



OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 7 March 2023

Session 6



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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE

7th Meeting 2023, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

Ross Greer (West Scotland) (Green)

*Douglas Lumsden (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

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

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Tom Arthur (Minister for Public Finance, Planning and Community Wealth)

Niall Caldwell (Scottish Government)

Craig Maidment (Scottish Government)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 7 March 2023

[The Convener opened the meeting in private at 09:30]

09:50

Meeting continued in public.

Subordinate Legislation

Budget (Scotland) Act 2022 Amendment (No 2) Regulations 2023 [Draft]

The Convener (Kenneth Gibson): Good morning, and welcome to the seventh meeting in 2023 of the Finance and Public Administration Committee. The first item on our agenda is an evidence session with the Minister for Public Finance, Planning and Community Wealth on the draft Budget (Scotland) Act 2022 Amendment (No 2) Regulations 2023. Tom Arthur is joined by Scottish Government officials Craig Maidment and Niall Caldwell. I welcome our witnesses and I invite Mr Arthur to make a short opening statement.

The Minister for Public Finance, Planning and Community Wealth (Tom Arthur): Good morning. My sincere apologies for my delay in arriving, and my sincere thanks to the committee for being so accommodating.

The spring budget revision provides the final opportunity to formally amend the Scottish budget for 2022-23. It contains the usual four categories of changes. The funding changes increase the budget by £502.3 million. They include the provision of £427 million to health and £200 million to Ukrainian resettlement.

As usual, there are a number of technical adjustments, Whitehall transfers and transfer of funds between portfolios. The supporting document to the spring budget revision, and the finance update that was prepared by my officials, provide background on the net changes. It is necessary to reflect those adjustments to ensure that the budget is consistent with the accounting requirements and with the final outturn that will be reported in our annual accounts.

However, there are a number of differences between how expenditure is classified for the Scottish budget and how it is classified by HM Treasury—which, ultimately, governs how we

deploy our discretionary resources. The finance update provides some more detail on those differences, on the movements in funding since the spring budget revision was laid in the Parliament, and on the wider fiscal context in which we have to operate. It includes an annex that details how our resource borrowing limits are calculated.

I will be happy to answer any questions that the committee may have.

The Convener: Thank you very much for that, minister, and I thank you for the supporting documents that have been provided, which are very helpful to the committee.

The money that we are talking about is, in total, £713.4 million, which is not an insignificant amount. As you said, £502.3 million is changes to reflect the deployment of available resources to portfolios. Can you talk us through one or two of those? There have been quite significant and substantial changes for the portfolios. In effect, some of those may just be rebranding, I would think—from one portfolio to another—but others might have more significant impacts. I want to talk through that, where possible.

First, for example, in health and social care, we have £422 million of positive funding changes, technical changes of £263.3 million, and net transfers within the Scottish bloc of £898.7 million. The final sum is around £80 million less than at the beginning of the financial year. I know that some of that has gone to local government. Will you explain the thinking behind why those changes have taken place during the year?

Tom Arthur: There were two material health transfers, in which funding has been provided from the centre. Those are £135 million of resource funding and £292.5 million of indirect capital funding to support research and development expenditure.

The additional funding has been provided to support the health and social care portfolio activities, including funding the agenda for change pay uplift in 2022-23. More than £500 million has been provided to deliver an average pay uplift of 7.5 per cent for agenda for change staff, and that has been funded through the £400 million of reprioritisations that were outlined in the emergency budget review, alongside the additional resource that has been provided via the spring budget review.

The Convener: Where did the £502.3 million of additional funding come from to enable you to put that additional funding into the overall portfolio spread?

Tom Arthur: As was outlined previously in the emergency budget review, the £400 million comes

from reprioritisation within the health and social care portfolio. Of course, savings have been made, which were identified in the EBR process. Money was returned to the centre, which was then reallocated.

The Convener: The overall amount of money that the Scottish Government has is up by £713.4 million. The update says that “deployment of available resources” to—not within—portfolios is £502.3 million. I take it that that is additional funding, so where does that additional money come from? We are talking about half a billion pounds. I should really have asked you that before I went into the specifics of the portfolios, so I apologise if that adds a bit of confusion to the discussion.

Tom Arthur: Annex A in the document provides a breakdown of the additional funding in the fiscal resource funding envelope. Niall Caldwell can talk you through that.

Niall Caldwell (Scottish Government): There is a combination of consequentials, which were expected to arise at supplementary estimate, and the final figure in the annex shows the adjustment to that. The block grant adjustments and net tax adjustments are £142 million. There is £125 million of consequentials and £142 million of net changes to block grant adjustments and net tax positions. There is a variety of other items, including £184 million of Scotland reserve adjustments through final outturn. That includes a reclassification from capital to resource.

The Convener: I have annex A in front of me and I am trying to get some of those figures on the record, because that is public money and it is important that anybody who is watching this meeting or looking at the document has an idea about what is going on behind some of the figures. I am sure that you will accept that the document is a tome, and the amount of money that is switching from budget to budget is quite bewildering at times, so it is very difficult to get a steer on exactly why decisions have been made in the way that they have.

We are talking about the second in-year revision and yet some of the figures are very significant indeed. If we add them all up, we are talking about billions of pounds going from portfolio to portfolio, and it seems quite odd that such huge amounts of money are switching in year. This was an exceptional year, and we know all about the challenges that the Scottish Government has faced, but the amount of money that is moving from portfolio to portfolio—and, no doubt, within portfolios—seems quite astonishing.

Tom Arthur: You make a fair point, convener. Under the fiscal framework in the devolution settlement, we are quite limited in our fiscal

flexibilities so, ultimately, our primary means of ensuring that we can meet additional demand when it arises—for example, in relation to public sector pay requirements—is to look at reprioritisations, manage demand-led expenditure and identify savings in the context of what is more or less a fixed budget. That is just a reflection of the actual complexity of the framework within which we operate. For example, we do not have the option, which the United Kingdom Government has, to go to the Debt Management Office and simply borrow more money in year to pay for additional resource expenditure. Among a number of other reasons, that is one reason why we see that in-year complexity and the need for the budget revision process.

Niall Caldwell might want to add to that.

Niall Caldwell: No—I think that that covers it.

The Convener: Is one of the reasons also because, when the original budgetary lines are set, there is an overestimation of what will be spent in some of those portfolios? For example, in the net zero, energy and transport portfolio, £60.5 million of funding has been returned, which reflects

“lower than anticipated uptake from both private sector and local authority partners.”

