck by the evidence of the Biometrics Commissioner—he was sitting where you are, Mr Carlaw—who told us that there could very easily be an end to his work. The body had to complete certain pieces of work, but, at their conclusion, it could pretty much pull down the doors and say, “We’re done here.” Have any of the office-holders indicated to you that they feel that their work is done?

Jackson Carlaw: I shall be racing to consult that particular entry in the *Official Report*, Mr Marra. That is not something that has been volunteered to us at the corporate body during our engagement with the various commissioners so far. Indeed, we saw the Biometrics Commissioner at our previous meeting, which was in December, before Christmas. That is very interesting.

Michael Marra: It might be that the Biometrics Commissioner’s work profile has changed since that session.

I am a bit concerned about the process. You mentioned the corporate body bearing down—rightly—and asking probing questions about some of the bids. The figures would be much higher across all the different areas—an additional 5 per cent was alluded to—had the corporate body not done its work. Is there a problem in the way that

this works? Office-holders present you with bids rather than being told, “Here’s your budget. This is what you’re getting. You’ve got to be efficient enough to deal with it.”

Jackson Carlaw: No. During this parliamentary session, there has been quite a transformation in relation to engagement and the focus that has been brought to bear on office-holders. The expansion of the number of office-holders was initially something that concerned the corporate body, in that the additional responsibility that we have for office-holders had to be incorporated into our work agenda. All sorts of discussions have taken place and arrangements have been agreed in Parliament between the various committees that scrutinise the performance of the office-holders and the way in which we engage with them. We have stepped up our engagement with office-holders considerably, certainly in the second half of this parliamentary session, and they come to speak with the corporate body not just as part of the budget bid process but during the year.

The office-holders are required to make an annual budget submission. We are not just waiting for that annual engagement to take place; we are scrutinising the deployment of any resource that we have agreed, so that we are more familiar with their work before any budget bid comes before us. We particularly want to avoid late contingency requests—we have been much more circumspect and critical about those.

David McGill: You make a very good point about the decisions of the Parliament leading to additional costs on office-holders. At this stage, I should probably highlight that a few of those decisions are pending. You may be aware that the SPCB Supported Bodies Landscape Review Committee suggested, for example, that the Scottish Public Services Ombudsman be given own-initiative powers. That will be cost bearing. We have a few members’ bills kicking around. The one on FOI would add a six-figure sum to the work of the Scottish Information Commissioner. The Wellbeing and Sustainable Development (Scotland) Bill seeks to create a future generations commissioner, potentially at a seven-figure cost. Also, the Biometrics Commissioner is due for a statutory review at the end of this calendar year. That could conclude in his remit being expanded into other bodies.

Therefore, at this stage, we know of lots of things that are in the pipeline as potential additional costs, despite all the work that this committee and the committee that was established by the Parliament to look at the issue have done.

10:45

Michael Marra: On a different matter related to the running of the Parliament and the general budget, there is an allocation for

“enhanced Parliamentary business at the end of session 6”.

It feels as though calling it “enhanced” is slightly commendatory, rather than pejorative, language. Frankly, the running of the legislative programme is chaotic. Have representations been made to the Government that the way that it is running the legislative programme—we have spent years having debates without motions and pointless discussions and we are now cramming in an unbelievable amount of bills over multiple days with late sittings—is a problem of its own creation? Has the SPCB made representations to the Government that that costs the taxpayer money, let alone that there is bad legislation at the other end of that process?

Jackson Carlaw: That is a serious question. David?

David McGill: The answer is no, because the corporate body takes the view that its statutory role is to provide the Parliament with the resources that are required. The issues that you have referred to would be a matter for the Parliamentary Bureau, which takes seriously the impact of business as we approach the end of the session. At the moment, we are expecting there to be three stage 3s this month, three next month and six in the run-up to dissolution. A number of those are considerable bills that will attract many amendments and will require a lot of time. The corporate body’s role is to ensure that the process happens. It supports business areas in allocating additional resources or supporting the movement of resources within budgets to ensure that the Parliament is able to legislate, scrutinise and hold the Government to account.

Michael Marra: I was elected for the first time at the start of session 6. It feels like total chaos to me. It does not feel like Parliament is handling this well, and the result is a mess of amendments. It also does not feel like we are getting good law at the end of it. However, I understand the restrictions. My issue with your submission is the use of the word “enhanced”—parliamentary business does not feel enhanced to me. Perhaps we could look at that in future.

Jackson Carlaw: Maybe we will choose to be less delphic.

Patrick Harvie: Good morning. I will go back to the issue of one-off election costs. Both Jackson Carlaw and David McGill have talked about the current circumstances and the expectation of political volatility, meaning that that might be a bigger element this time. One-off election costs,

including winding-up allowances and setting up new offices, are fairly significant. Is there not a mechanism to spread those costs across the session and budget for them over five years? Why does the budget during an election year create so much variation year to year?

David McGill: Many of the costs that are budgeted for within that pot are statutory entitlements that kick in only once the consequences of an election are known, such as costs for members or the staff whom they employ. The ability to spread those costs over more than one year would be extremely limited.

Patrick Harvie: You know that there will be an election at least every five years and that there is likely to be a reasonable minimum expectation about the level of turnover. Would it not be reasonable to set aside a separate, longer-term pot to allow those costs to be smoothed to the greatest extent possible?

David McGill: I am not sure how that would work when people have entitlements that kick in on the loss of office, for example. There are also employment rights and redundancy payments that kick in only at a particular point in the Parliamentary cycle.

