

Scottish Affairs Committee

Oral evidence: [The work of the department - Committees - UK Parliament](#)

Wednesday 5 November 2025

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Members present: Patricia Ferguson (Chair); Maureen Burke; Dave Doogan; Lillian Jones; Mr Angus MacDonald; Douglas McAllister; Susan Murray; Jack Rankin; Kirsteen Sullivan.

Questions 54 - 115

Witnesses

[I](#): Rt Hon Douglas Alexander MP, Secretary of State for Scotland, Scotland Office; Kirsty McNeill MP, Parliamentary Under-Secretary of State, Scotland Office; and Fiona Mettam, Director, Scotland Office.



Examination of witnesses

Witnesses: Rt Hon Douglas Alexander MP, Kirsty McNeill MP and Fiona Mettam.

Q54 **Chair:** Good morning and welcome to this meeting of the Scottish Affairs Committee. We are joined by the Secretary of State, the Under-Secretary of State at the Scotland Office and the Director of the Scotland Office. Please introduce yourselves for the record and tell us who you are and what you do.

Mr Douglas Alexander: Thank you for the opportunity to appear in front of the Committee. I am Douglas Alexander. I have been in post for a few weeks as the Secretary of State for Scotland. I will ask my official and ministerial colleague to introduce themselves.

Kirsty McNeill: I am Kirsty McNeill. I am the Parliamentary Under-Secretary of State for Scotland.

Fiona Mettam: I am Fiona Mettam. I have been in post slightly longer than the Secretary of State and joined the Department at the beginning of August.

Q55 **Chair:** Thank you and welcome. It is the first time that both you, Secretary of State, and Ms Mettam, have been in front of the Committee. We look forward to having some good discussions with you today and in the future. Of course, Ms McNeill, you have been with us before so you know what to expect from us. Secretary of State, what are your long-term priorities in your role?

Mr Douglas Alexander: Thank you for the opportunity to appear relatively early in my tenure. Let me set out the priorities as I see them for the Scotland Office. The first is working with Departments across Whitehall to maximise opportunities in key economic sectors such as defence, energy, life sciences, financial services, and food and drink. The second is managing the risks of economic shocks across Scottish industry. This includes working closely with colleagues in the Department for Business and Trade and DESNZ on the risks associated with, for example, the closure of the Grangemouth oil refinery.

The third is ensuring that fiscal and energy policies best support skills in existing and future supply chains in the North sea and guarantees UK energy security. The Scotland Office will work with other Departments to ensure that policies affecting renewables, oil and gas, and the North sea are pragmatic, protect Scottish workers and UK consumers, and guarantee UK energy security. It is also ensuring the effective and timely delivery of UK Government local growth programmes in Scotland and, finally, continuing to deliver the Brand Scotland programme. Those are the key priorities that I have set for myself since coming into office.

Q56 **Chair:** Will you continue any of the policy priorities of your predecessor? Brand Scotland was something that your predecessor was very interested in. Will your approach to that differ?



Mr Douglas Alexander: First, let me pay tribute to my predecessor, Ian Murray, and the work that he and Kirsty did during the first 14 or 15 months of this UK Government. On arriving in the Department I said I was keen to build on the priorities that had been set by the outgoing Secretary of State. In relation to Brand Scotland, in my previous work as trade policy and economic security Minister and also as a Minister in the Cabinet Office, I saw the value of being able to effectively champion and promote key sectors of the Scottish economy internationally.

I began the week of the reshuffle onboard HMS Prince of Wales, the flagship of the Royal Navy, making the case for Scottish and UK exports and businesses. I then travelled to South Korea where again we were making the case for the opportunities in trade. In relation to Brand Scotland, I have a significant understanding of the importance of being seen to be beating the drum and making the case for Scottish business around the world.

Q57 **Chair:** Have you been able to make an assessment of the Scotland Office's progress towards the priorities that have been set?

Mr Douglas Alexander: There is a formal process, which I am sure Fiona can speak to, for annual reports and the standard work that is undertaken. We have a governance structure involving non-executive directors and others, but in that sense I have been very much reading myself into the brief in the last few weeks. That has afforded me the opportunity as the incoming Secretary of State to take a view as to where we need to focus.

It is inherent in the nature of the Department's work that as well as having key priorities—many that were set out for us in the manifesto that we were elected on back in July of 2024—we need to have the capacity to be reactive. My favourite definition of strategy is from the Prussian military strategist von Clausewitz who said it is the pursuit of a single idea through changing circumstances. That is very much a guide as to how we approach matters under my leadership in the Scotland Office. We have certain key priorities that we are working to but we recognise that sometimes day by day, week by week or month by month we can be confronted by new challenges and also new opportunities.

Q58 **Chair:** You have touched on the fact that you see part of your role as being someone who looks across Government for opportunities and challenges. In a sense you have answered this question, but let me probe it a little more deeply. When you took up the role you said that you were looking forward to making sure that Scotland continues to be at the centre of the Government's work. On a practical day-to-day basis, what does that look like?

Mr Douglas Alexander: The most salient example of that probably is I understand I am the first Secretary of State for Scotland to have travelled abroad with the Prime Minister to make the case for Scottish business and Scottish jobs. Shortly on taking office I travelled with the



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Prime Minister and more than 100 businesses and vice-chancellors—including the vice-chancellor of the University of Aberdeen, the Scotch Whisky Association, the Port of Leith Distillery and a number of other Scottish businesses—to India, met personally with Prime Minister Modi and made the case for the implementation and the utilisation of the truly landmark trade deal that we secured last year that will be a huge opportunity for Scotch whisky.

India is basically the largest whisky market in the world by volume, but historically we have had very high levels of tariffs. To my great regret, when I was Secretary of State the last time I failed to get the tariffs lowered on Scotch whisky. We saw tariff levels of about 150% in recent decades in India, despite being a huge brown spirit market. The deal that we struck with the Indian Trade Minister, Piyush Goyal, and the Indian Government last year means that we will see those tariffs fall first from 150% to 75%, then down towards 40%. It is a transformative opportunity for the Scotch whisky industry, but trade deals rely on being utilised. They cannot simply be documents that lie on the shelf. Literally within a month of being appointed I was on a plane with the Prime Minister, making sure that Scotland's interests were being reflected not only in the deal that we had done but in the utilisation and implementation of that deal.

That is emblematic. This is not my first rodeo—he said, trying to make himself sound younger than he is—having served in a range of Government Departments over the years. I first served in the Department of Trade and Industry, the predecessor to DBT, back in 2001. I was then in the Cabinet Office. I was then in the Foreign Office as south and south-east Asia Minister, trade and investment Minister. I then moved to the Europe brief and covered Europe. I then moved to Transport as well as to Scotland, and then to International Development. Latterly I started in July 2024 as economic security and trade policy Minister. I was then given additional responsibilities in the Cabinet Office for intergovernmental relations in February.

I cite that not to bore you with my CV but simply to say that I hope to be able to put those networks and relationships and, frankly, experience of how other Government Departments think about Scotland at the service of the Scotland Office. One of my observations is that we are in the business of solving problems and seizing opportunities and that often involves the formal responsibilities of being the voice for Scotland in the Cabinet room and also the network of relationships on which any Government operates. It is being able to pick up the phone and have informal conversations, knowing officials and Ministers across Government, and I am very keen to put that at the service of Scotland.

Q59 **Chair:** Clearly you have served in a number of ministerial roles over time, and I am old enough to remember you in most or all of those roles.

Mr Douglas Alexander: I was too polite to make the observation.



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Chair: Are you hoping that your tenure in the Scotland Office might be a little longer than it has been in some of the roles you have had in the past?

Mr Douglas Alexander: I tend to find that Ministers once assuming office are entirely in favour of ministerial continuity and I adhere to that maxim, definitely.

Q60 Dave Doogan: Good morning, Secretary of State. It is nice to see you. In your introduction you referenced priorities including energy. The prospectus that the people of Scotland were offered at the general election was a national energy company, GB Energy, headquartered in Aberdeen. I do not want to get into an argument about the jobs but let's agree that there were many jobs on that prospectus. We were also promised that energy bills would come down by £300 in the coldest part of this island and that has not happened, the same as the jobs in GB Energy have not happened either. If I am quoting you correctly you spoke about a pragmatic transition for oil and gas in the reduction in the North sea.

How long will Scotland have to wait for those many jobs to be at GB Energy's headquarters in Aberdeen? When will bill payers in Scotland see their energy bills reduce by £300 as promised? Do you think it is pragmatic to reduce domestic production of carbons quicker than domestic consumption of hydrocarbons, thereby precipitating an increased export to meet that domestic demand?

Mr Douglas Alexander: Thank you for your three questions. Let me try to deal with them each in turn. First on GB Energy, I had the opportunity to meet with GB Energy leadership in Aberdeen on Thursday. I would respectfully and politely observe that we promised to set up a publicly owned energy company, the first in 70 years, and our Government have done it, unlike some other Governments that have not done it. In that sense the work is getting under way for GB Energy.

On the jobs, the intention was never to create jobs for 1,000 civil servants working in a large office in Aberdeen. The potential to be harnessed was to ensure that in Aberdeen and across the north-east—and indeed across Scotland and the UK—we use £8.5 billion of taxpayer money to build the supply chain, to secure a strategic investment for the taxpayer and to deliver economic security. If we have learned anything since February 2022 when we saw the invasion of Ukraine it is that ultimately we need to effect that transition, not only for the environment but also for economic security. In that sense I can assure you the work is under way with GB Energy. When we made a promise to establish a publicly owned energy company, unlike some other Governments we deliver.

Secondly, on energy prices, that was a commitment that was made for the Parliament and in that sense that work is under way. A critical element in being able to deliver energy security and in time see bills



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come down is to be able to have a better transition than has been effected by our predecessors. The number of jobs that were lost in the North sea over the last decade is about 70,000. Whether it is the North sea or Grangemouth, one of the dispiriting aspects of coming to office and seeing what had been left by our predecessors was the absence of any meaningful plan.