If we look at social security, there is £62.1 million of funding reductions for those benefits, which have seen forecasts decrease. There is also a £58.2 million reduction in housing and respective capital grants to the private sector, and a £16.9 million release from concessionary fares and bus services because of lower than forecast uptake.

Those are significant sums of money in themselves, and certainly in total. It looks as if the Scottish Government has overshot itself in terms of what it anticipates will be spent within those portfolios. One could argue that that means that other portfolios might be more stretched at the start of the year, because money has gone into portfolios where the demand is significantly lower than anticipated. How is that being looked at to ensure that we get much more accurate projections?

10:00

Tom Arthur: You have hit the nail on the head, because that is the nature of demand-led budgets.

It is important to recognise that the total of the various lines that you identified is still significantly less than 1 per cent of the total Scottish Government budget. Therefore, although it is a significant amount of money in and of itself in absolute terms, it is quite small relative to the whole Scottish budget.

We continue to learn and refine with each budget. The important point to recognise in relation to many of those particular demand-led schemes is that there is no change to criteria or eligibility; ultimately, it reflects the demand that exists. The past financial year has of course been extraordinary, given the macroeconomic factors at play in the form of a combination of the legacy of the pandemic and the significant inflation that we have seen as a consequence of Russia's invasion of Ukraine, which I know that we all recognise is impacting the economy not only in Scotland but right across the United Kingdom and, indeed, the wider world.

The Convener: I recognise what you say about the fact that we might be talking about only 1 per cent of the overall size of the Scottish budget, but the changes within the actual portfolios are significant. For example, the funding changes to net zero have brought it down by £230.1 million, whereas we are talking about £1,110.4 million of additional funding for social justice, housing and local government. A huge proportion of funding is being moved within those portfolios. That is not 1 per cent—it is significantly higher than that. That alone is double the total figure.

If we look at it in a two-dimensional way—looking at the budget at the start of the financial year and at the end of the year—we can see that, yes, there might be a 1 per cent differential, but there are still those huge changes within the portfolios, which I find quite difficult to comprehend given that we had the autumn budget revision just a few months ago.

Tom Arthur: One of the portfolios that you identified contains social security and local government, which I recognise are two very significant elements of the Scottish budget. Of course, within the broader changes that take place are the usual and routine transfers that take place between the portfolio to which a budget is allocated at budget and the portfolio where delivery takes place.

Niall Caldwell might want to come in on that.

Niall Caldwell: I want to make a point on social security, which is within the broader social justice, housing and local government portfolio.

We do not do any adjustments at the autumn budget review, simply from a timing point of view. There is £180 million of gross adjustments to benefit expenditure, less £60 million of reductions across different benefits. The funding of that is, in part, funded through the social security block grant adjustment following the UK budget in November and the SFC forecasts in December. For timing reasons, we therefore need to do it at the spring budget review, which, in effect, means that it is the first time that we are making changes to benefit

expenditure since the original budget was laid. Therefore, there is obviously a significant time lag.

The Convener: That is helpful. You are therefore saying that, to an extent, the Scottish Government's decisions on that are because of decisions made elsewhere and the way that you have to react to that.

Niall Caldwell: Partly. There is also a case that we could make estimates of those social security adjustments in advance at the autumn budget revision, but they would automatically need to be adjusted again, and maybe significantly and in the other direction, when we got to the spring budget revision. Just for simplicity, therefore, the decision is made to make only one set of changes rather than two.

The Convener: Okay. One of the issues is technical adjustments. It is funny how the finance update says:

“technical changes ... are essentially budget neutral and do not provide additional spending power for, or detriment to, the Scottish Government.”

The figure for technical changes is £130.6 million, so I wonder how it finds itself in the total expenditure for the year if it is neutral. Will you explain that a wee bit more?

Tom Arthur: Ultimately, the issue is to do with accounting requirements. Given the technical nature of it, Niall Caldwell might want to unpack that.

The Convener: You say that it is a technical thing, but that does not explain what it means in the real world.

Tom Arthur: We have to operate within accounting standards, which means operating within and being consistent with the UK fiscal framework. Perhaps Niall Caldwell can explain some of the detail.

Niall Caldwell: There is a variety of subcategories that we group together as technical. Those include non-cash expenditure and annually managed expenditure, in relation to which the UK Government provides the budget cover for some demand-led areas, including the national health service and teachers' pensions.

One of the big differences in budgetary terms is that, when the underspend is reported against the accounts, it is reported against all that expenditure, whereas the underspend against the HM Treasury budget and the Scotland reserve limits does not matter from that perspective. That is where the two different budgets matter.

The Convener: So how does it form part of the additional £713.4 million if it doesnae matter for the total budget? The finance update says:

“The changes proposed in the Spring Budget Revision result in an increase in the approved budget of £713.4 million ... to £57,698.4 million.”

That includes the portfolio changes that we have discussed, the technical changes of £130.6 million that we have just talked about and Whitehall transfers of £80.6 million. I will not ask about those transfers, because I am sure that one of my colleagues will want to do that. If the technical changes do not matter, why is that figure added to the total amount of money that is available to and being spent by the Scottish Government?

Niall Caldwell: It matters from an accounting perspective to try to match the accounts because we try to align the Scottish budget with international financial reporting standards, and the more accurate the technical adjustments that are put through in the budget revisions are, the more accurate the underspend or the alignment with the accounts will ultimately be when they are laid.

The Convener: But that money is not actually being spent on anything.

Niall Caldwell: In general, it is mostly—but not exclusively—non-cash items. The difference that we tend to talk about is discretionary expenditure. It is not discretionary expenditure; an underspend in one area cannot be deployed on discretionary expenditure elsewhere.

The Convener: There are a couple of issues that I would like you to talk through. One is the budget for the Scottish teachers’ and NHS pension schemes, which is going up in the current financial year by £495.7 million, which is quite significant. In addition, the budget for education and skills has gone down by £582.4 million. There is clearly a relationship, but will you talk us through the thinking behind that?

Tom Arthur: On pensions, I will bring in Craig Maidment.

Craig Maidment (Scottish Government): That is a good example of the non-discretionary spend that Niall Caldwell was talking about. Because the funding for NHS and teachers’ pensions comes directly from the UK Government, it cannot be repurposed for anything else. The figure is a reflection of the increased cost that is coming through on that line. It falls into the technical adjustment sphere, where the funding cannot be repurposed. It is just a reflection of the additional costs that are being funded directly by the UK Government.