Patrick Harvie: Clearly, those need to be paid for during that year, but can they not be budgeted for over a longer period?

David McGill: I see the distinction that you are drawing. Kerry Twyman can talk about that further.

Kerry Twyman: From an accounting point of view, those costs must be paid in the year in which they are incurred. I think that you are alluding to forward planning. In the medium-term financial plan, we will look at and flag any specific costs that we know will fall in specific years. To be honest, there is not really any benefit from a budgeting point of view in spreading the cost over the next few years because we draw down from the wider Scottish consolidated fund. Without being flippant about it, we are a rounding error on the wider Scottish Government budget, so spreading those costs over five years would not create any additional benefit.

What you are absolutely right about is the need to ensure that those costs are considered in our forward planning and that, where we can potentially spread them across years, we do so. For example, not within the election contingency resettlement costs but within projects, we have £2.5 million for the new information technology and suchlike. Some of those costs have fallen in this financial year. We have an underspend developing, and we are considering whether we can bring forward any of that expenditure—such as whether we can buy IT equipment that we know that we will need at the end of this financial year

rather than next year. That is prudent financial management.

Patrick Harvie: A couple of other members have brought up the issue of late sittings. In relation to Michael Marra's questions, the tail end of a parliamentary session is always fairly busy, although this one seems to be significantly busier than most. Even setting aside the fact that we have a lot of legislation at the tail end of the session, late sittings have been a bigger factor in this session than I can remember them being before.

I assume that, although late sittings will carry some kind of one-off cost when they happen, that has not been a significant figure in relation to the overall budget. At what point would that start to cause worries? In terms of the frequency of late sittings, at what point would the scale of the financial impact become a worry?

Jackson Carlaw: I will make two points. First, we were still in the throes of Covid in the previous session. That meant that, at the end of that session, a lot of bills had to be dropped—it was particularly members' bills that could not progress. There were different reasons why that period ended intensely.

At the beginning of this session, one or two bills tested the operational efficiency of the building in relation to employment contracts—specifically, our ability to maintain the operational function of the chamber and our ability to have people available first thing the next day within the various working time regulations that we are bound by. We have dealt fairly well with all the late sitting requests that have come since. David McGill can confirm, as he did a moment ago, that we are well aware of what is coming and we will be planning accordingly.

David McGill: This session, the corporate body has been a lot more active in discussing such matters with the Parliamentary Bureau. There are different interests and responsibilities. The corporate body was very concerned about the impact on staff welfare and on costs when we had the two very late sittings on the Gender Recognition Reform (Scotland) Bill at the start of the session. We came to an agreement that the working assumption is that a stage 3 debate should not go beyond 10 o'clock on any evening; that allowed people to get home rather than to be looking for hotel accommodation. It also allowed staff who were required to be on duty early the following morning to have a reasonable gap between leaving and returning to work.

Recent large stage 3 proceedings have been spread over two or even three days, which did not necessarily happen before. It is the bureau's assumption now that, if it looks as though the 10 o'clock limit might be reached, it should be

considering scheduling a second or third day to spread out the load. That allows the corporate body to budget for that being the case rather than having to find extra resource to pay for overnight accommodation and suchlike.

Patrick Harvie: If we were to speculate that, in the next session, the trend is towards more frequent 10 o'clock sittings and two or three-day stage 3s—something that, previously, did not happen at all—is there a point at which that would create financial consequences that have not been accounted or planned for?

Jackson Carlaw: As a member looking at that, I would say that the length of stage 3 proceedings is, itself, something that the Parliament might want to consider.

Patrick Harvie: I agree.

Jackson Carlaw: It seems to me that, during the stage 3 procedures, we revisited territory that was fully explored at stage 2. My historical understanding of the parliamentary process was that stage 3 would not extend in quite that way. Therefore, I very much hope that Parliament will look at the way in which it proceeds with legislation in order to address some of those issues rather than accept that stage 3s will typically be of the character that you have just described. That is my personal view.

Patrick Harvie: My final point is on the accommodation issue that came up earlier. It is more of a suggestion than a request for a response right now. If there is to be further consideration of the Edinburgh accommodation provision, as Andrew Munro mentioned, would it be reasonable to suggest that a principle be included that, if a member whose principal home is in a group 2 constituency can show that renting a room is cheaper than renting hotel rooms, they should be allowed to do it?

Andrew Munro: We can take that on board, Mr Harvie.

Patrick Harvie: I imagine that some members would not feel that they need to rent an entire property but would be perfectly happy to have a room of their own rather than hotel rooms from day to day and week to week.

Andrew Munro: We have recently concluded the review of the scheme. The Presiding Officer wrote to all members shortly before Christmas with the outcome of that review. What you suggest did not feature as part of that review, but your point is noted for when SPCB considers its uplift later this year.

Patrick Harvie: Thank you very much.

The Convener: I have to say that, since we discussed energy efficiencies, the temperature in

this room appears to have dropped markedly. [Laughter.] I do not know whether I am the only one who has noticed that other than Michael Marra, who pointed it out to me a minute ago. It is Baltic in here.

Jackson Carlaw: Not in the warmth of our engagement, convener.

The Convener: Well, if it is Baltic following your engagement, what does that say about your engagement? [Laughter.]

I will bring in Michelle Thomson.

Michelle Thomson (Falkirk East) (SNP): I have a couple of questions. First, I, too, thank you for the increased detail in the submission. That has been very helpful, and it would be good to see that continue.