I pay generous tribute to the Select Committee report on the transition. I read it on the plane to Aberdeen last Thursday morning and it no doubt significantly improved the quality of my observations and questions when I met with major oil and gas producers and renewables producers in Aberdeen on Thursday. We will, of course, in time reply formally to the Select Committee report but we were grateful for the observations contained therein.

What does a pragmatic approach actually look like? We were able to announce the confirmation of UK Government money—as I recollect, £17 million—for the energy transition zone in Aberdeen. I met personally with Sir Ian Wood, a long-standing acquaintance and friend, and was hugely encouraged by what he told me about the scale of ambition for the energy transition zone. With the commitment of those many millions of pounds by the UK Government we were giving very tangible expression to the pragmatic transition.

Dave Doogan: That is helpful. Can I get one very small point of clarity?

Chair: It will have to be brief and you will remember that we have the new chief executive of GB Energy—

Q61 **Dave Doogan:** So there aren't hundreds of jobs that are going to be employed by GB Energy in Aberdeen. It is about the wider supply chain—the wider energy dynamic.

Mr Douglas Alexander: Yes. As I say, the ambition was never to judge the effectiveness of UK Government spend by—with respect to the civil servant sitting on the panel—the number of civil servants that we employ or the number of bureaucrats who are working on public policy. The opportunity was to scale hundreds, and indeed thousands, of jobs across the country as part of the transition.

Dave Doogan: That was not apparent in your press releases.

Q62 **Chair:** Mr Doogan, thank you. I remind all Members that questions come through the Chair, and at the Chair's discretion. Would you like to add something, Ms McNeill?

Kirsty McNeill: If I could, Chair. I am sure the Committee will be familiar with the clean energy jobs plan that was published on 19 October. To offer some reassurance, the estimation in that is that clean energy jobs could almost triple in Scotland. We are looking at about 15% of all direct clean energy jobs being situated in Scotland by the end of the decade.



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Fiona Mettam: Specifically on Aberdeen and the work that we are doing there to build capability in jobs, members may be conscious of the announcement relatively recently in the summer to establish an Aberdeen energy hub as part of the Places for Growth programme. Only yesterday I had a conversation with a colleague in the Department for Energy Security and Net Zero on the establishment of that hub and how to connect different parts of the energy ecosystem from a jobs perspective and a broader capability perspective.

Q63 **Chair:** Ms Mettam, you are a relatively recent appointment. What are your priorities for your role in the Scotland Office?

Fiona Mettam: I started at the beginning of August and my priorities are very clearly to support the delivery priorities of the ministerial team. Referring to some of the remarks that the Secretary of State made, that is influencing other Government Departments, understanding the stakeholder landscape across Scotland and connecting that to decision making and policymaking within UK Government, and then focusing on how we articulate that and demonstrate delivery by the UK Government in Scotland.

From a personal perspective, my priorities for the organisation are to make sure that it is a high performing and effective Government Department, that we are governed effectively and that we are delivering the ministerial priorities in the best way possible. Part of that is around the networks that we have with Government Departments, making sure that the relationships that the Secretary of State was referring to at ministerial level are then reflected and reinforced at working level across different Departments. That is one of the key focuses for me, along with making sure that the structure of the organisation is able to adapt and be agile to reflect the longer-term delivery focuses as well as dealing with issues that come up.

Q64 **Dave Doogan:** Secretary of State, the First Minister in Scotland has claimed that the SNP priority at the next election is a mandate for a new independence referendum. Do you agree with that assessment?

Mr Douglas Alexander: Respectfully, the First Minister claims a lot and is pursuing what I regard as a core vote strategy with independence supporters.

Dave Doogan: Do you agree with it, Secretary?

Mr Douglas Alexander: If you would let me answer the question. You are perfectly entitled to ask questions; I am perfectly entitled to answer them. We made our choice as Scots in 2014. I know that was a matter of disappointment for some on the Committee, but we made a clear and categorical choice by 10 percentage points, by 55% to 45%. At the time there was a great deal of coverage as to this being a once in a lifetime or once in a generation choice by those arguing for independence, but



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Scotland made our choice and we made our choice very clearly and categorically in 2014—

Dave Doogan: I will not have my time talked out, Chair. This is just rhetoric.

Chair: When the Minister has finished you can follow up. You do have other questions to ask, so if the Minister would carry on, please.

Mr Douglas Alexander: As I say, the constitutional apparatus that was in place in 2014 remains in place, so in that sense we have been very clear as to the basis on which Scotland made its choice. On what John Swinney is claiming will happen after May, respectfully I would rather play the game than engage in the post-match analysis before a ball has been kicked. In that sense when you say it is rhetoric, the reality is the First Minister is very understandably pursuing votes ahead of the May election. He is perfectly entitled to deploy what strategy he chooses to try to secure those votes. I would simply observe that if after 20 years you are not willing to run on your record, it rather suggests the record is not very good.

Q65 **Dave Doogan:** I think the Scottish Government are willing to run on a comparatively favourable record. Was that a no? After all that, I do not know whether you agree or not.

Mr Douglas Alexander: As I say, it is my political judgment that this is a smokescreen. When you say that the Scottish Government are happy to run on their comparative record, if, respectfully, you or indeed the Scottish Government think this is as good as it gets, I welcome the chance for the court of Scottish public opinion to reach its judgment on one in six of us still being on waiting lists, on a chronic inability to build—

Q66 **Dave Doogan:** To come back to the question, Secretary of State, the basis of the First Minister's claim is that the precedent was set in 2011 when the SNP won a majority in that election. Do you agree that constitutionally the UK operates on the basis of precedent and so from that perspective the First Minister's analysis is sound?

Mr Douglas Alexander: The mandate on which we were elected as a UK Government was very clear that we are not countenancing the break-up of the United Kingdom or a further referendum. Secondly, one of the differences between now and 2014 is that 2014 actually happened. We had our choice, we made our choice. I know that is a matter of disappointment to some who argue in favour of independence, but the reality was that by fair, open and democratic means a judgment was reached by the Scottish people that our best future was to stay within the United Kingdom.

Q67 **Dave Doogan:** Another central tenet of the First Minister's argument is that things have changed substantially since 2014. I am sure you are not advancing an argument that Scotland made a decision in 2014 and therefore it will not be in a position to make that decision ever again. On



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that basis, why is the pursuit of precedent not logical in this instance? On top of the four key elements that were present in 2011 when the UK Government granted a section 30 at that stage, the UK Government could grant a section 30 order any time it wishes in response to an application by the Scottish Government. With seven tenets rather than four present in 2026, if the Scottish Government are SNP in majority, why would the UK Government not issue a section 30 under those circumstances?

Mr Douglas Alexander: First, I am not anticipating a defeat for the party of which I am a member and we are working for a victory. Secondly, I will be at St Giles on Sunday. I was first in St Giles the Sunday after the referendum when there was a national service of reconciliation, a service of national reconciliation that very regrettably both Nicola Sturgeon and Alex Salmond refused to attend. I worry that when you say circumstances have changed you reflect a long-standing position in your party, which is not actually to accept the result of 2014 as being a conclusive, determinative judgment by the Scottish people. The argument that you are now seeking to state, which is everything has changed, is an argument that we have heard at various points in 2014. We heard it on Brexit, we heard it on Boris Johnson; we have heard it on a whole range of issues.

Your party is perfectly entitled to argue for independence and I am sure you will continue to do so. That is not my party's position. My party's position is that we should be focusing on the delivery of a £10 billion order to the Clyde. We should be focused on a record devolution settlement. Respectfully, we disagree on the best constitutional future for Scotland. I believe in a two Parliament, two Government solution. I am a committed devolutionist. I accept that John Swinney takes a different point of view but it is for him to defend or explain his politics and I will defend and explain mine.

Q68 **Dave Doogan:** Which he does weekly. But to be clear, and I think I am picking it up in your answer, as long as you decide independence is not a priority for Scotland, regardless of the sovereignty of the Scottish people, the choice over independence will be continued to be denied to the people of Scotland, even now when polling for independence is over 50%. If you do not want it to happen Scotland does not get—

Mr Douglas Alexander: I find the othering implicit in your question not only inaccurate but offensive, because one of the points that was established in 2014 is that the flag does not belong to one political party. Patriotism does not belong to one political party. I would argue the reason that my side of the referendum argument prevailed was because in an argument in Scotland about Scotland's future, led by Scots, a majority of us decided our best future was to stay within the United Kingdom. You are perfectly entitled and your party are perfectly entitled between now and the elections in May to make your case. As I say, if that is not the case about the state of the health service or the state of education or the state of criminal justice, or indeed the state of our



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ferries, that is a judgment for you, but others will reach a different judgment as to why you are making the case you are making.

- Q69 **Dave Doogan:** I am not much interested in what your party or even my party wants. I am interested in fulfilling the constitutional ambition of the Scottish people and there is no means to do that in the absence of a referendum, which you are obviously quite keen to deny. Do you not believe that there is a significant appetite in Scotland for independence? Are you ignoring the manifest appetite for a referendum on independence in Scotland?

Mr Douglas Alexander: Look at the salience of independence relative to, for example, the state of the health service that your party has left after 20 years in power.

Dave Doogan: The wait lists have gone down.

Mr Douglas Alexander: If you look at the polling ranking, it is significantly lower than issues around cost of living, criminal justice and a range of other issues. We can have an argument about the psephology but equally it is clear that when that question was put to the Scottish people there was a clear and overwhelming majority for staying as part of the United Kingdom.

As I say, I reflected on this when realising I was heading to St Giles on Sunday. It is a matter of regret to me that politicians of significant standing, like Alex Salmond and Nicola Sturgeon, chose in the years after that decisive choice not to bring us together as Scots but instead to deploy their political skills to keep us divided. I personally think after 20 years of arguing about independence Scotland has very little to show for it and that is why I think we need a new direction next May.