The Convener: It seems to me a huge sum of money to have been added in the revisions, as opposed to something that was anticipated. For example, on teachers’ pensions, you know how many teachers will retire and how much they will get paid as part of their pension. It seems to me that £500 million is quite a differential.

Craig Maidment: It is a significant sum. It reflects the fact that the budget was set back in December 2021. Circumstances have changed since then, which has required that additional funding. It is based on current valuations and forecasts, so it is just a reflection of the changes that have occurred since the budget was set.

The Convener: As a share of the overall portfolio, it is huge. That is the thing. I am trying to understand why the changes are so huge not only within a year. This is the second set of revisions. You have explained part of the reason, but I am still a bit concerned that the changes are so huge; I wonder how they can possibly be so big in such a short period.

Tom Arthur: I am conscious that the committee has previously taken an interest in the resourcing and budgeting of the student loan book, and we provided further information to the committee on the modelling that informs that.

If the committee is interested in getting a more technical breakdown of, and more background on, how those pension calculations and annually managed expenditure lines are arrived at, I would be happy to provide that in writing.

The Convener: Any information that can be provided to the committee will be helpful. We will be going through this process twice a year, so the more au fait we become with it, the better that will be for the committee and our relationship with the Scottish Government.

Tom Arthur: I am conscious that there is keen interest in where there is discretionary spend—money that the Scottish Government can spend on public services or a range of other activities—but there is other funding that is non-discretionary, which does not always command the same attention in the political debate. Given the interests that the committee has expressed, I will be happy to write back to the committee to provide more detail on the area.

The Convener: Apart from the colossal number of figures—there are literally hundreds of different figures here—we have the statement in paragraph 54 of the finance update—I mention this issue only because you touched on it a moment ago—that

“There has been a £565.1 million reduction as part of the budget revision with portfolios reviewing their non-cash requirements. The largest element relates to the £627.1 million movement in the Student Loan RAB charge. This is to cover the latest estimates from economists on the impact of the current macro-economic climate on impairment of the student loan book.”

What does that mean to most people? Not a lot. It would help if there was a wee bit more explanation as to what such things actually mean. Explanations of how those things impact on the Scottish Government seem to be in separate silos.

What does that statement mean in terms of how much money we can spend on local government, the national health service, policing or whatever?

Tom Arthur: It does not change that, because it is non-discretionary spend. I appreciate that discretionary spend is the aspect of the budget that commands most attention, but to meet our requirements to be as transparent as possible and to meet good accounting standards, we have to present those figures in the budget and the budget revision processes.

However, I take your point. The distinction between the total managed expenditure in the Scottish budget—which, following the SBR, is just under £57.7 billion—and the discretionary spend could lead to the risk of confusion and a lack of public understanding, which I think you have articulated. I am happy to take that away.

We have to meet standards, and although it is not entirely possible to simplify the accounts for the Scottish Government, I recognise that what you suggest is possible. Scenarios have arisen where certain figures that were perhaps misleading have been deployed for political purposes. I am conscious that that has happened in the past in Parliament.

I am certainly happy to write back to the committee to provide more detail on the specific budget lines that you identify. The work that we do on the guide to the budget revisions is on-going, and I am keen for continuous learning to refine that to make sure that it is as useful and helpful to the committee and other stakeholders as possible. I will also take away the broader point about how we present our budgets to ensure that there is as much clarity as possible and that they are as discernible as possible for the layperson who is not a practising accountant.

The Convener: This is meat and drink to John Mason. He always gets very excited—the spring budget revision is a highlight of his year.

Most of us on the committee have a grasp of such matters, but as you said, there is a need for clarity, so that anyone who looks at these figures can see what the thinking is behind the Scottish Government's decisions and what the impact might be on front-line services. When people see a statement such as, "The figure for that is £X million, but it will not affect anything," people think, "Whit?" It simply doesn't compute for ordinary people who are not as au fait with the process.

I have droned on long enough, so I will bring in colleagues around the table. The first member to ask questions will be Liz Smith.

10:15

Liz Smith (Mid Scotland and Fife) (Con): I have a few questions about the delay in the Parliament's consideration of the National Care Service (Scotland) Bill, the stage 1 process on which we have been told in a letter will be extended up to 30 June.

When we received the initial financial memorandum on the bill, its projection was that the five-year spend on the service would be a minimum of £1.3 billion, and £95 million was set aside for the forthcoming financial year. However, in an answer to a question from my colleague Daniel Johnson, John Swinney seemed to imply that the figure of £95 million was not accurate and that the figure was likely to be nearer—I am quoting—"£50 million to £60 million". Has any of that money been spent? If so, what has it been spent on?

Tom Arthur: Is that with regard to this financial year?

Liz Smith: Correct.

Tom Arthur: I cannot provide any detail on that, I am afraid, in the context of giving evidence on the SBR, but I am happy to take that away and write to you. I apologise that I cannot provide that detail now.

Liz Smith: The reason that I am asking is that the matter is crucial in terms of freeing up money that was going to be available for a project that has been delayed. The committee would strongly welcome clarity on exactly how much money has been already spent. I think that I am correct in saying that the implication was that some of it—whether it was up to £50 million or not—had already been spent. The committee would like to know how much of that money has been spent, what remains and whether that will have considerable implications for budgets that need to be planned ahead—in fact, as you have indicated, you are already planning ahead.

Can you provide the committee with clarity on that? We are very anxious that we get that clarity, because it is clear that there is money available.

The Convener: It was actually me who asked the question of the cabinet secretary. He said that the maximum cost in the financial year that is about to commence would be £50 million. What Liz Smith and the rest of the committee are keen to know is how much has been spent to date and whether that will come up in, for example, the autumn budget revision. As the ABR is some months away, if you have any information that you could provide the committee with now, that would be very helpful.

Tom Arthur: Unfortunately, I am not in a position to give you that information, but I will endeavour to write to the committee on that.

Liz Smith: Can you clarify whether there have been any conversations between you, John Swinney and civil servants who look after budgets on whether that is up for discussion as a major piece of money that can be deployed elsewhere?

Tom Arthur: I have not had any direct discussions with ministerial colleagues or officials on any potential release of funding due to a rephrasing of the timing of the stages of the National Care Service (Scotland) Bill. However, I am happy to explore whether colleagues have had such discussions and, if they have, to ensure that the committee is kept informed of the details.