On the topic of the shop, you mentioned a review. What exactly is contained in that review? I would also like to understand your strategic intentions for the shop. We recognise that it is loss making. It is, arguably, a hygiene factor. We have also talked about subcontracting services. However, I am just not clear what your intentions are for the shop. Will you tell me more about the review and what the strategy is?

Kerry Twyman: To clarify, we said that we had not done a review to look at the idea of having—

Michelle Thomson: In your submission, you say that a review of the shop is under way. What is being reviewed? What are the terms of reference for that?

Kerry Twyman: We will have to come back to you with that detail. I do not have that to hand.

David McGill: One thing that we are looking at is whether the current location is the best, not just from a financial point of view but from an engagement point of view. For example, during the festival of politics, we had a pop-up shop in the garden lobby, which is a great circulation space for people as they come in. That was quite successful over the two or three days of the festival. The review will look at whether having pop-up shops elsewhere—perhaps in the main hall or in the garden lobby—might be more cost effective.

However, that is under review all the time, because we recognise that the shop is loss making. Although it serves other purposes, in a financial sense, it is not washing its face.

Michelle Thomson: From what you have said, should I take it that you are looking, if at all possible, to move it away from being loss making and at least get it to wipe its face?

David McGill: So far, that has eluded us, but it is always the aim. Another thing that we are looking at, which I think was mentioned earlier in

response to John Mason, is Scottish Parliament branded items, which are some of the most popular items. We are looking at promoting them more and trying to capitalise on the fact that that seems to be primarily where demand lies. The review will encompass those issues, too.

Michelle Thomson: In terms of turnover, what is the split between visitor-led and online purchases? I noticed that that was not in your figures, and I do not have a sense of what the percentage split of that income is.

David McGill: I am not aware of that split, but we can certainly provide that.

11:00

Michelle Thomson: In preparation for this meeting I thought, “Oh, I’ll have a wee look at the online offering,” and I was staggered to see that there was no January sale. Is it just me?

I get a general sense from talking to you, and from the fact that you are not able to provide the information, that the shop is still not being looked at as a business. I totally appreciate that it is not a business and that you are working under certain constraints, but I wonder about that kind of thinking, because I would expect any or all of you to be across the numbers at any given time.

I come back to a comment that Daniel Johnson made a few years ago—you may recall it, Jackson—when he talked about looking at this issue from his retail background. I get the sense that we are not even at the starting gates here. Am I wrong or being unfair?

Jackson Carlaw: We have a big sale of members coming in May, but I am not sure if that is quite what you are alluding to. [Laughter.]

The shop will, in part, be a function of the number of visitors to the Parliament and, as David McGill said, we have not yet returned visitor numbers to pre-pandemic levels. It is also arguable that the Parliament is looked at differently by the public now than it was when it was initiated 25 years ago. The demand to watch proceedings on SPTV has declined, and as has been pointed out—it has certainly struck me as a member in the chamber during the course of this session—the public galleries are less occupied than they have been at any time previously.

Therefore, the Parliament needs to think about its operations. Given that this is what we want to do, we need to be a Parliament that encourages people to come and visit us and to see us at work. The success of the shop is very much a function of the overall number of people who choose to do that, and the non-return of public engagement post the pandemic ought to be of general concern to us all.

Michelle Thomson: Actually, I would argue the reverse. If you applied an entrepreneurial mindset to the shop and took on some creative ideas, you could bring more people into the Parliament, because of increased brand awareness. I do not want to go off on one here, but that is sort of what I mean when I say that I have no sense of strategy.

Jackson Carlaw: I hear what you are saying. If I were involved in a personal discussion with you on these matters, I might say that that was wishful thinking and that it might bring in only a few people from the Edinburgh area, when what we are very keen to do is to bring in people from the widest possible area—and I would like to think that that was happening because of the work of the Parliament rather than the offering of the parliamentary shop.

Michelle Thomson: I absolutely agree with your last point, but my point is not about footfall. If you were to focus on an online proposition and were marketing directly to, say, our diaspora in North America and had a proper marketing position, you could absolutely increase turnover.

Anyway, I digress. I want to go back to the office-holders. At some point, this will be a concern for everybody, but when we were considering our report on the commissioners, it became apparent that there was almost an accountability gap between what you are required to do, which is to scrutinise budget propositions, and the Parliament’s overall responsibility with regard to increasing costs.

Earlier, you mentioned that there has been an increase in responsibilities for some office-holders. That happens over here, and then, over there, you look at the implications of that as part of an increased budget request. Do you agree that there is an accountability gap there? It might well be occurring in other areas, too. As we as a committee put together our legacy report, will the SPCB, too, highlight areas where the overall scrutiny and effectiveness of spend should, from your perspective, be revisited?

Jackson Carlaw: I feel that we have explored those issues over the course of this parliamentary session, if I think about the breakdown of the responsibilities of the corporate body and the wider Parliament in terms of holding the various commissioners to account. It has always very much been our function to fulfil the Parliament’s direction in relation to the fulfilment of the obligations that it has placed on the commissioners that it has created. That is where our responsibility rests. However, I thought that a contract had been arrived at in relation to wider scrutiny, which I think ought to be an issue of ongoing concern and consideration.

David McGill: Yes, the corporate body reached a written agreement with the Conveners Group this session, which detailed more clearly the split between the governance role of the corporate body and the accountability role of parliamentary committees. We identified that that had been a weakness and that it had not really been happening before. The written agreement was designed to address what we identified as a gap.