- Q70 **Chair:** We will move on from that issue to another. There has been a suggestion—or in fact slightly more than a suggestion—that there would be a new memorandum of understanding on the legislative consent motions before the end of the year. As someone who is a bit nerdy about legislative consent motions, I wondered if that is still your expectation, Secretary of State.

Mr Douglas Alexander: We have been engaging with the Scottish Government and other devolved governments on a draft MOU since July this year. The devolved governments are presently considering this draft and engagement has been positive. The intention is to have something agreed and published soon. I am afraid that is very careful Whitehall language for we cannot put a definitive date on it, partly because we are talking to colleagues in other Governments, but I can assure you that when I was doing the last job on intergovernmental relations in the Cabinet Office I was very clear that was an undertaking in the manifesto and we had to drive that forward. That is why the draft MOU has been with the devolved governments since July.

- Q71 **Chair:** Will the timescale be affected at all by the elections in Wales and



Scotland?

Mr Douglas Alexander: Obviously we are very mindful of the imminent elections in the spring. I can assure you that is part of my thinking and I will make sure that is in the consciousness of the Cabinet Office as well.

Q72 **Lillian Jones:** There have been cases in recent months of repeated amendments to UK Bills disrupting the legislative consent process at the Scottish Parliament. How are you working with other UK Government Departments to minimise this?

Mr Douglas Alexander: You are absolutely right to recognise that on occasion the nature of the demands of the legislative scrutiny and parliamentary timetables means that short notice consideration is sometimes unavoidable. I feel that we have had a pretty effective record on LCMs to date of securing those consents, and that stands in a great deal of contrast to our predecessors. I am looking for exactly the number of Bills that we have had. I think it is 12.

Kirsty McNeill: We have had 14 Bills that have received LCMs; that is 12 UK Government Bills and two private Members' Bills, so that is working quite effectively at the moment.

Mr Douglas Alexander: Notwithstanding the fact that we are proud of that record, it is worth recognising there are occasions where, at the request of different Governments, last minute changes are required. For example, on the Bus Services Act the Scottish Government made a late-stage request to extend non-zero emission bus provisions to also cover local bus services in Scotland. In that sense you seek to accommodate that as part of the process, but optimally you work in a timetable that means everyone has more time.

Q73 **Mr Angus MacDonald:** Minister, you will be aware that there is a plan to house 300 migrants at Cameron barracks in Inverness. That is effectively closing down town centre hotel migrant bases in the south of England and moving them to what I would consider a town centre property in Inverness, 0.8 miles from the Eastgate Centre. There is considerable disquiet in the highlands for this, first because we believe people will congregate at the Eastgate Centre and, secondly, the families of 3 Scots, which used to be called Black Watch, are in a camp at Cameron barracks and it is adjacent; it is part of it. The regiment is getting deployed next year so the soldiers will be going away, so that is causing quite a lot of concern among the families. Thirdly, Highland council has written to you and used the words "very deep concern" about the number of people being housed there.

NHS Highland, Highland council and I did not have any engagement before we heard it from BBC News. I say that—Highland council and the NHS received a letter saying it was going to happen, but there was no engagement, no discussion or consultation, and I certainly did not hear until Radio 4 rang me up. There is quite a lot of pressure from the military, the locals, the council, me and everybody else to say that this is



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not an appropriate place to have a camp. I wonder if you would represent us in not having it based in Inverness.

Mr Douglas Alexander: First, thank you for the question. Let me deal with the question in two ways. First, on the process of engagement, I spoke to colleagues in my own party in a highlands and islands conference at the weekend and was able to share with them some of the information on what contact the UK Government had. Given the sensitivity of the issues and the concerns that you have described, it is very important to get on the record the manner of the engagement that has happened prior to the announcement.

With the forbearance of the Chair, on 15 September there was an initial in-confidence call with the Scottish Government's officials about potential plans to consider Cameron barracks as alternative asylum accommodation. On 26 September, a letter came into the Home Office from the Scottish Cabinet Minister, Shirley-Anne Somerville, covering a number of topics, including reference to the potential use of Cameron barracks. On 9 October, video meetings were held with senior representatives from Police Scotland—the highlands division—NHS Scotland, COSLA and the Scottish Government. On 10 October, a Teams meeting was held with the chief executive of Highland council. On 17 October, Teams meetings were held with senior representatives of the Scottish Fire and Rescue Service.

On 27 October, the first operational working group meeting was held with representatives of the above organisations, minus Scottish Government colleagues who have now been added. On 27 October—which was the day that I think you have described—Cameron barracks, along with Crowborough in East Sussex, was named in the media and, therefore, confirmed publicly by the Home Office as being accurate.

In that sense, I recognise that the legal obligation that we have as a UK Government to provide appropriate accommodation to asylum seekers is one that is a matter of significant public sensitivity, but I do not think it is fair to suggest that there has not been engagement by the Home Office colleagues who lead on this matter for the UK Government with a range of local organisations including the Scottish Government. This has been reported to me. When I heard that Shirley-Anne Somerville had claimed she had heard about it while on the radio I was perplexed, given that she had already written a letter to the Home Office on 26 September about Cameron barracks.

I think this is an issue where good faith is absolutely critical. I am not for a second questioning your good faith but I think we have a responsibility to act in a careful, deliberative and responsible way. Much of the work that is under way at the moment engaging between the Home Office and each of those local organisations is attempting and designed to address exactly the concerns that you have described.



We were in a situation—to come to the policy—where more than 400 asylum hotels were opened across the UK under our predecessors because essentially the processing of asylum applications simply ceased, and as a consequence the numbers bloomed. We have done two things to try to address that. First we have made a judgment that we need to increase the number of people working on processing and the rate of processing, essentially to reduce the backlog. At the same time we have said hotel accommodation is not the appropriate accommodation and we will look at former military premises, and in that case we have looked in East Sussex and to Cameron barracks.

Some incendiary language has been used on asylum seekers in the highlands. My understanding is that prior to the announcement of Cameron barracks there have not been asylum seekers in the highlands in significant numbers in a way that there are in Glasgow, for example. Also, there is a very proud history of Inverness hosting former interpreters and others who were supportive of UK armed forces in Afghanistan, who were housed there temporarily previously. In that sense I recognise that this is a process, not an event. I am grateful for those organisations now working with the Home Office, but I think it is important, given the sensitivity of the politics, not to be in a position where people are alleging there was no contact when in fact very clearly there was a range of contact with a range of organisations.

Mr Angus MacDonald: I had a conversation with Highland council, I have seen documentations coming to the Home Office, and I have met the Home Office Minister, Alex Norris, twice. I think that the word was they were informed rather than engaged or consulted with.

Q74 **Susan Murray:** Do you think the Government are now moving quickly enough to process the asylum claims?

Mr Douglas Alexander: There are now fewer hotels than there were. The peak under our predecessors was about 400 asylum hotels and that is now down to about 200. We have returned about 35,000 people with no right to be in the United Kingdom, but essentially the processing under our predecessors simply collapsed. In that sense of course we need to work our way through the backlog, but that has involved additional resource being committed to that task. Recognition of the individuals themselves and their right for the applications to be processed, and also public concerns, is an issue that is getting a huge focus from Shabana Mahmood.

Q75 **Dave Doogan:** Secretary of State, did you say it is down to 200? That is UK-wide?

Mr Douglas Alexander: Yes.

Q76 **Dave Doogan:** How many of those 200 are in Scotland?



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Mr Douglas Alexander: I do not have the exact number of hotels in Scotland, but as I say, the bulk of the asylum seekers presently in Scotland are housed in Glasgow in a range of accommodation.

Q77 **Dave Doogan:** Could you let the Committee know how many hotels are in Scotland?

Mr Douglas Alexander: Sure.

Dave Doogan: Thank you.

Q78 **Susan Murray:** Earlier this year you oversaw the review of the UK Internal Market Act, which the Scottish Government have said is the single greatest impediment to more effective and respectful intergovernmental relations. How do the changes promised in that review help to address the Scottish Government's concerns about the Act? Given the importance of this issue to the Scottish Government, are you satisfied that you have done everything you can to address their concerns?

Mr Douglas Alexander: We certainly with earnest endeavour sought to do so and, you are right, I led the Internal Market Act review. Let us start with the policy and then come to the process.

How do you balance—as someone deeply committed to devolution—the policy space for decision making under a devolved framework of power, with the reality that we have deeply integrated supply chains in the United Kingdom? While we are as a country looking to raise the trend rate of growth we want to avoid unnecessary barriers that potentially significantly disadvantage Scotland. If you look at the proportion of our business that is cross-border and involves exports of goods and services to the rest of the United Kingdom, it is one of the many reasons why I oppose independence. Putting up new barriers between the largest market that we operate within, which is the UK internal market, does not seem to me to be in our interests or to our advantage. The question is: how do you find the appropriate balance between policy space and unnecessary barriers?

The legislation was introduced after the decision to leave the European Union, and the need to establish a framework that protected and supported the internal market within the United Kingdom, and avoided a situation whereby Brexit led to a further series of unnecessary trade barriers going up. If I look at the way that our predecessors implemented the Act, I was concerned that recourse to the courts risked being a first resort rather than a last resort. The Bill contained what I saw as a very sensible way forward, which is the common frameworks process. Essentially one of the main elements of the Internal Market Act review that I undertook was to say let us foreground the common frameworks approach, which means that on a collaborative, horizontal basis with devolved Governments the UK Government can find collaborative, sensible and constructive ways forward.



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That had, to an extent, fallen into abeyance in the face of a somewhat performative series of disputes. One of the curious features of Scottish politics over the last 20 years has been the symbiotic relationship between the Scottish Tories and the Scottish nationalists, both seeking to wave flags at each other, a Union Jack or a saltire. I am much more interested in getting to positive outcomes for Scottish businesses, industry and for a range of other stakeholders.

