

PROGRAMME FOR GOVERNMENT 2025/26

AN IPPR SCOTLAND BRIEFING PAPER

**Stephen Boyd,
Dave Hawkey
and Casey Smith**

April 2025

ABOUT IPPR SCOTLAND

IPPR Scotland is IPPR's dedicated think tank for Scotland. We are cross-party, progressive, and neutral on the question of Scotland's independence. IPPR Scotland is dedicated to supporting and improving public policy in Scotland, working tirelessly to achieve a progressive Scotland.

IPPR, the Institute for Public Policy Research, is the UK's leading progressive think tank. We are an independent charitable organisation with our main offices in London. IPPR North, IPPR's dedicated think tank for the North of England, operates out of offices in Manchester and Newcastle, and IPPR Scotland is based in Edinburgh.

IPPR's purpose is to conduct and promote research into, and the education of the public in, the economic, social and political sciences, science and technology, the voluntary sector and social enterprise, public services, and industry and commerce.

IPPR Scotland
Hayweight House
23 Lauriston St
Edinburgh, EH3 9DQ
T: +44 (0)131 281 0886
E: info@ippr.org
www.ippr.org/scotland
Registered charity no: 800065 (England and Wales),
SC046557 (Scotland)

The contents and opinions expressed in this paper are those of the authors' only.

The progressive policy think tank

ABOUT THE AUTHORS

Stephen Boyd is director at IPPR Scotland.

Dave Hawkey is senior research fellow at IPPR Scotland.

Casey Smith is research assistant at IPPR Scotland.

ABOUT THIS PAPER

The purpose of this paper is to make proposals for the Programme for Government that are deliverable over the next year. Cumulatively, these proposals should lead to tangible progress across all four priorities.

Download

This document is available to download as a free PDF and in other formats at:
<http://www.ippr.org/publications/programme-for-government-2025-26>

Citation

If you are using this document in your own writing, our preferred citation is:
Surname Initial (2025) *Programme for Government 2025-26: An IPPR Scotland briefing paper*.
<http://www.ippr.org/publications/programme-for-government-2025-26>

Permission to share

This document is published under a creative commons licence:
Attribution-NonCommercial-NoDerivs 2.0 UK
<http://creativecommons.org/licenses/by-nc-nd/2.0/uk/>
For commercial use, please contact info@ippr.org



OVERVIEW

- IPPR Scotland welcomes first minister John Swinney's four 'core priorities' of eradicating child poverty, growing the economy, tackling climate change, and ensuring high quality and sustainable public services.
- We also agree that it is appropriate to bring forward this year's Programme for Government (PfG) and for it to be 'laser focused on delivery', not least because it is difficult to identify where new legislation is necessary to make substantial progress on the first minister's priorities over the coming year.
- However, ***making rapid, significant progress on these priorities implies a policy programme more radical than any introduced to date under devolution and major additional public expenditure.***
- Designing, implementing and building consensus around a radical policy programme will be particularly challenging in the current climate of global, political and economic uncertainty. Similarly, ***the prospects for increasing public spending to the levels required to eradicate child poverty, significantly reduce emissions and tangibly improve the quantity and quality of public services seem vanishingly low, especially when there appears to be little political appetite for broad based tax rises.*** Indeed, the Budget has already been set for this year. Economic growth is unlikely to ride to the rescue anytime soon.
- The following briefing recognises these constraints. It makes proposals for PfG that are deliverable over the next year. Cumulatively, these proposals should lead to tangible progress across all four priorities. It also highlights areas on which it will be very difficult to accelerate progress in future years without higher spending.
- ***The Scottish government should clarify how the progress it intends to make over the coming year will contribute to achieving the first minister's longer-term goals and the further action required in future years.*** The eradication of child poverty simply isn't possible without very significant additional spending. If the Scottish government is not prepared to introduce the radical and necessarily expensive programme required to achieve this objective, then it should reconsider the way in which the priority is expressed.