I point out that the ad hoc committee that looked at all of this recently concluded that the corporate body was best placed to fulfil the role that it has established. However, it also made recommendations for parliamentary committees to have more of an oversight, and addressing those recommendations will be a matter for the session 7 Parliamentary Bureau.

Michelle Thomson: That is heartening to hear. I will not be here, but it would be interesting to see how the agreement with the Conveners Group is, ultimately, reflected in the cost of office-holders. I hope that there will be people watching that with interest.

The Convener: That concludes questions from around the table. I will follow up with one or two questions about the shop, which I did not ask earlier on. It has been interesting to hear the questions on that.

As we get record numbers of people in Edinburgh, one would have thought that we would have more people in the Parliament. What kind of opening hours does the shop keep?

Jackson Carlaw: I am not personally aware of the answer to that. We would have to come back to you on that.

The Convener: The budget proposal lists salaries as costing £130,000, which includes 1.33 of a G2 post, at between £30,000 and £32,000 a year. Incidentally, the budget line is for “direct salaries”, not employer costs and so on. The amount includes a manager’s pay as well as overtime costs. I am wondering when there is overtime work, because the shop does not seem to be open that much; it is not open seven days a week or anything like that.

Jackson Carlaw: I imagine that the shop is open when the Parliament is sitting.

The Convener: That is only three days a week.

Jackson Carlaw: It is open on parliamentary sitting days, and also on other days during the week when the crèche and the cafe and other parts of the building are open to visitors who wish to see it.

The Convener: Basically, it is open only three days a week, and so I am wondering why the salary costs—

Jackson Carlaw: No. I am saying that it is open five days a week. It is open on all the days that members of the public can visit the campus.

The Convener: It is open 9 to 5, then?

Jackson Carlaw: I cannot answer that, convener. I do not have the detail of that.

The Convener: I am just wondering why there are overtime costs, if it is open only 10.30 to 5.30, as I now hear someone saying. Those are, in effect, normal hours.

A lot of members have made really cogent points. The size of the shop is an issue, but there also seems to be no real interest in improving the stock. The stock is the same as it has been for years—let us be honest about that.

I note that sales were £222,000 in 2023-24. Next year it is anticipated that, despite inflation, they will be only 1 per cent higher at £225,000.

Jackson Carlaw: I do not think that it is fair to say that the stock is the same. Considerable effort has been entered into during the course of this session to come up with stock that is more unique to the Parliament. I have seen that.

The Convener: Well, it is no selling then, is it?

Michelle Thomson raised the fact that there is no January sale, which was not a flippant remark.

A decade ago, I went to buy 10 Christmas cards and I was told that they would cost £6.50 or whatever. I asked, “What if I buy 100?” and the answer was, “Well, that would be £65”. Anywhere else, when you buy things in bulk, you get a discount—but absolutely no such effort whatsoever is made there. I simply didnae buy any, obviously; instead I got my own made, like many other colleagues do.

I just think that a wee bit more thought needs to be put into the shop and what it can achieve in terms of the variety of the stock that it sells, the marketing—as has been alluded to—the discounting and so on. Why not have sales once or twice a year, for example? That has been tried in a very tepid way in the past, but there has not really been much effort. A wee bit more thought needs to be put into that.

Jackson Carlaw: I think that there have been special discount days.

The Convener: Yes, a wee bit, but they are really only for members. They do not apply to the public, and it is about the public knowing about the shop; I do not think that there is any marketing of the shop at all. Hot water bottles and thermals, for example, might be a good marketing item at this particular moment in time.

John Mason: I have checked the website in order to get the shop opening times in the *Official Report*. It is open Monday, Friday and Saturday from 10.30 to 4.30, and Tuesday, Wednesday and Thursday from 10.30 to 5.30.

The Convener: Thank you for that. We have got that on the record. It is interesting that none of us actually knew that, even though some of us have been here for donkey's years.

It is about the location of the shop, and also its size. It is very pokey, so wandering around it is not a particularly pleasant experience. I go and buy an annual bottle of whisky for a raffle or auction and get it signed by the First Minister and that is about it. I do not think that there is a lot of incentive to go in there.

Jackson, do you have any further points to make before we wind up this session?

Jackson Carlaw: No, but I am reeling at your hitherto undisclosed expertise on shopping experience. I undertake that we will give robust consideration, in our legacy report to the new corporate body, as to how we might improve the offering and turnover of the parliamentary shop.

The Convener: Excellent. Good stuff. Thank you for your contributions, which have been appreciated. We will have a five-minute suspension.

11:11

Meeting suspended.

11:16

On resuming—

Subordinate Legislation

Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 [Draft]

The Convener: Our next agenda item is an evidence session with the Minister for Public Finance on the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026. I intend to allow around 30 minutes for the evidence session. The Scottish statutory instrument is our final item, should more time be required.

The minister is joined by two Scottish Government officials: Laura Parker, the LBTT policy lead in the directorate for tax and revenues, and Liam Farrow, the head of regional economic policy.

Good morning, minister. I welcome you and your colleagues to our meeting and invite you to make a short opening statement.

The Minister for Public Finance (Ivan McKee): Good morning, convener, and happy new year to you and to the committee. I welcome the opportunity to discuss the SSI with you and I look forward to the committee's questions.

As you know, there are two investment zones in Scotland—one in the Glasgow city region and one in the north-east. They are designed to leverage research and innovation strengths to boost productivity and increase innovation in our regions. Through the incentives on offer, they can make a major contribution to attracting private investment, promoting growth and creating good jobs in key sectors such as advanced manufacturing and green industries. The investment zones are a collaboration between the Scottish and UK Governments and the Glasgow city region and north-east Scotland regional partnerships. The regional partnerships are ensuring that regional interests remain at the heart of this work and that the benefits and opportunities of growth are felt by communities throughout investment zone regions.