In that sense, foregrounding of the common frameworks was the first approach. Secondly, we listened carefully to the Welsh Government, the Scottish Government and others who argued that environmental and health impacts could be considered in exclusions. That was a substantive change, in addition to the foregrounding of the common frameworks. Do I broadly believe that we reached the right balance? I do. I draw a lot of comfort from the responses of Scottish business who have been pretty clear that they want to avoid unnecessary barriers going up.

Q79 Susan Murray: As somebody who has worked in the Scottish manufacturing industry with our main markets being in England and Europe, I am pleased to hear the focus on removing barriers. Why did you decide not to embed the proposed changes to how the Act works in law? Do you accept that this leaves these commitments open to being changed by future UK Governments?

Mr Douglas Alexander: It is inherent in the nature of parliamentary democracy that even if you legislate you are vulnerable to subsequent Parliaments legislating in a different way, so I am not sure that provides a greater degree of assurance. Secondly, I think there was an urgency for Scottish businesses. I was very mindful of Scotland's interest in this as a relatively smaller market compared to the rest of the UK. There are many English-based businesses for which Scotland is not a key market. There are a lot of Scottish businesses for which the rest of the UK is a key market. There was an urgency to getting this right and actually we ran a more comprehensive, faster review than was anticipated by statute.

Respectfully to the Scottish Government, they wanted the Act abolished and I sensed during the process that very little other than the abolition of the Act would have satisfied the position that the Scottish Government adopted. They are entitled to that point of view but we respectfully took a different position. There are also interdependencies with Northern Ireland, which we were very sensitive to on upholding not only the Good Friday agreement but all the subsequent work that has been undertaken in Northern Ireland. In that sense we reached a view that to legislate and to open up the Act would raise a number of key issues in Northern Ireland that we wanted to leave undisturbed, and at the same time would miss the urgency of giving businesses the security and stability that they required to be able to undertake cross-border trade.

Q80 Dave Doogan: A lot of your answer contained references to respect, Secretary of State, which I completely agree with. Do you agree with your colleague, the Secretary of State for Defence, who yesterday



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refused to say whether China was a risk to national security, but said that the Scottish Government were a risk to national security? Do you agree with that assessment?

Mr Douglas Alexander: John is a good friend as well as a colleague and I will leave him to opine on China. On the conduct of the Scottish Government, in my capacity as Secretary of State for Scotland I was in Greenwich doing a defence roundtable a couple of weeks ago, and if you listen to Scottish business, they were deeply perplexed by the First Minister's statement on the middle east and Gaza. They said, six or seven weeks on at that point, they were simply unable to get civil servants to give them information on what that announcement meant and that was imperilling their ability to secure investment from global companies—the capital investments that we are looking for in Scotland. There are some powerful lessons that need to be learned from that episode.

Secondly, there is the example of the welding facility on the Clyde where, notwithstanding the Scottish Government claiming to have changed their policy, we were in a position where we were vulnerable to seeing opportunities for young Scots being missed, despite the UK Government having helped secure 15 years' work with BAE Systems—2,000 jobs guaranteed for 15 years. These are highly paid, unionised jobs, secured in part because of the strength of the relationship between Norway and the United Kingdom. You mentioned John Healey; he was doing a press conference in Norway at 8.30 this morning.

Dave Doogan: Is this—

Mr Douglas Alexander: I am coming to your point. On the welding centre, we stepped in because the Scottish Government were not willing to recognise that in the very dangerous Euro-Atlantic security environment and the global situations that we find ourselves in, the responsible course is to support our industries to be able to defend ourselves. Whether it is about the statement that the First Minister made in September, that specific instance, or the continued opposition to nuclear weapons—for Britain to unilaterally disarm I genuinely think would be welcomed by Vladimir Putin—I find myself as usual in agreement with the Defence Secretary.

Q81 **Susan Murray:** Taking us back to the internal market review, are there next steps and timelines for implementation arising from that review?

Mr Douglas Alexander: There is a lot of work under way at the moment on the common frameworks that I was describing. We were in a position prior to the review where there had not been the level of engagement by the Scottish Government in particular. My sense was they were waiting to see what had emerged. I checked via my officials earlier this morning at the Cabinet Office and there is work under way on taking forward the common framework. My intention was to make sure that the Governments could work collaboratively on the common frameworks, business would be undisturbed and able to get on with their jobs, and we



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would avoid a long delay in legislation. Respectfully, on your previous question, had we chosen a legislative group to either abolish or amend the Act we would have been in a longer timetable than we are in the common framework.

Q82 Susan Murray: On that timetable, the review committed to a renewed focus on the common frameworks programme, but the UK Government missed their previous target of finalising that programme by Easter 2025. When do you expect the programme to be finalised?

Mr Douglas Alexander: As I say, we were in a position where the Scottish Government were not co-operating on the common frameworks programme. The UK is not the only actor on this stage. In that sense we require and genuinely hope to have the engagement of the Welsh Government, the Northern Irish Executive, and indeed the Scottish Government in being able to accelerate and take forward the programme, but there is agency in others as well as the UK Government in that regard.

Q83 Mr Angus MacDonald: Minister, I have a question about the Fishing and Coastal Growth Fund. It is a £360 million fund and it is worth noting that Scotland received only 8% of this fund, announced last week, despite having 60% of the UK's fishing value. Did the Government consider allocating the fund in a way that reflects Scotland's contribution to the fishing industry rather than through the Barnett formula, which is the way they used it? What input did the Scotland Office have in the fund's design?

There was an urgent question tabled by the SNP fishing spokesperson, Seamus Logan, last week. The chairman of that Committee, Alistair Carmichael spoke, the MP for the outer isles. The fisheries Minister, Angela Eagle, struggled to respond in a way that satisfied anybody. Has your Department been involved in this and is there anything we can do to make it more appropriate for Scotland?

Mr Douglas Alexander: The decisions on the design and structure of the fund took place prior to my appointment as Secretary of State. My understanding was that there was contact with officials at that time but that preceded my arrival in the Department. On the established formula that was used, there is a commonality in the approach on agriculture and fisheries. Kirsty, you might want to say something, given there was some interest and concern in the approach that was taken on agriculture.

I will make a couple of other observations. First, it is open under devolution for the Scottish Government to choose to allocate what resources they choose to Scottish fishing communities; £5.2 billion was the additional contribution made by the UK Government in the last settlement, the largest contribution ever made in 25 years of devolution. Secondly, very dispiritingly—indeed, I felt deep anger on behalf of my constituents—it emerged last week that there was a £1 billion underspend by the Scottish Government. It is important to recognise that



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this is a responsibility where the Scottish Government themselves were asking for this fund to be discrete to Scotland. Kirsty, do you want to explain about agriculture?

Mr Angus MacDonald: I do not think it was fair to turn that question around and start blaming Scotland for this.

Mr Douglas Alexander: Excuse me, I am not blaming Scotland.

Mr Angus MacDonald: The Scottish Government. That £360 million was a Westminster distributed fund and only 8% of it went to Scotland.

Mr Douglas Alexander: The request was made by the Scottish Government to have a discrete Scottish fund and there is an established formula that once those funds are established, funds are allocated.

Kirsty McNeill: This decision brought fishing policy in line with agricultural policy, and indeed both of them in line with other forms of devolved spending. As the Secretary of State says, this brings us in line with the Scottish Government's request that spending in devolved areas is for them to determine and it is a settlement that has been amply supplied with funding by the UK Government with the £5 billion that we have already provided. This was in furtherance of the fact that we are committed devolutionists, and this brings us in line with all manner of other matters that are devolved. While we appreciate that stakeholders in both of those areas are fishing and farming, and we would have preferred a different ringfenced settlement, it brings it in line with everything else. In furtherance of the devolution settlement, the Scottish Government can now make decisions about how they want to spend the extra £5 billion that they were given.

Q84 **Mr Angus MacDonald:** Is the Member of Parliament for the Western Isles wrong in saying that it is an unjust way of distributing it?

Mr Douglas Alexander: I have huge respect and admiration for Torcuil. He is a good friend as well as a very esteemed colleague. Torcuil is perfectly entitled to make the case he chooses on behalf of the Western Isles. He brooks no quarter in advancing what he judges is the right approach. It will not be the first time that Torcuil has said something that I am then challenged on and am not entirely able to agree with, but be assured we are good mates, I have a lot of time for him, and he is doing an effective job representing the Western Isles.

Q85 **Chair:** Secretary of State, if Scotland gets 8% of the Fishing and Coastal Growth Fund where do the other percentages go?

Mr Douglas Alexander: It is allocated under the Barnett formula, which is the established formula for how devolved areas of expenditure are allocated. As Kirsty says, it reflects the general approach that is taken across the UK.

Q86 **Dave Doogan:** I am a little concerned that this is coming across as a bit



churlish, and I hope you can help to dispel that. It seems to me in answer to Angus that if it had not been devolved, if the UK Government had made a direct support grant to the industry, you would have given Scotland its proportionate share of the fishing value, but because it went through the Scottish Government you got Scotland's population or Barnett-ised share. Can you confirm that if it had not gone through a devolution settlement, if it had not gone through the Scottish Government but was a direct grant from Westminster, the Scottish fishing industry would have had 68%?

Mr Douglas Alexander: I think there is a risk you are adding two and two together and getting about 27 and not four. Respectfully, what would have been churlish would have been—given the very explicit request of the Scottish Government that there should be a devolved fund in Scotland and that they should operate that fund—if that had been rejected. In that sense I will allow the Committee to reach its judgment about the substance of our answers, but you can be assured that the fund was reflective of a request that was made directly to the UK Government by the Scottish Government.

Q87 Kirsteen Sullivan: Secretary of State, as you are aware, the US President and Vice-President visited Scotland this summer. I know there has been a little bit of back and forth between the UK Government and the Scottish Government on the issue of the security costs. Which Government is responsible for covering the £24 million of policing and security costs that were incurred during those visits?