CONTEXT

Since the start of this decade, Programmes for Government (PfGs) have been announced in the context of various challenges (Brexit, the climate emergency, Covid, the Ukraine war, high inflation) which have led to accumulating pressures and demands on the Scottish government's finances. Now the chaotic policy agenda of an increasingly

authoritarian US administration is adding substantially to the climate of uncertainty and negativity.

Scottish government finances benefitted from a relatively generous settlement in the autumn 2024 UK budget, but long-term fiscal pressures are continuing to build and will be intensified by lower growth and higher inflation that are almost inevitable consequences of Trump's trade war.

The Scottish government must think very carefully about its response to current challenges. A good place to start would be to avoid the ill-thought through and uncoded initiatives scattered across recent PfGs. Careful thought should also be given to where legislation is required to deliver on priorities and the way any resulting legislation is pursued.

The Heat in Buildings Bill was recently withdrawn due to a failure to both build political consensus around its aims and properly grapple with the difficult distributional questions the legislation raised. The inadequacy of the current Land Reform and Community Wealth Building Bills strongly suggests that insufficient consideration was given to purpose and content at the outset of the legislative process. The result is that government focus and resources are squandered on poorly developed and/or unnecessary legislation at the expense of delivery.

This briefing seeks to support the 'delivery first' agenda proposed by the first minister. It proposes ways in which the Scottish government might start to build real impetus around the first minister's four key priorities over the coming year.

1.

ERADICATING CHILD POVERTY

The first minister has repeatedly affirmed his commitment—not merely to ease—but to *eradicate* child poverty in Scotland.

The Scottish government may have missed its interim target (fewer than 18 per cent of children living in families in relative poverty in 2023/24) but Scotland's rate of child poverty (22 per cent in 2023/24) remains significantly below the UK rate (31 per cent). Devolved policies such as the Scottish Child Payment are clearly having a positive impact. If delivered, the Scottish government's commitment to undo the intentional cruelty of the two-child limit will also help to further reduce child poverty.

However, these measures will be insufficient to meet the 2030 target, let alone to *eradicate*, child poverty. Our recent analysis¹ found that on the basis of current policies more than 210,000 Scottish children or 22 per cent would remain in poverty by 2030.

If the government is truly serious about meeting its legally binding target to reduce child poverty below 10 per cent by 2030, it must **over the coming year start to set out a timetable for delivering the scale of investment necessary to turn that ambition into reality.**

The first minister recently said that above-inflation increases to the Scottish Child Payment had been “maxed out,” and that families would be in a better position if parents could get into “well-paid, sustainable, good quality employment.”

However, our research shows that even if a number of highly optimistic assumptions about parental employment came to pass, the child poverty rate in 2030 would still be well above the 10 per cent target.

Eradicating child poverty is a formidable challenge that demands a multifaceted approach. Better employment outcomes must be complemented by enhanced social security support, affordable childcare, housing reforms, and policies tailored to diverse household needs.

Over the coming year, the Scottish government should – as a minimum – start to make progress in the following areas:

- **Fair work:** Many working families experience poverty due to low wages, insufficient hours and job insecurity. While employment alone cannot guarantee relief from child poverty, progress can be made through, for instance, higher wages, longer/more flexible working hours and clear routes for progression. It is anticipated that the UK Employment Bill will soon raise the floor on regulated minimum employment standards. The Scottish government must do all that it can over the coming year to build on this by further embedding its commitment to Fair Work across the public sector and beyond. For instance, **it should build on commitments in the National Strategy for Economic Transformation to develop an action plan for expanding sectoral bargaining in Scotland.**
- **Social security support:** While the Scottish Child Payment and the planned removal of the two-child limit are steps in the right direction, they will not eradicate child poverty in Scotland. Our analysis shows that doubling the Scottish Child Payment in real terms would add around £500 million to the social security budget in 2030, lifting 40,000 more children out of poverty and cutting the child poverty rate by an additional four percentage points.