The Glasgow city region and the north-east have engaged extensively with regional stakeholders, including businesses and research institutions, to develop proposals for their investment zones and to secure appropriate buy-in. The Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2023 provides relief from LBTT in part or in full for qualifying transactions within a designated

investment zone tax site. That is part of a package of incentives offered to the investment zone.

As part of the partnership working arrangement with the UK Government, it was agreed that we would ensure, as far as possible, that the overall offer in Scotland is equivalent to the offer that is available to investment zones in England and Wales. The LBTT relief is designed to be equivalent to the stamp duty land tax relief that is offered to investment zones in England, to ensure parity.

The LBTT relief supports the overall programme by encouraging investment in specific tax sites on land that is underdeveloped or undeveloped, and the relief will be available immediately once the tax sites are designated for a period of up to five years.

The Convener: Are there any concerns about displacement activity with regard to the investment zones? We discussed the issue in relation to green ports a couple of years ago. People will remember, way back, Radio Clyde moving to Clydebank when it became an enterprise zone. A specific investment zone was set up, but it did not create any jobs or anything specifically; it just moved activity from one part of the city to just outside it. Are there any concerns about displacement in relation to that, which would mean it would be just reshuffling the deck, so to speak, but not creating any additional wealth?

Ivan McKee: That is a fair comment. It is important to look at that aspect—and, indeed, at the green ports work—through the lens of what we are trying to achieve, which is to create clusters of businesses in those high-tech, forward-looking technology areas and to create a coalescence around a geographical space that allows and helps to deliver those multiplying cluster effects across those areas.

Looking at the reliefs that are on offer, you benefit from LBTT when you move—by definition, somebody would have to move to get it, but they get it only by virtue of the fact that they are moving, so it is not an incentive *per se* to move into the area.

Typically, those businesses that are looking to move to create something are looking at the international context—they are looking for what Scotland has to offer if they come here rather than go elsewhere and considering the cluster in the round and the package of incentives that are part of it. However, it is fair to say that the bigger part of the matter is about what other businesses there are, what the opportunities are for finding customers and what the supply chain and the skills pipeline look like. Those aspects are probably much more of an attraction than anything that we are doing around particular reliefs.

The Convener: Will those investment zones be in competition with green ports, for example? I know that green ports are ports, obviously, but what about attracting investment?

Ivan McKee: The investment zones are focused on specific areas and technologies—the one in Glasgow is centred around advanced manufacturing and AI, so it is quite a specific focus. The green ports are very much focused on supporting the offshore sector and the roll-out of floating offshore wind platforms in particular, so they have different specific areas of focus with regard to the type of technologies and industries that they are trying to attract.

The Convener: Why were those two areas picked? For example, my area in North Ayrshire has the highest level of vacant and derelict land, proportionately, in Scotland, so it would be deemed to be underdeveloped. Why was Glasgow picked as opposed to, for example, an area in North Ayrshire—which also has the second-highest level of unemployment in Scotland—or Dundee, for which Michael Marra could, no doubt, make a similar claim?

Ivan McKee: The process, which I was not involved in at the time, was a joint process between the UK Government and the Scottish Government. As I said, it was a rigorous process that looked at several factors. The availability of underdeveloped land was one of them, but there were others, such as the existing business activity, its location, access to technology and the role of universities—several factors were chosen. Of course, in a perfect world, we would want to create more investment zones, but the offer that we took up from the UK Government was limited to two, and those two areas were chosen.

The Convener: What additional wealth are you hoping that those zones will create, given the fact that there will be a reduction in revenue from LBTT? I would hope that the Government anticipates that that activity will mean that it will ultimately benefit by having higher revenues. What kind of timescale are we talking about? How will we achieve that, and what is expected to be achieved?

Ivan McKee: The first point to note is that LBTT happens only when somebody moves into the area, so if the counterfactual is that the transaction did not happen, you are not losing any money.

The second point is—

The Convener: Well, if they move somewhere else where they have to pay, you are losing money. That is the point.

Ivan McKee: Yes. However, looking at the context, the work in relation to investment zones and green ports has largely been focused on the

attraction of international investment for cluster developments.

The package of £320 million from the UK Government includes money to cover the foregone loss of the cost for LBTT—that money is covered by the UK Government in any event. For the Scottish Government, it is all upside, because it is about the other revenue that you get from income tax or other taxes over time from the economic activity and its multiplier effects. There is no loss to the Scottish Government *per se* in that regard.

The Convener: But there is no ability to quantify the gain that one would hope to secure in terms of employment, additional taxation, additional revenue or whatever.

Ivan McKee: It is not part of my portfolio, but I can come back to you on that matter—unless officials have anything specific to say on the numbers. There are certainly numbers for the matched investment that is estimated or forecast to come in, which is somewhere north of £300 million. Liam Farrow might want to comment on your point.

Liam Farrow (Scottish Government): First of all, LBTT is an important part of the overall package, but the vast majority of the funding that will come to us from the UK Government for these investment zones will be spent on non-tax interventions such as skills programmes and regional infrastructure. The regional economic partnerships that will be managing and delivering these investment zones—and that, indeed, have been integral to designing them—are still going through their business case processes and are doing economic analyses and appraisals of the likely outcomes. We can tell you that Glasgow city region estimates that it will secure, I think, £363 million of match funding from the private sector, and in the north-east the figure is expected to be around £260 million, with 10,000 and 18,000 jobs respectively being supported in these investment zones.