Mr Douglas Alexander: The character of the visit is determinative of the funding. The key difference in the visit that took place to Scotland in the summer is that in previous visits it followed a formal UK Government request and invitation to the visiting President of the United States that triggered the established funding principles. The most recent visit undertaken by the President was not at the formal invitation of the UK Government, albeit we were very happy to welcome him to the beauty of Ayrshire and Aberdeenshire. In that sense there was a precedent reflecting the character of the fact it was a private visit rather than a visit where a formal invitation was extended by the UK Government.

Q88 Kirsteen Sullivan: To clarify, you believe the costs rest with the Scottish Government, given they are responsible for policing in Scotland?

Mr Douglas Alexander: To echo the points that Kirsty made earlier, not only are they responsible for policing in Scotland but they are in a position where the UK Government have provided very significant additional resources—£5.2 billion in the latest settlement—and it emerged last week that they have underspent their budget by £1 billion. I think we are perfectly entitled to ask where that money has gone, and we should at least have that in mind when they repeatedly ask the UK Government for extra resources.



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I think the important question that many people in Scotland will be asking is, frankly, “Where has the money gone, John?” Is the money being spent effectively? Why are we not in a position where the Government are spending the money that it is given in circumstances where I think most of us in our constituencies would agree there is an aching need for additional resources in our health service, schools, social care system and a whole range of other public services, including the police?

- Q89 **Kirsteen Sullivan:** Following on from that, the White House itself described President Trump’s visit as both a private and a working visit, which would suggest he was here in some kind of official capacity. What does this mean for determining which Government is responsible, or do you stand with the fact that given it was not at the invitation of the UK Government it is, therefore, within the devolved competency and responsibilities of the Scottish Government?

Mr Douglas Alexander: I have many responsibilities as the Secretary of State for Scotland but speaking on behalf of the White House is not one of them. They are entitled to their own characterisation of the President’s visit and it is perfectly reasonable that they do so. As I say, the basis on which the response was offered by the UK Government was that, unusually for a visit from the President—although he was very welcome—it was not on the basis of a formal invitation extended by the UK Government.

- Q90 **Douglas McAllister:** Many of my West Dunbartonshire constituents are employed in the whisky industry and President Trump has expressed his wish for Scotland to do well out of the UK-US trade deal. What are the barriers to securing a removal of or reduction in tariffs on the whisky industry?

Mr Douglas Alexander: Well, the conversations continue. We are in an enviable position as a UK Government in having secured the first trade deal of any country in the world with the United States. Secondly, it is right to recognise that the former human rights lawyer, the Prime Minister of the country, Kier Starmer, has formed a somewhat improbable but deep and strong relationship with the President of the United States, and that stands us in good stead. I think many of us observed that initial meeting in the White House between Prime Minister Starmer and President Trump and felt a sense of relief that we had grown-ups who were engaging directly with the US Government.

On the basis of that strong relationship we went to work. I have some experience of this, having been the trade policy Minister in the DBT up until my appointment as Secretary of State for Scotland. The timeline after that initial meeting was to raise our interests directly with the United States, including whisky critically. I will come back to that point in due course. We were seeking to see whether before what was called world tariff day we could get a phase 1 deal across the line. We did not manage that ahead of world tariff day but then we went straight back to



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work with negotiators on the ground frequently—direct contact from Jonathan Reynolds, the Secretary of State for Business and Trade, and direct engagement with No. 10—and we secured that deal in May. That was a phase 1 deal, anticipating further conversations on phase 2. Conversations are live and continuing on phase 2.

I said only on Friday when I had a very useful meeting—I was scheduled to have a half-hour meeting with the American ambassador and it ended up stretching to an hour, where we talked about whisky and about the continuing negotiations—that we will have negotiators on the ground in Washington within the next two weeks, and possibly back here in London. We are working very hard to get this deal over the line for Scotch whisky, given the 10% tariff that has been imposed, but I think it is important to challenge some of the misinformation that has been put out there.

In response to the comments that I made on Friday morning and the meeting that I had in Queen Elizabeth House with the US ambassador, the First Minister said, “Whisky was not featuring on any of the demands of the UK Government when I started the job back in April.” I can assure this Committee categorically that is not true. I think Scotland is ill served by misinformation on how the UK Government are engaging. First of all, we were having those conversations and you can ask Mark Kent of the Scotch Whisky Association, with whom I was in dialogue as the trade policy Minister and with whom No. 10 were directly engaged, and others, to confirm that we were very mindful of whisky, at an early stage before the state visit, after the state visit and during the state visit.

Secondly, it somewhat stretches credulity for the First Minister to assert that whisky was not featuring in any of the demands of the UK when within a couple of months of April—or indeed three months because it was in July—we did a landmark deal with India where Scotch whisky is among the biggest beneficiaries. I can absolutely assure your constituents in West Dunbartonshire that whisky has been high on our agenda, continuously on our agenda, and respectfully the mandate and the legal authority for negotiating trade deals rests with the UK Government.

The First Minister is perfectly entitled to promote Scottish exports and I actively welcome his engagement in that endeavour, but Donald Trump does not give gifts; he does deals. The counterparty for those deals being done is the UK Government. While the First Minister had his picture taken with President Trump, he went on to say on Friday that he had offered the President a zero for zero deal in the Oval Office. That may well be the case but it did not deliver the result.

What will deliver the result I believe and hope in the coming weeks or months—and I can assure you that effort continues—will be the quiet, diligent, detailed work that allows us to say in what is a broader series of equities and negotiations, “How can we get whisky over the line?” I can assure you that work is being done by the British Government and it ill



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serves the office of First Minister to suggest that somehow it did not feature in any of the demands of the UK when I stand before this Committee and can confirm that it categorically was and continues to be so.

Q91 Douglas McAllister: Thank you for that answer. As far as the trade deal and the reduction in tariffs with India is concerned, what are the potential impacts on the whisky industry of that UK-India trade deal?

Mr Douglas Alexander: Immense, and again you do not need to take my word for it. Ask the Scotch Whisky Association and it will confirm that given it is the largest whisky market by volume, there are huge opportunities. Probably the single statistic that I can give you that is most illustrative of this is when I was travelling with the Prime Minister in India and we were meeting Prime Minister Modi and others, it emerged that—given it is the largest whisky market by volume—presently Scotch whisky accounts for precisely 3% of that market. Imagine the growth potential for Scotch whisky in a market of that size, incidentally in a country that will be one of the three giants of the 21st century, not simply in population but in economic scale. India is a nascent economic superpower in the making with a burgeoning and growing middle class. There are huge opportunities for Scotch whisky in that market and they are opportunities we are determined to seize.

Q92 Jack Rankin: On a linked matter, I want to turn to the industrial strategy inquiry that this Committee held. We heard concerns from Scotland's speciality products, which include whisky, on their absence from the industrial strategy—or they may have been included quite broadly but lacked some specificity to them. Do you feel that Scotland's unique assets and needs are being considered in the UK-wide industrial strategy?

Mr Douglas Alexander: Given that I was in the Department for Business and Trade as a Minister when we published the industrial strategy, unsurprisingly my answer is yes. It is inherent in the IS-8 that there will always be industries or particular companies that say, "Do we have the prominence that we deserve?" I hope in the answer I was able to give to Douglas, you will feel assured on the basis of the evidence that the significance and importance of the Scotch Whisky Association has been uppermost in our mind since coming to office in July 2024.

I pay generous tribute to Jonathan Reynolds as the Secretary of State at the time for his tireless work for Scotch whisky in the India deal. I am due to meet Mark from the Scotch Whisky Association next week—he was with us on the trip to India with the Prime Minister. This is not only a world-class industry but a world-class group of advocates for the industry and they will never miss the opportunity to say, "Are we getting our fair share of Government time, resource or more in the future?" In that sense, we can genuinely allay the concerns, but it tells you more about the effectiveness of their advocacy than the comprehensiveness of our strategy.



Q93 Jack Rankin: The Scotland Office has said that it has engaged with the Industrial Strategy Advisory Council to gather input from Scottish stakeholders. What did the council feed back from those discussions? Some stakeholders we spoke to here, and also in written evidence, called for a dedicated Scottish representative on the council. Do you support that?

Mr Douglas Alexander: I am always open to how we can ensure that Scotland's voice is heard effectively. I recollect phoning one of those stakeholders from my constituency in East Lothian on a Friday evening and listening to the claim that somehow Scotland's voice was not being heard on the industrial strategy unless a particular organisation or sector was represented. There did seem to be a certain irony that she was having that conversation with a Scottish Minister, in their constituency in Scotland, saying, "Is Scotland being listened to loudly enough on the industrial strategy?"

The structure of the advisory committee is not a delegate body. It is not that we want delegates who speak for a single issue or single nation—it is an advisory body to Ministers. Given my own presence in the Department for Business and Trade, you can rest assured that Scotland was uppermost in my mind during the conception of the industrial strategy. Blair McDougall—who is a Minister who has now come into the Department for Business and Trade and who was in Glasgow on Monday for International Trade Week—has a deep understanding of Scotland, not just its politics and economics. I have a very high degree of confidence in his ability within the Department to ensure that Scotland's voice is being heard.

I should have reflected this in my earlier remarks. As well as seeing myself as being Scotland's voice around the Cabinet table, there is the work that Kirsty is doing and the work that Zubir Ahmed is doing in the Department of Health, where there are lots of lessons the Scottish Government could be learning about getting new technology into place, if you look at the NHS in other areas. If you look at the work that Blair McDougall is doing now on the industrial strategy in the Department for Business and Trade, or at what Martin McCluskey and Michael Shanks are doing on the clean energy mission, there is a wide level of representation of Scottish constituency MPs now serving in this Government. That provides an additional network of influence and opportunity for Scotland that I am keen to harness while in office.

Kirsty McNeill: On what the Scottish Industrial Strategy Advisory Council had to say and what they heard when they were in Scotland, I chaired that meeting. As you might imagine, as with lots of meetings convened at the Scotland Office, people took the opportunity to relay a number of questions to other Government Departments. They wanted to reflect on the content of the industrial strategy and the executors that had been selected, and they had some reflections about that.