Liz Smith: That would be very helpful. The convener has asked questions about the significant amounts of money that are being transferred between portfolios. If we are talking, on a longer-term basis, about a figure of £1.3 billion as a minimum—it could be more—that is a considerable amount of money. It is important to the Parliament, and certainly to this committee, that we know what the plans are for how that money will be deployed. If there are any delays in the process of the project, which is what is happening, that frees up money that could be spent on other things, which might address some of the constraints that we have before us. Could we get some more information on that?

Tom Arthur: Yes, I am happy to provide that. Speaking generally, the committee is aware of the reprofiling and transfers that take place across the entire budget in response to changing circumstances and demand-led schemes, which are reflected in the budget revision process. I recognise that the autumn budget revision process is some time away yet and that there is a desire for information to be provided just now. I will endeavour to provide as much clarity as I can in response to the points that you have made.

Liz Smith: That is helpful. You have made it clear that there has not been much discussion about the issue—certainly not with you and the cabinet secretary. I find that slightly strange, I have to say. The national care service was a flagship policy that the Scottish Government wanted to put in process, and it has fallen foul of at least four committees in the Parliament, which have very serious concerns; I think that another three committees are looking at it just now. There is clearly some concern about not just the general direction of the policy, but how it would be financed. Our job in this committee is to scrutinise the financial aspect.

We were told that a second, much more detailed—and, one would hope, more accurate—

financial memorandum would be coming down the line fairly shortly. That was before the delay, and we are now left in a bit of an open space with regard to exactly what is happening. It would be helpful if we could get some clarity on all that.

Tom Arthur: To clarify, I referred to discussions that I have not had; I cannot speak on behalf of colleagues or other officials.

Daniel Johnson (Edinburgh Southern) (Lab): I will start at a pretty granular level. With regard to annex A, I am looking at the figures in table 1.2. You quoted the budget bill figures, minister. I am interested in the health line. I am slightly confused about the figure of 18,075.2 that you quoted from the first column of table 1.2. When I look at the budget bill as passed, I see that the figure in that line is 18,039,849,000. I am trying to understand the discrepancy there. What is the basis of that figure in the first column of table 1.2? It is not a huge difference but, at the same time, I think that we all want to be accurate.

Tom Arthur: Mr Johnson, did you refer to annex A?

Daniel Johnson: Yes. I am looking at table 1.2 in the papers with which we have been provided.

Tom Arthur: I beg your pardon—it is table 1.2?

Daniel Johnson: It is on page 6. The figure is 18,075.2, whereas when I look up the budget bill as passed, at legislation.gov.uk, I see that the figure there is 18,039. Ensuring that we are using accurate figures is important and I am trying to understand why there would be a difference.

Tom Arthur: I ask Niall Caldwell to come in on that point.

Niall Caldwell: We will need to double-check why that is, and we will include it in the letter to the committee.

The Convener: Sorry—are those figures not after the autumn budget revisions have been applied?

Niall Caldwell: Yes, that is true.

Daniel Johnson: Is that the reason for the discrepancy? The heading states:

“Resources other than ... as shown in the Budget Act”.

Niall Caldwell: As revised by the autumn budget revision.

Daniel Johnson: Right—okay. That is a useful clarification. I misunderstood—I thought that we were using what was passed as the baseline.

Looking at the figure more broadly, I understand that, in terms of the narrative, the latest budget revision adds £427.4 million. Again, however, when I look at the aggregate figure as passed, it

actually shows—as the convener pointed out—almost £80 million less.

If we look at the total additions and subtractions, given that there is some £135 million of resource being added to those budget lines, that would imply that around £200 million is coming out of other budget lines in health. Is that correct? If so, what are those things?

Again, in line with some of the convener's questions, given the pressures—to which you rightly alluded, minister, and which we all understand—I think that people might be surprised that we are actually going to be spending less on health and social care in this budget year, rather than more, in comparison with what was originally budgeted for. What was the summary-level explanation for that lower-than-expected expenditure in that budget area?

Tom Arthur: Do I understand you correctly, Mr Johnson? Are you factoring in the transfers to local government on health expenditure as well?

Daniel Johnson: Are we spending less on front-line health provision? That is the fundamental question. Is it all explained by that transfer? What are the implications in particular for the regional health boards and other front-line provision in the health budget? That is the fundamental question that I am asking. Are those figures in line with the budget, or are they up or down?

Tom Arthur: Do you want to come in on that, Niall?

Niall Caldwell: If we look at table 1.2, to which Mr Johnson referred, we see that the funding changes are the large capital and resource additions for health expenditure more broadly. The transfers to other portfolios are what is bringing the total budget down, but they are independent of one another. The funding that is going into health is not directly related to the transfer for specific budgets such as care and mental health, which are going to local government—those are two of the largest transfers to another portfolio and reflect where the delivery body is.

Daniel Johnson: As the convener pointed out, there are a lot of numbers. However, the bottom line, and what people want to know, is whether more or less money is being spent. For example, on regional health boards, has the amount of money that they were budgeted gone up or down compared with what was in the original level 4 figures when we passed the budget bill last year?

Tom Arthur: The total health spend is up with those additional allocations. I suppose that the point that you are driving at is about presentation and understanding—

Daniel Johnson: Exactly so.

Tom Arthur: —and comparing the budget as presented at stage 3 at the start of the year—and as passed by the Parliament—with what we see now. It is a question around transparency in presentation to make it easier to understand.

Daniel Johnson: Yes, and it is about the bottom line in terms of impact. Bluntly, if we are having to ask these questions, I think that members of the public might have even more questions than we do.

I am going through the gross funding changes, and one that will be of particular concern to a number of people is the additional funding that is being made available to Ferguson Marine for the completion of hulls 801 and 802. There was speculation in the press before Christmas that the total sum to be spent on the two vessels might rise to £350 million. How much money will be spent in this budget year on the vessels, and how much money has been spent to date across all budget years?

Tom Arthur: As you will be aware, the chief executive officer of Ferguson Marine (Port Glasgow) Ltd provided an update on costings in his letter to the Net Zero, Energy and Transport Committee in September 2022. He advised that a further £80.6 million net of warranties would be required to complete both vessels, compared with the budget of £122 million net of warranties that was set out to the Parliament by the Cabinet Secretary for Finance and the Economy on 23 March last year. That will take the total cost to build the ferries since Ferguson Marine came into public ownership to £202.6 million, inclusive of £6.2 million of contingency costs. The figure of £202.6 million includes the £57.6 million of capital funding that is included in the 2023-24 budget.