There will be more detail forthcoming—

The Convener: I am sorry, but over what time period?

Liam Farrow: Over the 10-year period of the programme. There will be more detail forthcoming in the coming months, but we are somewhat beholden to the regional economic partnerships, which are working with the companies, universities and relevant stakeholders to develop the business cases.

The Convener: Okay. We have had regional planning partnerships, green ports and so on, and vast numbers of jobs always seem to be attached to them, but I never really see those jobs quite

materialising in the numbers that have been suggested.

Ivan McKee: We have seen a number of significant investments, with jobs running into the hundreds. They were really just at the start of the process.

The Convener: To be fair, one would say that the situation is quite uneven throughout the country. We are not seeing it in Ayrshire, and I think that there are other areas where we are not seeing that sort of thing coming through the regional deals. Therefore, there needs to be greater focus on ensuring that what is being promised in terms of these developments is actually being delivered.

I call Michael Marra.

Michael Marra: Minister, you said that you were not the minister in charge at the start of the process, which I think dates back to 2023. What is your understanding of how the selection process was carried out?

Ivan McKee: I was heavily involved in the green ports process, but I was not involved in the investment zones process. My understanding, though, is that a rigorous assessment involving a number of criteria was undertaken jointly by the UK and Scottish Governments. There are two investment zones in Scotland and eight, I think, across England and Wales, and, in the process that was undertaken, there was an assessment of a number of factors and the decision was made on the basis agreed between the two Governments.

Michael Marra: Was there any application process?

Ivan McKee: Not to my knowledge, no.

Michael Marra: The allocation was made on 22 June 2023, I think, and then it was announced that Glasgow and Aberdeenshire had qualified. However, it appears that the only correspondence between Glasgow City Council and Scottish Government ministers happened that morning—a letter was sent to Scottish Government colleagues on 22 June. The idea that you can write in the morning and get £80 million of funding by the afternoon is a bit of a joke, really, isn't it? The convener began to set out some general concerns about certain regional issues—displacement issues, for example, and how these things might work—but surely there has to be full transparency with regard to how such decisions are made and whether there has been proper evaluation of the economic impact and potential.

Ivan McKee: As I have said, I was not involved in that process. My understanding is that a rigorous process was undertaken by the two Governments, with a number of criteria considered

as to where the investment zones should be located.

Michael Marra: Can you provide those criteria to the committee, in writing if not today? Perhaps your official wants to do so.

Liam Farrow: The methodology for the selection process is available online, and it involves high-level consideration of economic potential, innovation and knowledge anchors, as well as specific metrics that were used by the UK Government and the Scottish Government to select the two investment zones.

Michael Marra: It strikes me that, at the time—in June 2023—the principal metric was probably the fact that there were Conservative seats at risk in Aberdeenshire and Scottish National Party seats at risk in Glasgow. Those were probably, first and foremost, the issues that the two Governments, working together, looked at in cutting out other parts of the country, if I am being honest.

Such an approach leads to that sort of issue being raised. The minister might disagree with my interpretation—I am sure that he does—but, if you do not have full transparency and a proper process in which people can develop bids based on the full economic potential of their areas, is that not a problem? Indeed, are you able to realise the full economic potential of that kind of investment if you do not have proper external bidding transparency based on long-term economic planning?

11:30

Ivan McKee: It is important that there is a process and that the process is robust. As officials have said, the criteria for the process are available online. There is an issue in that this is a zero-sum game and only two investment zones were on offer from the UK Government. Two areas had to be selected for that process, and criteria were used on that basis. At the end of the day, whichever areas were chosen through that process, other areas would have made the case that they were hard done by, as was the case with the green port selection process. However, the reality is that there were only two areas to be allocated, and a rigorous process was undertaken to select those two.

Patrick Harvie: As I think you mentioned in your opening questions, convener, one of the minister's colleagues attended the committee a couple of years ago to bring forward measures in relation to freeports very similar to the measures that he is bringing forward in relation to investment zones. My colleague Ross Greer, who was on the committee at that time, asked whether any measures were being taken to restrict the relief for

companies that use tax havens. Am I right in assuming that nothing different has happened this time and that tax dodgers will still be entitled to access the tax relief?

Ivan McKee: Legally, everyone has to pay their tax, so I am not clear on what you mean by tax dodgers.

Patrick Harvie: I mean those who use tax havens. I mean legal tax avoidance.

Ivan McKee: Anyone who is investing in the areas and taking advantage of the incentives that are on offer has to comply with all legal requirements, be those in relation to paying tax, regulatory issues, environmental or employment law issues, or any other issues. They need to comply with all the laws and regulations, as anyone else would.

Patrick Harvie: Yes, they need to comply with the law, but the law allows them to use tax havens. The Scottish Government has, in the past, taken a different approach. For example, it was agreed, following suggestions from my party, that those who are based in tax havens should be restricted from accessing the emergency reliefs that came in during the pandemic. Why is the Government not taking the same approach now?

Ivan McKee: As I said, anyone who is taking advantage of the incentives and investing in those areas has to comply with all legal requirements.

Patrick Harvie: That is the answer that you gave me last time.

Ivan McKee: Exactly. That is the answer to the question.

Patrick Harvie: The question that I am asking is, why, according to the Government's policy, is it a good thing in principle—when you want the alleged economic activity that this policy will generate to benefit Scotland—for the relief to be available to those who siphon their profits into tax havens?