Our recent briefing concluded with the following argument, one that the Scottish government should start responding to over the coming year should it wish for its commitment to eradication to be taken seriously:

*“The Scottish government is in the early stages of developing its next child poverty delivery plan to cover the period up to 2030. **For that plan to be credible, it needs to set out clearly not just the actions the Scottish government will take to reduce child poverty, but also what impact it expects these actions to have.** If, as we anticipate, this pathway analysis shows the target is unachievable without additional fiscal resource, this should be the starting point for a much clearer debate in Scotland about the right balance between tax and spending.”*

2.

GROWING THE ECONOMY

They may be extremely challenging to implement, but at least the policy mechanisms required to eradicate child poverty are reasonably clear cut. The same can't be said for those required to 'grow the economy' in Scotland. The messy process of economic growth is difficult for governments to influence even if they control the monetary and fiscal levers necessary to affect short-run performance. Devolved powers over economic development, education and skills, the environment, health, housing, transport, planning and taxation are crucial in helping shape Scotland's economic structure but are only likely to influence growth in the longer run.

The Scottish government's current National Strategy for Economic Transformation (NSET) was introduced over three years ago, but it is difficult to identify ways in which it is improving—let alone transforming—outcomes (for example, living standards, productivity, innovation). The strategy enjoys very little buy-in from stakeholders.

While IPPR Scotland recognises that the Scottish government is unlikely to introduce a new economic strategy in the final year of this administration, it can start to make progress on the economy by focusing on:

a) Delivering the green industrial strategy: Last summer the Scottish government published its Green Industrial Strategy. IPPR Scotland had some issues with the general approach and the choice of priority areas. But rather than a lengthy revisiting of the strategy as a whole, it would be preferable for the Scottish government to use the coming year to build some real momentum around implementation. To do so, ministers should:

- **Establish an oversight board to monitor and evaluate implementation.** This should be an opportunity to signal a change in direction in economic governance in Scotland by establishing a board with real clout and durability. Consideration should be given to establishing the board on a statutory basis. We note the commitment arising from the first minister's 'safeguarding democracy summit' on 23 April to 'share power'. This is an opportunity to do so in the economic realm.
- **Issue a detailed progress update regarding the development of the five "internationally competitive economic clusters"** identified in the strategy: the wind economy; carbon-capture, utilisation and storage; green economy professional and financial services; hydrogen; energy intensive industries of the future.
- **Publish a progress report on domestic supply chain development** related to the offshore wind sector.
- **Ensure all of Scotland's regions can benefit:** The Scottish government should, on a regional basis, map opportunities and constraints (for example, housing, skills, transport and port infrastructure) and develop a credible plan to remove these constraints.

- **Develop an effective approach to just transition, one that is proportionate to the scale of the challenge:** Learning from experience with Petroineos, an effective process for connecting workers at risk of redundancy in high emission sectors with opportunities in emerging low carbon and other (for example, construction, manufacturing) sectors.

b) Boosting targeted support for internationalised companies: The Scottish government does not hold the macroeconomic levers to stimulate the economy should Trump's tariffs lead to a contraction over the next year. ***But it can provide targeted advice and support to those exporting industries which may experience rapidly falling demand due to higher tariffs.*** Helping exporting firms to exploit any opportunities which may open up as the global trading system seeks to readjust to US tariffs should be a priority.

c) Addressing Scotland's longstanding productivity deficit with comparable nations: Over the coming year, the Scottish government should undertake the preparatory work to establish a new intervention focused on improving workplace productivity. This should focus on two areas that are understood to drag on productivity growth: technology diffusion and workplace management, organisation and processes. This is likely to require additional resources over time, especially if a new body is ultimately established, but the initial development work could start to be undertaken by existing enterprise and skills bodies within current budgets.

d) Developing a new approach to ownership and control in the Scottish economy: The Scottish economy continues to suffer from a lack of large indigenous companies of scale able to compete successfully in global markets. The contrast with other countries is stark. For example, Denmark is home to Novo Nordisk, Maersk, Carlsberg, Lundbeck and Lego. As well as being remarkably successful, all these Danish firms are largely or wholly owned by foundations which enable them to invest for the long-term, combining business success with philanthropic missions. The contrast with the UK model of short-termism, low investment and weak productivity could hardly be more revealing.