Scottish stakeholders were keen to say that there are relationships between the industrial strategy and planning, and between industrial strategy and transport. There are a number of things that are the responsibility of either other Government Departments or the Scottish Government, and we see it as our job to telegraph those concerns into the relevant places. It was a very well attended meeting, and the Industrial Strategy Advisory Council representatives got a comprehensive view about the perspective of Scottish stakeholders and why it is slightly different.

Q94 Mr Angus MacDonald: We had a most impressive presentation about the industrial strategy. One of the issues I raised then is that by far the biggest employer in Scotland is tourism and hospitality, and I would describe that sector as being in crisis. We are losing far more pubs, restaurants and hotels compared to England, for example. At that meeting, we were talking about the strong sectors and how to help them and we were not talking about the sectors that really need help—remote and rural Scotland particularly need help. I would like you to consider in your job going forward that we have some major problems in the rural areas.

Mr Douglas Alexander: Thank you for that observation. I was in two different pubs in my constituency last Friday, but that might be misinterpreted. I visited the Longniddry Inn to hear directly about some of the concerns that you described, and then subsequently The Law hotel, North Berwick where, thankfully, we have seen a significant inward investment to the town in recent months. I am very alive to the exact issues you have described, partly because of the East Lothian coastal strip, which is very strong in hospitality and tourism. I am grateful to you for raising them.

Kirsty McNeill: We recently convened a high street summit where the Scottish Hospitality Group and the Scottish Tourism Alliance were both represented. We are in ongoing discussion with them. I am speaking at the Scottish Tourism Alliance convention in the coming months. They subsequently sent in some interesting evidence, and we are very alive to it. We have an ongoing dialogue with them, and I can assure you that your trade and industry bodies are doing a superb job in impressing the concerns of the sectors very clearly.

Mr Douglas Alexander: The other point I will add is that it is critical for rural Scotland, but also the contribution that tourism has made to Glasgow and, critically, Edinburgh has been transformative. Tourism and hospitality is central not just to our thinking about rural Scotland and some of the fragile economies and challenges that are distinctive to the rural economy, but central to our thinking on city regions. The year-round festival tourism model that has been established in Edinburgh has been a critical element of Edinburgh's success in recent years.

Q95 Kirsteen Sullivan: Moving on to the subject of city region deals, you will be aware that in recent years there has been growing recognition of the



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importance of regional collaboration and the funding to support the delivery of regional initiatives. What assessment have the UK Government made of the progress and delivery of city region deals in Scotland? What does the monitoring process look like for those deals?

Mr Douglas Alexander: The deals are in flight at the moment, so I will defer to Kirsty on some of the work that she has been doing over the last year on this.

Kirsty McNeill: We are thrilled that every bit of Scotland is now covered by a deal. They are all in flight at different stages of maturity and therefore different stages of their evaluation of impact. We are keen, with our partners in the Scottish Government and relevant local authorities, to make sure there is as much transparency back to the taxpayer as possible for what is being achieved with those deals. There is annual reporting that is a matter of public record.

The key thing for us is that we have universal coverage of UK Government investment through the deals programme but also the Pride in Place programme that has just been announced. This means we will have more targeted investment. This is the right balance between making sure that every single Scot is a beneficiary of the deals programme, but there is another programme with slightly different objectives that has been announced recently as well.

Q96 **Kirsteen Sullivan:** Chair, I may have been remiss in not mentioning at the start that I was a signatory to the original Edinburgh and South East Scotland city region deal. As mentioned by the Under-Secretary, several deals are nearing completion, including for Aberdeen and Inverness. Could you explain what guidance the Government have issued on the closing of the deals, particularly with respect to reporting the impact and the lessons learned, and where we have seen the value of these deals in local communities?

Kirsty McNeill: There is a lot of ongoing evaluation of all the deals that are in flight, including those coming towards completion. Also, the Scotland Office has been having some sessions for parliamentarians to make sure their perspective on the deals is heard, and I believe you have all been invited to these. We are focusing on a number of other Government programmes with either adjacent or overlapping objectives. We have the Pride in Place programme I mentioned. There will also be further announcements about local growth funding in due course.

Mr Douglas Alexander: Chair, with your permission given Kirsteen mentioned the Edinburgh and South East Scotland city region deal, I should probably keep myself safe. I was a member of the court of the University of Edinburgh in the years immediately preceding my election. As Edinburgh was also a beneficiary of that deal, I should put that on the record.

Q97 **Kirsteen Sullivan:** Thank you, Secretary of State. Edinburgh has



benefited quite significantly from that deal, but that is a conversation or debate for another day.

The question that I have been asked quite a lot is: what comes next? A lot of partners in city region deals are looking for information and detail around what the next steps will be, if there will be another round of funding, particularly those that are about to complete. What update can you give on this? Do you have a timescale where further information can be provided?

Kirsty McNeill: There will be information about the local growth fund in due course. The Pride in Place programme is very much a continuation of that spirit of place-based intervention. We have been the happy beneficiary of so many of the impacts of the deal programme so far.

Q98 **Kirsteen Sullivan:** Will there be specific information regarding the city region deals and whether more funding will become available?

Kirsty McNeill: The funding that is available is in these two broad areas: Pride in Place, which I would characterise as focused on community regeneration and targeted, and there will be local growth funding. The modalities of that will be laid out in the coming months.

Q99 **Kirsteen Sullivan:** Is it likely that the city region deal will form part of that? Has that not been determined yet?

Kirsty McNeill: I would focus more on the objectives than the nomenclature. There will be local growth funding available that is targeted on place-based growth, and there is Pride in Place that is targeted on place-based regeneration. The nomenclature is neither here nor there, from my perspective. What is important is that the UK Government are committed to both of those policy objectives that are place-based growth that people can feel and place-based regeneration so people can have pride in their neighbourhoods.

Mr Douglas Alexander: The focus of the Department in the last few weeks since I have arrived—and Kirsty has been doing great work on this—is, first, get Pride in Place up and running because that is a significant additional contribution from the UK Government to make sure the place-based support is available and, secondly, continue with other Government Departments to work to support the city deals that are in flight at the moment and obviously, as this Committee has reflected, make sure that we have effective evaluation of the impact of those city deals. There is a dynamic and correlation between having effective assessment of the impact and judgments of the future.

Q100 **Kirsteen Sullivan:** Given you have mentioned Pride in Place—and I am very glad to hear that a large part of my constituency, West Lothian, will be a recipient of that funding—can you tell me how you believe that aligns with the objectives that the city region deal has looked to deliver?

Kirsty McNeill: I would count Pride in Place as being about regeneration, which obviously has a relationship to growth but sits slightly adjacent to



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it. The formula that has been used for the determination of the local authority areas, which is the only announcement that has been made so far, takes into account both deprivation and access to community infrastructure. It is a two-part formula about which places are so-called “doubly deprived”.

If you think of Pride in Place as primarily being about regenerating the places where people live so they can take pride in them—it is included in the name. Growth funding will be targeted with slightly different objectives, but of course they are mutually reinforcing.

Q101 Kirsteen Sullivan: It is a lot of the same objectives in local communities.

Kirsty McNeill: To have places that people will want to live and work.

Q102 Lillian Jones: Kirsty, as an Ayrshire MP, I am very well informed about the Ayrshire growth deal. I am slightly disappointed and concerned that halfway through the lifetime of the Ayrshire growth deal not a lot of projects have been delivered. Another concern of mine is that many communities across Ayrshire, regardless of where they are in Ayrshire, do not know about the Ayrshire growth deal. That has a significant impact. Disappointingly, an Ayrshire councillor had no idea what the Ayrshire growth deal was when he was speaking with one of my colleagues.

If you have any advice, what would that be to those stakeholders, particularly the councillors in Ayrshire, to get that deal over the line and get realistic projects that will deliver for the communities, and boost the Ayrshire economy? What do they need to do to get this deal over the line and get that money spent before the lifetime is up?

Kirsty McNeill: If I could just put on record that the parliamentary representatives from Ayrshire have done a superb job of impressing upon me and the Department the challenges associated with the Ayrshire deal. We are in discussion with the Scottish Government about a time where the DFM and I can visit Ayrshire to get to the bottom of this. We are not complacent in any way about the current status of that deal.

The fact that the Ayrshire MPs have done such a good job of impressing this problem on me is partly what inspired my ongoing commitment to all Members across Scotland. I am not sure that the parliamentary oversight of the deals is what we might have hoped for and the level of information being routinely made available to Members of Parliament is what we might hope. That is why I have convened all these different sessions with parliamentarians and there is an open door for parliamentarians from any deal region to make representations to the Scotland Office. We are only one party to the deals, and that is why we are hoping to secure a joint visit with the DFM before Christmas.

Mr Douglas Alexander: It is right to recognise the Ayrshire deal is behind its planned spending schedule. That is why Kirsty has taken a



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direct interest in it and will talk to the Scottish Government to see what we can do.

Q103 Mr Angus MacDonald: The Chair has offered me an hour to talk about this subject in just two areas. One is infrastructure for electricity, and the second is community benefit from actual renewables. It is a multi-billion pound industry in the highlands. The majority of the electricity is exported. Norway saved \$2 trillion from its oil and gas and Britain saved nothing. I suggest that we are on track to do pretty well the same with our renewables. Alex Salmond said that we would be the next Saudi Arabia of renewables. Something has to change pretty dramatically for that to be even close.

Briefly on infrastructure, it is great the £100 million is being offered to the communities who are impacted by the transmission line, and that is 0.5% of the cost of those transmission lines so it is not a huge amount of money. I am very concerned that there is almost no local employment coming out of it. The camps set up at Broadford in Skye, for example, had 1,000 people arrive and they stay for five years. The University of the Highlands and Islands does not teach technical courses in Fort William, Portree, Stornoway. I have a meeting with Bob McDonald from SSEN and UHI and Kate Forbes coming up shortly about that.