Ivan McKee: Do you have examples of specific companies that this applies to?

Patrick Harvie: It does not apply yet, does it? You are just bringing forward the regulation—

Ivan McKee: Sure, but it already applies in relation to green ports, for example.

Patrick Harvie: I am asking whether the order ought to restrict this tax relief in respect of companies that are based in tax havens.

Ivan McKee: How would you define that? As I said, the companies would have to comply with all legal requirements.

Patrick Harvie: There is a widely recognised United Nations list of tax havens that was used in

respect of the tax reliefs that came in during Covid.

Ivan McKee: As I said, anyone who is taking advantage of the incentives has to comply with all legal requirements. If you want me to follow up on anything more specific, I am happy to do so if you write to me, but that is the situation.

Patrick Harvie: We made the case at the time for the same restriction to be brought in for freeports—in other words, that companies that use tax havens should not be able to access the relief. The Government is already very familiar with the argument; it has been put before.

We have put the same argument to the Government in relation to companies that pay below the real living wage. The Government has a strong track record of supporting the real living wage and wanting to promote that. It took several years of consistent pressure to persuade the Government that it did, in fact, have the power to attach conditions to procurement and the provision of grants in order to ensure that the real living wage is paid.

However, in relation to the tax relief issue, the Government is still saying that it cannot do that, even though the tax relief is coming from a flexible funding pot. As you said a few minutes ago, anything that you do not use in tax relief can be spent in other flexible ways within those investment zones. Why are you taking an unconditional, blanket approach to the tax relief, rather than an approach that is targeted to companies and businesses that behave ethically, do not use tax havens and do not pay poverty wages?

Ivan McKee: The member will be aware that there is a list of criteria that a company must comply with in order to be eligible for relief.

Patrick Harvie: They do not include the criteria that I am suggesting.

Ivan McKee: I suggest that we have done as much as we can on the fair work criteria, given that we do not have control over employment law, which means that there are legal restrictions on what we can do. You will be very aware that, for the work that we did on green ports, we engaged in the process only when there was a commitment from the UK Government and all parties that they would comply with the fair work agenda. The agenda has been signed up to by the green ports, which are taking that forward with the businesses that are seeking to base themselves in those locations. One of the criteria that they will use to assess businesses is compliance with the fair work agenda.

The same process will be followed in this case: a code of conduct has been written by both the

regional economic partnerships, which will be used to assess bids and determine their eligibility and compliance with the criteria so that those businesses can receive the benefits. There are restrictions on what we can do, certainly with fair work, because we do not have control of employment law. We are using other measures to try to circumvent those restrictions so that we can influence business behaviour. We take that very seriously and I believe that we have done everything that we can to ensure that those criteria are in place.

Patrick Harvie: To be clear about what you are and are not claiming, are you saying that a company that pays below the real living wage will not be entitled to access the tax relief?

Ivan McKee: First, there are legal restrictions on what we can do, because we do not have control of employment law. The criteria in the code of conduct will be used to assess whether businesses will be eligible for the benefits or not, as is the case with green ports.

Patrick Harvie: Are you saying that the payment of the real living wage is a criterion?

Ivan McKee: Yes.

Patrick Harvie: And will those who do not meet that criterion not be able to access the tax relief?

Ivan McKee: That would be assessed at the point at which those businesses make the application for the tax relief benefit.

Patrick Harvie: Does that mean that they would not be entitled to access the relief?

Ivan McKee: That is in the code of conduct, which businesses need to comply with in order to be able to access the relief.

Patrick Harvie: If you are giving a clear guarantee that no company that pays below the living wage will be able to access the relief, why can you not take the same approach in respect of the use of tax havens?

Liam Farrow: I will add to the point about fair work and the codes of conduct that the minister has referred to. We have given a lot of autonomy in the programme to the regional economic partnerships, which are the local authorities that will be managing the tax sites. They will be required to follow the fair work principles that we have set out. That is a condition for them to receive funding from the programme. It is for them to ensure that companies that are within their tax sites—those that set up in the locations and receive relief—are complying with and are demonstrating that they are following the fair work principles. The codes of conduct are being drafted as we speak; they have not been finalised. There will be specific guidance on tax site management,

which will be issued by the regional economic partnerships in the coming months when there should be more detail on that.

Patrick Harvie: It sounds as though the minister's answer was not as robust as he seemed to suggest it was. If the codes of conduct are still being written and local authorities, rather than the order that you are proposing, will determine how the rules are applied, it does not sound as though there is a clear guarantee that companies that use those practices will not be able to access the relief.

Liam Farrow: We are still in the development phase of investment zones. Throughout the process, which has been co-designed with the UK Government and the regional economic partnerships, we have made it clear that companies will need to demonstrate how they are going to meet the fair work principles and ensure that any new companies that are set up in the tax sites are following those principles. We have not yet got the specific detail of what the code of conduct will look like, but we will have it very soon. However, we have been clear that we are looking for ambition in that area and that their receiving that funding is conditional on the fair work principles being followed.

Patrick Harvie: You are looking for ambition. I am sorry to press this—it is my last opportunity to do so: is it the case that a company that pays below the real living wage will be denied the LBTT relief?

Ivan McKee: Companies have to make the commitment that they are meeting the code of conduct.

Patrick Harvie: Thank you—I think.

Michael Marra: In answers to my original questions, minister, you leaned heavily on the robust methodology for the selection of the investment zones. Can you tell me the date on which that methodology was agreed?

Ivan McKee: I do not think that I or my officials have anything on the specifics of that. We might need to come back to you.