Daniel Johnson: How much has been spent in total to date? You have given me the projected figure and the figure that is being spent this year. What is the total figure that has been spent to date on the two vessels?

Tom Arthur: The total cost to build the ferries since they came into public ownership will be taken to £202.6 million, inclusive of £6.2 million of contingency costs.

Daniel Johnson: Is that the projected cost to complete them, or is that the spend to date?

Craig Maidment: That is the projected cost.

Daniel Johnson: How much has actually been spent or will have been spent by the end of this budget year?

Craig Maidment: I do not have the exact figure to hand, but it was £57.6 million for 2023-24, and we are looking at circa £140 million. I can get exact figures for the committee.

Daniel Johnson: That would be helpful.

As I look at all these areas, I am thinking about the biggest concern that people have about their domestic budgets, which is heating bills. There are reductions to the net zero budget lines, which, ultimately, provide funding for things such as insulation and retrofitting. People might be surprised that there is a lack of demand for those things. I do not dispute that that is the case, but, if we look at the programmes that those budget lines fund, we see that expenditure on them and demand for them have been on the decline year on year since they were launched. If there is a lack of demand for those programmes, does that not raise the question whether the programmes have been designed correctly? There should surely be increasing demand. Judging by my mailbag, my constituents are hugely concerned about how they can insulate their homes and control their heating bills in future years. Is there an issue around delivery or the design of the funds if there is a lack of demand for the programmes?

10:30

Tom Arthur: There is a recognition—from both the ABR and the SBR, and following the lower-than-anticipated demand—that the points that you highlight are pertinent. That is why work has been undertaken on project management, to help to ensure that there is a pipeline of projects, going forward, and to ensure that the schemes can be more effective at delivering the outcomes that they are intended to achieve. We recognise, of course, that many factors will impact on demand, including those with which we are familiar, such as supply chains, workforce and materials. We are alive to those issues, however, and work is under way in the relevant division to address them.

Daniel Johnson: I wish to clarify one point. Is it that the level of applications for the funds has declined, or is it that the level of approvals has fallen?

Tom Arthur: I will come back to you on that point; I cannot give you a direct answer.

Daniel Johnson: Thank you very much.

Douglas Lumsden (North East Scotland) (Con): I will pick up on the point that Daniel Johnson was making about the net zero funds. What impact will there be on the climate change targets that the Government has set? There is seemingly a lack of demand for the funds, and they have been cut twice in the past two updates.

Tom Arthur: We are absolutely committed to our net zero targets. The reality is that the schemes are demand led, and demand is impacted by a number of factors. We have to consider the design and delivery of the schemes,

while recognising the prevailing economic circumstances that are impacting across a range of public policy objectives. That is why the Government has been engaging with partners to consider how to ensure that the schemes are more effective in delivering their stated intent.

Douglas Lumsden: Is it a matter of people not knowing about the schemes? There are huge sums involved. Surely there must be some analysis on why uptake is nowhere near what you expect.

Tom Arthur: Yes—work is being done in the relevant divisions that lead in the area. Notwithstanding the points that have been raised, they are taking forward the relevant work so that in future years there will be greater uptake of the schemes.

If there is a desire for more specific information on that particular policy lead and the nature of the work that is taking place to incentivise uptake, I will be happy to provide that in writing.

Douglas Lumsden: What will the lack of demand mean for your net zero targets?

Tom Arthur: A huge array of policy areas will impact on net zero. We recognise that heating buildings is a hugely significant area, and it is one of the big policy challenges that we face—and not just in Scotland; all Governments face that challenge. We are providing a range of support to assist domestic and non-domestic properties, ensuring that we become more energy efficient in helping to decarbonise heating. We recognise that, for the specific budget lines, demand has not been what was anticipated, and that is why we have been undertaking work, within the relevant policy leads, to understand the reasons behind that. We are acting on that to seek to incentivise demand in future years.

I recognise the interest in the matter, and if the committee would appreciate more written detail on the design of the schemes and how the experience of this financial year is informing future action, I would be happy to provide that.

Douglas Lumsden: It would be good to know, as it seems quite handy that uptake is not as it should be, which means that you can balance your budget.

Let me return to Ferguson Marine. I think that Daniel Johnson mentioned a total cost of £202.6 million to complete the work, and I think you said that that was from when the yard came into public ownership. Is that correct?

Tom Arthur: Yes, and I said that I would be happy to come back to the committee in writing and to provide more clarity around the figures.

Douglas Lumsden: So that we can see how much was spent before that point.

Tom Arthur: Yes.

Douglas Lumsden: One part of the increase for 2022-23 was

“£4.6 million required for additional operating costs”

for Ferguson Marine. Can you give us a bit more detail on what that was?

Craig Maidment: There are two elements to that. There was additional funding for the seeking of and bidding for new commercial work from Ferguson Marine, and there was also resource funding required for consultancy costs.

Douglas Lumsden: Can you give us a breakdown for those two things?

Craig Maidment: It is £2.5 million for the new commercial work and £2.1 million for the consultancy costs.

Douglas Lumsden: Was that for the former head of—I cannot remember what he was called now. Was it for the turnaround director? Is that what those costs are for?

Craig Maidment: I am not certain. I do not believe so, but I will confirm that for you.

Douglas Lumsden: Okay. I guess that those costs are for running the yard. They are not costs that we will get back from the building of the two vessels. Those are separate, are they not?

Craig Maidment: Yes. That is why they are categorised as operating costs—

Douglas Lumsden: Because they cannot be depreciated later.

Craig Maidment: Yes.

Douglas Lumsden: My next question is on the transfer to “Rail Franchise”. Can you give us some more information on that? It is mentioned on page 18, where it talks, first of all, about

“capital budget being transferred from Major Public Transport Projects to Rail Infrastructure”.

It is page 18—I am sorry; I should say that it is paragraph 65.

Tom Arthur: I will get back to you in writing on that, Mr Lumsden.

Douglas Lumsden: There are two things: the £44 million of capital being transferred

“from Major Public Transport Projects to Rail Infrastructure”

and the £15.5 million

“of capital budget being transferred ... to Rail Franchise”.