The bill discount figure of £250 was worked out according to the average energy cost in the UK, which is £1,750 or thereabouts. I can tell you that in remote and rural Scotland, it is well over twice that. It does not really touch the edges with the amount of money we are getting.

I will continue and do the community benefit one as well, rather than allow you to cut me off mid-breath. The total community benefit in Scotland in 2024 was between £25 million and £30 million. In the highlands, it was £7 million. The projects are being done largely by international firms, entirely using international turbines, again employing very few people. The figure of £5,000 per megawatt was set in 2014 when the price of electricity was a fraction of what it is, and it has not changed since.

The Westminster Government and the Scottish Government are doing consultations about this at the moment. Minister Michael Shanks hides behind pillars whenever I come because he knows what I will be harassing him on. That figure of £5,000 would be £12,500 now if it was in line with the price of electricity. According to the consultation, apparently the figure being suggested by the Westminster Government is £5,000, so we are going back to something that should have been increased to £12,500.

Also, at the moment, we are only giving it to onshore wind and pump storage will be a multiple of what onshore wind is. If it does not start until 2027, these projects will have already started, the door will have closed, and we will not have got the money. I would like you to outline how you can help rural Scotland get a fair deal from our extraordinary renewable opportunity.



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Chair: That was not quite an hour, but it may have felt like it. I think there are about 15 questions in there, Mr MacDonald. We will give the Secretary of State a few minutes to try to—

Mr Douglas Alexander: Yes, let me try and then I would be quite keen to bring Fiona in given she has joined us from DESNZ and is across a lot of these issues, to our great benefit. First, Michael may hide behind pillars when he sees you, but he is also incredibly complimentary about your pullovers, as I remember. Given the serious subjects of your first question, I did not wish to echo my ministerial colleague, but you are looking very fine and warm today.

Secondly, you quote the history of the establishment of the sovereign wealth fund by Norway. It is worth remembering that the late great John Smith as Energy Minister established the British National Oil Corporation. I see Margaret Thatcher's approach to taxation in the North sea as a warning rather than as a model to be replicated. It is a matter of great regret that we did not see more effective use of those resources during those years.

On a couple of contextual points, you mentioned the challenges of the EFI colleges locally providing the right skills. Even in the first few weeks in office, I am hearing this right across Scotland, that we do not have an effective pipeline of the skills that are required for the jobs, not just of today but also of tomorrow. It is a matter of deep regret to me that the Scottish Government have cut the EFI college budget by 20% in circumstances where there is an underspend of £1 billion and they have had a record settlement of £5.2 billion additional resources. There is a heavy responsibility on the Scottish Government to make sure that we are equipping Scotland's young people with the skills and aptitudes that they need to be able to harness onshore value for renewables.

Secondly, on the offshore deployment, I recommend to you the article that my former parliamentary colleague, Brian Wilson, wrote in *The Scotsman* a couple of weeks ago, which was a truly devastating critique of the Scotland options and the loss of value to the Scottish taxpayer and the Scottish Exchequer of a badly designed option process that has lost hundreds of millions of pounds of potential value according to the evidence that he adduced in the piece. In that sense, there are really powerful lessons that need to be learned.

Thirdly, one of the other aspects of the Scotland process was for all of the windy rhetoric about the Saudi Arabia of oil, there was not a clear enough appreciation of your exact point of how do we generate onshore value rather than simply watch the resources—not just of Scotland but the whole of the United Kingdom—avoiding or not securing those potential opportunities.

On your point on community benefits, one of my other former colleagues from the same era as Brian Wilson, Calum MacDonald, has of course set up a wind farm on Lewis. He makes a very powerful case whenever he



sees me—I hide behind pillars whenever I see Calum coming towards me, because his argument is, as well as the limited voluntary community benefits that are being secured just now, ownership can be a really powerful and value generative benefit for communities. In that sense, DESNZ has a consultation under way at the moment on the voluntary scheme. I will ask Fiona to give you some clarity of how that process aligns with the legislation that we are looking at.

Fiona Mettam: I am very happy to. There are voluntary schemes already operating in Scotland. There are two strands to the broader community benefits work. There is the community benefit work for transmission infrastructure, which is being legislated for through the Planning and Infrastructure Bill and will be subsequently implemented through secondary legislation. That is ahead of a possible mandatory scheme that was consulted on earlier in the year. There was very much a sense of delivering to need that it was helpful to not delay the work on transmission infrastructure to wait for a broader mandatory scheme that would cover more technologies.

That consultation was closed in the summer. DESNZ is currently considering the responses to that, but it is not a simple problem and there is definitely not a one-size-fits-all answer. It is really important to consider different views, different options. That also looked at the question of shared ownership options to bring that into the mix as well. DESNZ is currently considering the final policy on that and will publish a response in due course. That would then need to be delivered through subsequent legislation.

Q104 **Kirsteen Sullivan:** Secretary of State, you will be aware that one in six young Scots are not currently in education, training or employment. That is one in six young people who are losing out on vital opportunities to fulfil their potential and to thrive. Are the UK and Scottish Governments aligned in their approach to addressing youth unemployment in Scotland?

Mr Douglas Alexander: You are absolutely right: it is a shocking indictment of the last 20 years in Scotland that one in six of our young people find themselves in that position. We are certainly not aligned in our thinking relating to EFI colleges because we fundamentally think that Scotland deserves better than a 20% cut in EFI colleges in the context of one in six of our young people not having positive destinations. It is worth recognising that there is a divergence there.

On how our Governments can work together effectively, of course we want to play our part in addressing those issues. Kirsty can talk to the skills and training work that is led by the Scottish Government and about how we are thinking about that in relation to the UK Government.

Kirsty McNeill: It is worth reflecting—the Secretary of State mentioned this earlier—that almost every conversation we have with any stakeholder in Scotland ends up being a conversation about skills and



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access to work. It is such a fundamental problem for all our businesses and organisations.

It is worth reflecting on what is happening in England with mayoral strategic authorities where the youth guarantee trailblazers are currently being evaluated, and we will make sure that there are lessons learned from that. But it is worth reflecting on the context that, as we have often said, the Scottish Government have been very interested in prosecuting an argument about devolution to Scotland but not inside Scotland. Our capacity to do more interesting strategic-level work regionally in Scotland is diminished, but where we have those levers available in England, we are making sure that the trailblazers are being evaluated properly, and any lessons will be learnt for the design of anything that operates UK wide.

Q105 Kirsteen Sullivan: Thank you. You answered my second question. However, I want to touch on the last point you made to recognise that skills are devolved in Scotland. The DWP still retains levers for unemployment. Given the gravity of the situation and the opportunities potentially lost to those one in six young Scots, is there anything more that the DWP could actively be doing in Scotland to support those young people and give them access to the life chances that we should all have?

Mr Douglas Alexander: I will say yes to that. I was in the Cabinet yesterday and, without breaching Cabinet confidentiality, Pat—who is a very good friend and former colleague of mine in Edinburgh University Labour Club and knows Scotland back to front—was talking about the challenge that we face in youth unemployment and there are parallel challenges. One is the number of young people who are out of work and are on unemployment benefits. There is also a significant challenge in young people who are on sickness benefits. Those benefits are often sticky and once someone gets on to benefits at a relatively young age, it is a bigger challenge as the years pass for them to come off that benefit and get back into the workforce.

On the work that we are doing at a UK-wide level and how we reform Jobcentre Plus, of course there is relevance to Scotland. We stand ready, as Scotland Office Ministers, to work, engage and partner with others to make sure that we are learning the right lessons from pilots that have been developed down here and also applying those lessons, where appropriate, as the UK Government in Scotland.

Q106 Kirsteen Sullivan: I believe that young people in Scotland should have access to the same opportunities that people do in the rest of the UK, so thank you for that. How do you respond to the Resolution Foundation's concerns about the UK Government's plan to abolish youth rates within the minimum wage and that it may cause young people to be priced out of entry to the labour market?

Mr Douglas Alexander: I should probably declare that I am a very good friend of Torsten Bell, the former director of the Resolution Foundation



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who is now doing important work for us in the Treasury and the Department for Work and Pensions that we have just been discussing. It is right to recognise that the Resolution Foundation has done important work, not just on youth unemployment but on poverty and inequality over a number of years.

We are committed to abolishing or removing the age bands for adults and to creating a single adult minimum wage rate. We recognise that the 18-to-20 band brings particular challenges for what are often starter jobs for people at that age. Angus mentioned hospitality and tourism. One of the great strengths of hospitality and tourism is often, along with retail, they are the sectors of economy where most people get their first job. We need to be sensitive to that and consider all of that carefully. In the remit that was published in August this year, we asked the Low Pay Commission, as a Government, to take into account the effects of employment on younger workers, incentives for them to remain in training or education in the wider economy. It is with the Low Pay Commission at the moment.

Q107 Lillian Jones: Going back to the youth guarantee trailblazer, Ayrshire College is facing a huge funding deficit. Currently there are four applications for every available space at Ayrshire College, and the college cannot get the funding to meet the demand that would bridge the skills gap for local employers. There was £2.1 million cut from the budget over the next few years as well as other budgetary cuts that they have to make. There were 831 young people who applied to Ayrshire College and did not get in. That is 831 young people; just let's think about that. It is potential that is not being harnessed. As politicians we ought to harness young people's potential, and that is making sure that our colleges are funded appropriately.

You have alluded to the fact that colleges have been cut by 20% over the last few years. I do not want to see those 831 young people going into jobcentres, signing on, mental health and just not having any faith or confidence in themselves. It is absolutely shocking. It is a national scandal. This year's guarantee trailblazer looks to me as though it could be an answer to that point in Scotland. I understand the reserved and the devolved issues, but if there was anything that the Scotland Office could do to bring that to Scotland—to Ayrshire—that would be to the benefit of those young people, because we have a duty to make sure that they have a future.