Liam Farrow: We would have to come back on that.

Michael Marra: I ask because, after a freedom of information request, a selection note was published on 18 August 2023 and it was stated that the methodology was agreed on 22 June 2023. Mr Farrow mentioned that the methodology was subsequently published on the website, which is welcome. However, 22 June 2023 is the same day as the decision was made.

The methodology was agreed on the same day as the decision was made. Do you think that that

would be normal practice for the allocation of public funds, minister?

Ivan McKee: I would need to go and look at the details on the specific dates that you are quoting, because I am not familiar with them.

Michael Marra: Did it all happen in one phone call between ministers—that is, the methodology and the allocation of where in Scotland that money was to go?

Ivan McKee: I would need to go and check the details on the specifics of that but there was quite an involved process to be gone through.

Michael Marra: It does not sound very involved. It sounds as though there was one phone call.

Ivan McKee: I would expect that there would be more engagement than that but, as I said, we will come back on the specific details.

Michael Marra: Were none of your officials who are with you today involved in that discussion?

Liam Farrow: I am afraid not. There was a significant level of engagement at official level between the UK Government and the Scottish Government on the selection methodology and how the two sites were chosen.

Michael Marra: Okay, because it says that the methodology was

“not discussed in great detail”

when it was agreed between ministers. That is in the response to the freedom of information request as well.

Perhaps you could come back with some clarity, minister, because you are leaning quite heavily on the idea that there was some kind of robust methodology. All the indications are that there really was not; there was a political stitch-up. So, if you can give us some more detail on that, that would be entirely welcome. Thank you.

Craig Hoy: Good morning. For the record, in relation to the structure of investment zones and the way in which this relief will apply in Scotland, are those broadly comparable or an absolute replica of the way in which investment zones in England are applying reliefs on stamp duty?

Ivan McKee: Certainly, the reliefs are broadly aligned in terms of the detail. I do not know whether there are any areas where they diverge, but my understanding is that they are aligned.

Liam Farrow: The tax reliefs are broadly aligned. We have sought a level of parity between investment zones in England and in Scotland, in order not to disadvantage anyone.

Craig Hoy: I note that some investment zones and freeports in England have not been designated as special tax sites, whereas the two in

Scotland have. Is there any reason why some investment zones in England are not special tax sites but both of those in Scotland are?

Liam Farrow: I do not have the detail on the English tax sites, I am afraid.

Craig Hoy: Fine. Lastly, minister, implicit—or, perhaps, explicit—in this is an acceptance that you can achieve behavioural change in the corporate environment by reducing or eliminating taxes. Looking at the structure of LBTT in a corporate environment, would it be a goal of the Government to try to make sure that there were greater incentives to bring those sorts of developments to Scotland than the incentives in other parts of the UK? At this point, what assessment have you made of the competitiveness of the LBTT structure versus the full stamp duty regime in England?

Ivan McKee: Obviously, that is part of the picture. It is important that the measures are targeted, that we are clear about what it is that we are trying to do and that we understand the reason for it. In relation to green ports and investment zones, it is about targeting specific industrial sectors and specific locations where there are inherent advantages, with the intention of building clusters in those technologies that are world-competitive, in order to attract those technologies.

The tax piece is a part of that. If you look at the total amount of money in relation to investment and so on, the amount that is allocated to tax—as opposed to skills, infrastructure or other site-readiness measures—is a small percentage of the total. It will be part of the decision-making criteria for companies, but, again, it will be a small part of the overall consideration. In answer to your question: yes, those incentives and reliefs can play a role, but they need to be targeted and we need to understand what we are trying to achieve with them.

11:45

Craig Hoy: Do you accept the principle that by reducing a tax or eliminating it altogether, you can achieve a positive outcome?

Ivan McKee: If it is done in a targeted and specific way for a specific purpose, yes, of course.

The Convener: Thank you. Is there anything else that you want to add before we move on, minister?

Ivan McKee: No, thanks.

The Convener: I turn to agenda item 4, which involves formal consideration of the motion on the order. I invite the minister to speak to and move motion S6M-20212.

Motion moved,

That the Finance and Public Administration Committee recommends that the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 [draft] be approved.—[*Ivan McKee*]

The Convener: Would any member like to speak?

Patrick Harvie: I am grateful to the minister for his comments during the evidence session. He appeared to give a fairly clear reassurance on the issue of the minimum wage. However, given that the codes of practice referred to have not been finalised, it feels as though that reassurance might be premature. The minister was not able to give any reassurance of the kind that I was seeking in respect of the use of tax havens. For those reasons, I will oppose the motion.

The Convener: Since no other colleagues wish to contribute to the debate, I invite the minister to wind up.

Ivan McKee: I have nothing further to add.

The Convener: The question is, that motion S6M-20212 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Gibson, Kenneth (Cunninghame North) (SNP)
Hoy, Craig (South Scotland) (Con)
Marra, Michael (North East Scotland) (Lab)
Smith, Liz (Mid Scotland and Fife) (Con)
Thomson, Michelle (Falkirk East) (SNP)

Against

Harvie, Patrick (Glasgow) (Green)

Abstentions

Mason, John (Glasgow Shettleston) (Ind)

The Convener: The result of the division is: For 5, Against 1, Abstentions 1.

Motion agreed to,

That the Finance and Public Administration Committee recommends that the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 [draft] be approved.

The Convener: I thank the minister for his evidence. In due course, we will publish a short report to the Parliament setting out our decision on the order.

Meeting closed at 11:47.

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