Craig Maidment: I know that there are amounts going to Scottish Rail Holdings in year, but I am

not sure of the detail on that. I would need to follow that up.

Douglas Lumsden: If you could get that information to us, that would be good.

My next question is about the European social fund and the £15 million, I think, of write-offs. Can you give us more information about that?

Tom Arthur: Yes. That just reflects the fact that we are no longer in the European Union. These are figures that would have accrued to us, but because we are not in the EU, we have had to write that funding off and find the funding ourselves.

Douglas Lumsden: Why would we write that funding off?

Tom Arthur: Because of the accounting treatment. Craig, do you want to take that question?

Craig Maidment: The amounts would historically have accrued over a period of time—or, I should say, there would have been the expectation that the funding would be received.

Douglas Lumsden: Is it anything to do with the issue that arose back in, I think, 2017 or 2018, about how the fund was being dealt with by the Scottish Government?

Craig Maidment: I am not sure about that.

Tom Arthur: Again, if there is a desire for more specific detail on that beyond what I have already said, I am happy to capture that in the letter to the committee.

Douglas Lumsden: There were issues about how the Scottish Government was handing the money to local authorities, so it would be good to know what that write-off was.

My last question is about the additional £4 million for the census. Do you have any more details on how that came about?

Tom Arthur: Again, I am happy to cover that specific detail in my follow-up letter.

Douglas Lumsden: Okay. I would have thought that a chunk of the census funding must have come from the UK Government. Is it just that we have spent more than our share?

Tom Arthur: I will respond to that specific point in writing.

Douglas Lumsden: Right.

The Convener: I call John Mason. John, I do not want you to take more than an hour—I know that this is an exciting day for you.

John Mason (Glasgow Shettleston) (SNP): Just to clarify, I should say that, despite what the

convener has said, I fully accept that a lot of this is technical, and I do not necessarily get very excited about it. When I see words and phrases such as “non-cash”, “estimates”, “economists”, “current macroeconomic climate” and “impairment”, I take it all with a little pinch of salt.

I do not have a lot of questions. However, I note that the UK budget is coming up next week, and it will be focused on 2023-24. Is there any risk to our current year from next week’s statement?

Tom Arthur: No. The last event in the fiscal year is the supplementary estimates.

John Mason: So we have all the information. I think that the report suggests that you have better information from Westminster this time than you have had in the past, which has allowed you to be a bit more accurate.

Tom Arthur: We have all the information pertaining to the UK Government’s position in-year. However, we continue to have to manage the budget until the end of this financial year, of course, and it is still possible for changes to take place between what is reported now and what transpires at the provisional outturn and when the accounts are lodged.

Niall Caldwell, do you want to add anything?

Niall Caldwell: Yes. On funding, the main area in which there is still some scope for volatility is devolved taxes. However, everything else should be locked on the funding side of the budget—although not on the spending side, obviously.

John Mason: We have had the slightly overused image of landing a jumbo on a postage stamp to balance the budget. It seems to me that this year is probably the tightest that it has ever been. For example, paragraph 117 of the report says:

“These movements ... leave the overall resource position as slightly over-allocated by an amount of £10.2 million.”

In the scheme of things, that is tiny. Are we currently expecting a complete balance, or maybe a little surplus, on reaching the end of the year?

Tom Arthur: The nature of this is such that, in seeking to balance the budget, that will inevitably generate some carry-forward, but the exact quantum will, of course, not emerge until the end of the financial year.

John Mason: But we are not facing a big problem that we are aware of at this stage.

Tom Arthur: No.

John Mason: That is great.

On the slightly more technical side of things, paragraph 138 mentions the allocation of the

ScotWind funds. I was a little confused, as it mentions

“a contingency option for balancing the 2022-23 budget”,

but it goes on to say that, if that is not needed, it will free up funding for the future. Why is there scope for moving that funding between years? Is there something special about the ScotWind funding?

Tom Arthur: I ask Niall Caldwell to respond to that question, if that is okay.

Niall Caldwell: The specific funds that are freed up in 2023-24 are the likely proceeds of interest earned on funds that have not been used. When the assumptions for the 2023-24 budget were made, there was not sufficient certainty that additional funds would not be required in the current year and therefore about bringing forward funding. Now that the 2022-23 position is on a path to balance, as the minister said, there is a sufficient level of confidence that those funds will not be required until the end of the next financial year, as is the plan with the resource spending review and the budget, so more interest can be earned in the meantime.

John Mason: Right—so it is the actual sum rather than the amount of interest. I find that confusing. Most things are fixed—they are either in this year or next year, and there is no flexibility to move them around. I was a bit puzzled about why there is flexibility in that area.

Niall Caldwell: There is some discretion on when ScotWind funding can be deployed. That is a point that is separate from the point about interest. It is a specific point. There is discretion on when that funding can be deployed, albeit that it is all fully incorporated into the budget and resource spending review plans. Obviously, if money were to be brought forward, that would create a gap in future years.

John Mason: Okay—fair enough.

The last issue relates to the technical agreement on resource borrowing limits, which is mentioned in annex D. I understand that there has been further work with the UK Government on when we could and could not borrow. Some of that is quite technical. I understand that, within a particular tax, we net off—I see that the minister is smiling so, obviously, I am in a difficult area—the pluses and the minuses, but we do not net them off between tax and social security. Can you explain that a little?

Tom Arthur: As that is a technical question, I ask Niall Caldwell to answer it.

Niall Caldwell: For each devolved tax and each benefit, the net position versus the block grant adjustment, where applicable, and the change in

that net movement from the original budget is what is considered for a borrowing limit. Where that movement is negative, that will score as a borrowing limit, subject to the overall annual limits of £300 million or £600 million, depending on the financial year and whether there is a Scotland-specific economic shock.

However, there is an additional complexity. The first half of the table talks about reconciliations that apply to the budget, so there are hangover reconciliations, as it were, from block grant adjustments in social security that would score in the terms of the technical agreement that was completed last year. Any negatives on those would score as well.

10:45

John Mason: But if there is a positive in one area, such as social security, and a negative in tax, it sounds as though it is to our advantage that they are not netted off against each other. Is there a logic to them not being netted off against each other?

Niall Caldwell: It is to our advantage, but one of the logical reasons is the timing of when you might plan to borrow in the year. As it happens, borrowing tends to be delayed until the very end of the financial year, when you consider the overall financial position.

John Mason: Okay. I will leave it at that. Thanks, convener.