Mr Douglas Alexander: Let me offer the assurance that we are in touch with DWP. I was part of the Cabinet conversation with Pat yesterday on a range of related issues. I would also want to pay tribute to the work that you have done in bringing this issue of young people being denied those opportunities in Ayrshire to my attention. I do not want to suggest, Chair, that I am stalking your Committee members online, but I was very struck by the video that you recorded a couple of weeks ago outside Ayrshire College, and the fact that 46,000 people had viewed it within a few days of it going up on your Facebook page. That speaks to me to the fact that



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there is huge public concern about the cuts that we are witnessing in colleges in Scotland at the moment. This is respectfully in the context of a £1 billion underspend by the Scottish Government and £5.2 billion of extra money that has been committed by the UK Government to the Scottish Government.

That figure of 831 young people not getting into Ayrshire College is a haunting figure that should challenge the Scottish Government, who have responsibility for the funding of Ayrshire College. If you cross the country to Rosyth, you saw the public coverage a couple of weeks ago about the fact that Babcock International, when establishing its programme for the two carriers, had to employ hundreds of foreign workers. I have great respect for their skills, but we have to ask why are we as a country in a position where our own young people are not being equipped by the EFI sector with the skills that are needed?

If that was the experience with the building of two carriers in Rosyth, the Scottish Government have a responsibility—although it seems to have evaded that responsibility for the welding centre—to make sure we do not literally and figuratively once again miss the boat with the frigate orders at BAE Systems in the Clyde. The truth is that with 15 years guaranteed work and 2,000 highly skilled unionised jobs there, we are in a position where there will be a demand for exactly the kind of skills that a college like Ayrshire College should be providing at the moment.

I applaud the tireless work that you are doing to put this on the agenda to the UK Government. I hope that it is also on the agenda of the Scottish Government, because seeing 20% cuts in the budget for EFI colleges against an underspend and a record devolutionary settlement makes me think that Scotland could do better.

Q108 Dave Doogan: We should all be concerned about the skills and development. It is a very important element—I am a product of it from an EFI college—but I would hate, Secretary of State, for you to inadvertently, through leading questions, create an impression where everything is rosy in the garden in England and a complete basket case in Scotland. That is not to duck the challenges that we have in Scotland, because as important as our vital college sector is—and higher education for that matter—whether it is an ONC or an HNC or a degree that you come out with, it is a means to an end, and that end is a job. Youth unemployment in Scotland is lower than it is in the United Kingdom on average, and it is substantially lower than it is in Labour-run Wales. How do you square that circle? It is not all doom and gloom, is it? A lot of people in Scotland are trying their best in this sector.

Mr Douglas Alexander: For the 831 young people not getting jobs in Ayrshire College, respectfully, it is pretty doom and gloom right now. If your attitude is that that is the best we can do in Scotland, and we should be somehow applauding the conduct of the Scottish Government, respectfully I take a very different view. I think the Scottish Government could do better. If you are saying, "Should the situation be improved in



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England?" I take great comfort from the fact that we have a UK Government committed to exactly that endeavour. I only wish that we had a Scottish Government equally committed to that endeavour. Frankly, if the Scottish Government have not managed to sort EFI funding and training places after 20 years, I respectfully question whether they either have the interest or the capability to fix it, which is why, personally, I think we deserve a new direction.

Q109 Kirsteen Sullivan: Coming back to the issue of youth unemployment, we are hearing from the workforce—and this Committee has heard in many evidence sessions—about the skill shortage that industry is facing. Often it is hampering growth because they cannot attract the people they need to fulfil the positions to push on. At the same time, you have already mentioned the challenges about young people being on sickness benefits.

I am sure that everyone around this table has had casework from families who are desperate to get their young people the mental health support that they need, and the CAMHS waiting list often goes into years. I understand that some health boards have actually closed their list for referrals. We have neurodiversity lists opening up under CAMHS, but again people are not able to get their diagnosis. A lot of parents feel that this is during the most formative years for their young people, which will impact their ability to go out into the workforce, skills ready, job ready.

What more do you think needs to be done in Scotland to tackle these issues in a holistic, joined-up way? At the moment, our young people are losing out on many fronts.

Chair: This is not something that is the responsibility of the Secretary of State, but I will allow you to answer that.

Kirsteen Sullivan: It directly relates to employment opportunities.

Chair: I take your point.

Mr Douglas Alexander: I will try to keep it to our responsibility but also to recognise the severity and seriousness of what you describe. Again, without breaching Cabinet confidentiality, we were discussing yesterday the youth strategy, which is predominantly focused on England given a lot of the areas of youth policy are devolved in Scotland. Lisa Nandy's work painted a very bleak picture of the challenges that our youngest generation are facing today as a consequence of covid, a sense of social isolation and a whole series of challenges that have been exacerbated and deepened by austerity. For example, if you look at the presence of youth workers or youth clubs compared with when I was young, they have simply vanished in many communities across the whole of the UK.

It was in that context that Pat was talking about the importance of our offer to work for young people who are being failed by a system, are passported straight on to benefits—often in the context of mental health challenges—and then get stuck in the system. The point that he was making, which I think is a powerful and important one, was not only, as



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is often covered in the newspapers, that there is a cost to the Exchequer there but at least as significantly, if not way more significantly, that is not good for the young people themselves. Collectively, we need to do better. That means that it is right and reasonable for us to challenge the Scottish Government to say: why are we seeing a 20% cut in EFI colleges?

It is also important that we ask how we make sure Jobcentre Plus and jobcentres across our communities are a resource that assists and bridges young people coming into the workplace. Again, I spoke at the beginning of the Committee about my longevity. I was part of a Government that implemented the new deal for the young unemployed and we basically, at that point, said there should be four options but no fifth option—you cannot lie in bed not accepting choices—and there was overwhelming public support for that.

Any of us as parents, grandparents, aunts or uncles think what would we want for our own family member? We would not want them stuck with no real access to mental health services—consistently across Scotland the waiting times and waiting lists for CAMHS in particular are deeply troubling to the families, and we all have constituents like that at the moment—and without access to the kind of support that will actually support and assist those kids.

I think you should think not just about parity of esteem on mental health, but access to services. We would not say to a stage 1 cancer patient, “Come back to us when you are stage 4.” In that sense, we have to do better for mental health. At the same time, that means there is a responsibility on the UK Government and DWP, but there is critically a responsibility on the Scottish Government when one in six of us are on a waiting list. We do not have adequate provision for mental health and we are also seeing a 20% cut in the EFI college budget.

Q110 Maureen Burke: I would like to thank the Secretary of State for your response to our first report into the financing of the Scottish Government. In that response, you appear to assume that the assignment of VAT revenues is still possible. Why do you believe this, despite an expert’s views to the contrary?

Mr Douglas Alexander: As I recollect, I wrote to the Committee on 23 September and since you took evidence on this subject earlier in the year, phase 2 of the spending review has come into force. This includes an additional £2.9 billion per year on average through the operation of the Barnett formula that I have already referenced earlier in the Committee hearing. The financial certainty and stability that we are providing as the UK Government stands in contrast, we would argue, to the position that the Scottish Government have taken on the Barnett formula, which is actually seeking its abolition.

The Treasury continues to work with the Scottish Government to deliver the Smith Commission recommendations, including the specific issue of



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VAT assignment, and there is not much I can add today to the letter that I sent on 23 September.

- Q111 **Maureen Burke:** Our report called for greater transparency of comparability percentages. In response, you said this information is already available. However, we cannot see the specific calculations behind each comparability percentage. Could you commit to writing to us to elaborate on your statement that this information is already available?

Mr Douglas Alexander: I would be very happy to write to you.

- Q112 **Maureen Burke:** At its next meeting, the Finance: Interministerial Standing Committee will be considering options for improving the operation of the Barnett formula. Can you confirm that the findings of our report will be considered as part of that discussion?

Mr Douglas Alexander: I can assure you that I am both alive to and grateful for the work of this Committee. I am conscious of the report and, as you can imagine, ahead of this Committee had the opportunity to make myself familiar with the terms and recommendations of the report. I can give you the undertaking that I will make sure that the work of the Committee is fully circulated within Government.

- Q113 **Dave Doogan:** I do not know if it is in order, Chair. Did you have advance sight of the questions before this session, Secretary of State?

Mr Douglas Alexander: I am in a position where I answer the questions that you put to me.

- Q114 **Dave Doogan:** Did you see and have an understanding of what the line of questioning would be in advance?

Mr Douglas Alexander: I had a fair sense that I would be asked about things like EFI college funding, given the situation that we are in at the moment. I had a fair idea that we would probably talk about independence, because that tends to be what the SNP talks about a lot, but I am very happy to answer any questions that any Committee members put to me.

Chair: I am not sure what sparked that.

Dave Doogan: He was reading his last answer to a very detailed question. That is what sparked it.

Mr Douglas Alexander: You will appreciate that for any Select Committee—and I have done a number of them over many years—I ask the Department to provide me with a detailed briefing across a whole range of issues. It will not come as a great surprise that my awareness of the Committee's reports was quite high up my list of what I was going to make sure I had read. As I said, I read the Committee's report on the North sea transition on the way to Aberdeen, and I have spent some time since then making sure that I am fully aware of your recommendations.

- Q115 **Chair:** We are grateful to you for taking them seriously. Thank you for



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that, Secretary of State. There was a reference earlier on from Ms McNeill about the high street summit. The Committee is about to embark on an inquiry into Scotland's high streets, so it would be very helpful if you were able to let us know—obviously not necessarily today—who was involved in that summit. It will help to inform our work going forward. If that could be supplied, that would be extremely helpful. We already have a commitment to have a note about the number of asylum hotels in Scotland, and again that will be helpful to us going forward.

Kirsty McNeill: I am delighted to do that.

Chair: With that, I thank all three of you today for coming along, for giving us so much of your time and for taking such an interest in the questions that all Members put to you today. Thank you very much.