Michelle Thomson (Falkirk East) (SNP): I have to fess up and say that I find the thread of John Mason's questions very interesting—I do not know whether that is good news or not.

As I have been listening to all the questions, I have been thinking that, in general, the fulsome reports that have been provided are a very good thing. However, in our job of scrutiny as a committee, we are trying to manage and get oversight of different things. We have the initial, up-front estimates and then we have any revisions, where we are able to factor in actual spend plus the new estimates, then we have a final sum-up position, and then Daniel Johnson comes in and says, "Aye, but what about the year to date?"

When was the last time you thought about how you present these reports to the Finance and Public Administration Committee so that we are able to ask some of those questions? I appreciate that, with some of these questions, we are not really comparing eggs with eggs; we are throwing in bananas as well. It is about considering best practice in presenting public accounts. When was the last time that you reviewed what you do against what happens elsewhere? I fully accept

that there are additional complexities around the fiscal framework, but do you routinely review what you are doing and ask whether you are acting from the point of view of giving maximum transparency, to enable the sort of questions that have come out today?

Tom Arthur: I think that the most recent review is taking place right now. This is an on-going learning process. The cabinet secretary, Kate Forbes, and I, in my role as public finance minister, have both been strongly committed to seeking to provide as much information as possible to the finance committee and to Parliament to assist in scrutiny and understanding.

However, this is an iterative process. I recognise that having these twice-yearly budget revision events might be insufficient to progress the type of change that we want to see in presentation as quickly as we would like. It might be useful for dialogue to take place with the finance committee, perhaps along with one of the budget review sessions, to consider that more formally.

I appreciate that it is for the committee to determine its own work programme, but if the committee has any more general reflections on having something beyond a specific presentation of a specific spring or autumn budget revision, I would be keen to hear them. Transparency and engagement are at the heart of not just our framework for tax but how we want to go about the business of ensuring that Parliament can come to decisions based upon the most accurate information possible, which is as easy to grasp as possible. A priority for me is trying to ensure that members of the public have the fullest understanding without having to wade through dozens and dozens of pages of dense, technical language and a lot of numbers.

It is an open invitation—I am keen to have that engagement, because it is very important. There are a lot of things that we have drawn out in this session. I recognise that members take a keen interest in specific budget lines and it can be difficult to give the authoritative answers that I would like to be able to give, given the breadth of possible questions that may arise.

I recognise the points that the convener, Mr Gibson, has made with regard to different aspects of the budget—discretionary and non-discretionary—and the points that Mr Johnson has raised with regard to presentation relative to the last budget revision, compared with the budget as passed by Parliament.

We can draw a number of things from this meeting. I would be keen to have an on-going dialogue about how we can improve the presentation.

This may sound as if I am shifting that position, which I do not mean it to, but the Government has to decide how much information to provide. We do not want to overload you, because we appreciate that you have many other things to consider. We could give you 50, 100 or 150 pages, but that would become more challenging and would probably raise suspicion about what is in there that might be missed.

I am keen to have that dialogue to understand what would be best for the committee and what would assist you as custodians of the Parliament's responsibility for financial scrutiny, and I am keen to work collaboratively to deliver a better product for you, Parliament and the public to utilise.

Michelle Thomson: The committee can discuss that afterwards. It is reasonable for this committee to expect to get complex reports that include a summing up that the public might find accessible; there are enough of us here who would be comfortable reading something like that.

You were asked earlier about in-year budget pot switching—realignment, if you like. You commented on the fiscal framework. That ties in with the existing estimating processes. In your role as someone who sits above those processes, and given those variants, when did you last assess how effective your estimating processes are? What, if any, weaknesses have you highlighted and how will you address those? Because of the realignment, this must be about more than the fiscal framework. As the convener commented at the start, it is also connected to estimating.

Tom Arthur: I have two points. First, the forecasts that we operate within are a matter for the Scottish Fiscal Commission, which is directly accountable to Parliament. I understand, Ms Thomson, that you are asking about the processes and methodology that inform our in-year budget monitoring and how we go about that. This is axiomatic: if there are new and novel spending lines, or if new taxes are devolved, it will take some time to get a sense of how any estimates and forecasts are borne out by reality. That is something for the SFC to consider when new taxes are devolved.

Internal processes for in-year budget monitoring are led by officials. Niall Caldwell can give an overview of how continuous learning takes place.

Niall Caldwell: It is for each directorate to manage its own budget and each process is continually reviewed. One example that we can learn from is that of police and fire pensions. Historically, those were managed in year, but there was some extra provision in both the recent spending review and the recent budget to reflect the reality of what has happened in recent years. That is one example, off the top of my head.

Michelle Thomson: There is a general question, which you do not have to answer now but which may be of interest to the committee, about how the on-going processes across directorates can be as efficient as possible. I was involved in that sort of thing in another life. There is a habitual scrabble towards deadlines and any review of how effective or efficient processes are can drop to the bottom of the pile. That is just how the world operates.

From the point of view of public expenditure and efficiency, I want to see built-in review processes that are overseen from a finance perspective. That continuous improvement should be properly built in, rather than being something that we would like to see. You do not need to answer that. It may be that the committee is not interested in that.

The Convener: Thank you. I am glad that you have got another life, because I have been stuck with this one for decades.

I think that the number 1 question that members of the committee want to ask when they get these figures is why specific changes have been made. We get the changes, but we do not really get the reasoning behind them. I also think that it would make life a lot easier for you if that was laid out. As you say, it is very difficult for a minister—not that I have been a minister—who comes to a committee such as this one, because you never know what we are going to ask. There is a mountain of different figures and it is not always easy to keep them all in your head. I think that that would make life easier for all concerned.

I will ask a couple more questions to close this part of the meeting, because we have not really touched on capital much in relation to borrowing. Paragraph 132 of the update says:

“all Reserve availability is being utilised to support the 2022-23 financial position.”

Paragraph 139 says:

“It is ... now highly probable that the full Capital borrowing annual allowance will not be utilised in 2022-23 as discussed in paragraph 125.”

Having jumped from paragraph 132 to paragraph 139, we go back to paragraph 125, which says:

“late underspends will be used in the first instance to reduce the current £450 million borrowing assumption in line with the Scottish Government's Capital Borrowing policy”.

Where are those late underspends envisaged? What kind of funding are we talking about? How much are we talking about in those late underspends?

Tom Arthur: Do you have the details of the underspends in front of you, Niall?

Niall Caldwell: An example is an item in the future transport fund that was included in the emergency budget review before Christmas. Because of the level of certainty at the time when the spring budget revision was finalised, that could not be included, but it is now expected. That is a relatively sizeable example—I think the figure is about £20 million.

Craig Maidment: It is £20 million to £30 million.

Niall Caldwell: In aggregate, we now expect at least £50 million of underspends at this stage, but the position tends to fluctuate quite a lot at this stage of the year. Any underspends there will bring the borrowing assumption down from £450 million.

The Convener: Okay. You said that that is worth £20 million to £30 million. Where would the other £20 million to £30 million be?

Niall Caldwell: That is the largest example that I know about. There are lot of smaller ones as well.

The Convener: Fair enough.

My final question is based on a question that Daniel Johnson asked. He talked about the £898.7 million that is going out of health and social care. There are seven lines on that, and the £898.7 million includes £257.2 million for the integration of health and social care; £233.5 million for the funding of the real living wage; £120 million for mental health transition recovery, which you touched on; £65 million for implementation of the Carers (Scotland) Act 2016; £27.3 million for free personal and nursing care; £22 million for increased social work capacity in adult services; and £20 million for interim care funding in local authorities.

That is a huge amount of money. Surely some of those things could have been anticipated at the start of the financial year. Are we going to be in a situation in the next financial year where we again see those things being transferred from health and social care to local government? Are you going to look—if not in the next financial year, in the one after that—to have them embedded within that portfolio?

Tom Arthur: I appreciate that that is the perennial question that is raised at budget revisions. As I have said at previous budget revisions, the allocation of the budget to particular portfolios reflects the policy intent. It is money to support health. It is not money for local government in the sense of the services that local government routinely provides.

There is a question here that goes back to the point about transparency and clarity. Is it health spend or is it spend in another area? I think that

we all recognise that it is health spend but that it is delivered within a different portfolio.

Again, this is something on which I would welcome the committee's considered reflections. If there is a desire to move in that direction and a view that, in tandem with other potential reforms with regard to presentation, that would aid transparency, I think that it will be something that we will be happy to consider. Ultimately, however, in relation to allocating the budget and being able to identify what is spent on health, that is why we start with the health portfolio, just as we start with the education portfolio in relation to the money that is spent on education, and so on.

11:00

The Convener: I know, because every year in the autumn revisions, we have money for education training going from health to education—I think that I pointed that out last year. That has happened for the past five or six years, at least, and it seems a bit odd. I could understand it if it was a one off, but if it will happen year on year, it almost seems dishonest to have the money in one portfolio when we know that it will always be spent in another.

Tom Arthur: It will be, but the process that is in place allows for year-on-year comparison of spending in particular areas, so if we were to change the approach it would make that comparison more challenging.

I recognise your point about comparing the spring budget revision with the autumn revision in the document rather than comparing the spring budget revision with the budget act as passed. If we pass a budget in which we see spending in health that does not start off in health, I can understand that some would argue that that could be a source of confusion, or that it could be seen as not optimal for transparency.

However, there are trade-offs. I understand your point: why have that transfer take place if it is understood that the intention is, and past patterns of budget demonstrate, that the spend will end up in a particular area? However, there is an advantage in having clarity about the policy intent of the spend.

The Convener: Okay. I will not go into any more depth; I could, and if that continues, I will do so at our further meetings. Liz Smith wants to come in.

Liz Smith: I think that the convener made an extremely important point; namely, if there is X billion pounds to be spent on health, it is very important that we, and the public, know how much of that is spent directly in the health budget and

how much of it will be spent on health in local government—or wherever it might be spent.

To pick up on a point that the minister made, it is the “why” that is important. If we really want to get clarity about what we are trying to do and measure the effectiveness of the spend, it is important that we understand who has spent the money and why they have been tasked with spending it. That is the clarity that we are looking for within budgets. I know that they are incredibly technical and complex, but it is about getting extra understanding.

It is to the benefit of everybody—including the Scottish Government—to know where money is being spent, by whom and why some of it goes to one channel and some goes to another. That is critical, and the convener was right to ask questions about it.

The Convener: Okay. That concludes the first item on our agenda. We will now move on to our next item, which is formal consideration of motion S6M-07762. I invite the minister to move the motion.

Motion moved,

That the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2022 Amendment (No. 2) Regulations 2023 [draft] be approved.—[Tom Arthur]

Motion agreed to.

The Convener: I thank the minister and his officials for their evidence. We will publish a short report to the Parliament, setting out our decision on the regulations, in due course.

11:04

Meeting suspended.

11:07

On resuming—

Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2023 (SSI 2023/50)

The Convener: We will now take evidence from the Minister for Public Finance, Planning and Community Wealth on a Scottish statutory instrument.

Mr Arthur is joined by Robert Souter, senior tax policy adviser at the Scottish Government. I welcome Mr Souter to the meeting, and I invite Mr Arthur to make a short opening statement.

Tom Arthur: This statutory instrument specifies the standard rate and lower rate for the Scottish landfill tax, which would apply from 1 April. These rates are consistent with those set out in the Scottish budget for 2023-24, which was published

on 15 December 2022. The order sets out that the standard rate will increase from £98.60 per tonne to £102.10 per tonne. The lower rate for less polluting inert material will increase from £3.15 per tonne to £3.25 per tonne. Committee members will wish to note that these rates match landfill tax rates in the rest of the UK for the financial year 2023-24, as confirmed in the UK and Welsh budgets.

The Scottish Government is continuing to act to avoid any potential for what is referred to as “waste tourism” to emerge as a result of material differences between the tax rates north and south of the border. The increased rates provide appropriate financial incentives to support delivery of our ambitious waste and circular economy targets.

The Convener: Thank you. I do not have any questions, and I see that there are none from committee members. I am sure that you are relieved that there were no questions on that. I could have asked one or two for the sake of it, but why would one do that?

Thank you for your evidence, minister.

The next item on our agenda is formal consideration of motion S6M-08009. I invite the minister to move the motion.

Motion moved,

That the Finance and Public Administration Committee recommends that the Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2023 (SSI 2023/50) be approved.—[Tom Arthur]

Motion agreed to.

The Convener: I thank the minister and Mr Souter for their evidence today. As we discussed the next item on our agenda, consideration of our work programme, in private earlier, that concludes today’s meeting.

Meeting closed at 11:10.

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