At the same time, Scotland has low prevalence of family ownership of medium and large-sized firms, public ownership of network sectors and cooperative enterprises. Company law is reserved and therefore the Scottish government is very limited in what it can do to influence corporate governance. But it can develop a more grounded approach to ownership and control in the Scottish economy, understanding that higher prevalence of indigenous ownership has benefits in terms of profit retention and economic decision making.

The Scottish government should establish a **Commission on Ownership and Control** in the Scottish economy to consider:

- Where public ownership makes strategic sense; that is, a credible framework for decision making should be established rather than rushing decisions when firms/sites are already under the threat of imminent closure.
- How to increase the prevalence of cooperative and mutual ownership.
- How private firms can become more purpose driven and longer-term in outlook (building on the recent Business Purpose Commission for Scotland).

3.

TACKLING THE CLIMATE EMERGENCY

The Scottish government's climate policy programme has failed to match the stretching targets that were set in 2019. Abandoning the 2030 target has only deferred the difficulties the government faces in ramping up decarbonisation.

We believe Scottish climate policy should be restructured around a set of climate missions: coherent and clear policy packages with tangible end points and resilient and responsive means of delivery. These missions will shift decarbonisation out of the early adopter niche and into the mainstream.

A mission-led approach contrasts with arms-length policy. The latter aims to reshape private incentives and steer change towards a net zero future. The former, on the other hand, recognises the state as the critical actor in effecting coordination and draws investment and activity around a more clearly articulated plan. Arms-length decarbonisation policy has resulted in glacial progress in all sectors other than electricity, with progress in the latter increasingly reliant on clearly articulated plans, such as the UK government's Clean Power 2030 plans and the creation of new forms of spatial energy planning driven by the government and Ofgem.

Over the coming year, the Scottish government should develop a mission-based approach in the following areas:

- **Heat in buildings:** Ensuring our homes, workplaces and community buildings remain warm as we transition out of fossil fuel boilers, is an enormous logistical challenge. A scaled up and well-trained workforce, strengthened electricity grids, new heat networks and the retirement of the gas network all must be coordinated with building-level decisions. A programme that achieves this coordination and reaches every building by 2045 will need retrofits to happen at times other than "natural" trigger points (such as boiler replacement). To achieve this, the mission must be founded on area-based planning. Existing Local Heat and Energy Efficiency plans provide a data-rich basis for this but must be translated into delivery programme.
- **Surface transport:** The first burst of electric vehicle (EV) take-up has slowed down and there are worrying signs it has plateaued. This is being balanced by a parallel growth in SUV sales, leaving the average emissions intensity of new cars flat at 2016 levels. While the Scottish government has identified a reduction in driving as a central plank of its climate programme, it has failed to identify credible means of achieving this. It has now recognised this failure and is proposing to alter the target. That alteration should show clearly how the new target is compatible with Scotland's climate commitments and how it is to be delivered. Delivery should take a mission-led approach bringing together improved access to public

transport and lower barriers to active travel as key planks of plan for the future of transport in Scotland that is explicit about the balance between different transport modes and how that balance is to be achieved.

- **Land use:** Great hopes are invested in the capacity of land to continue feeding us, to host more renewable energy production, to absorb more carbon and to produce energy crops. Optimistic projections of the land's capacity to offset other sectors' emissions are regularly contested by detailed studies. A reliance on land-based negative emissions is itself a risk as climate change-induced extreme weather has potential to further undermine optimistic projections. Additionally, a major land-based emissions source—livestock—can only be meaningfully mitigated by reduced numbers. This raises challenging cultural issues from rural tradition to dietary preferences. Here a mission-based approach would combine science-based spatial planning of future land use in Scotland with delivery and engagement policies necessary to secure that implementation. It would need much clearer coordination between policies on land use and diet.

Common themes cut across all three sectors which will shape the form a mission-led policy approach can take. These include the relationship between individual choice and constraints imposed by a plan; a fair distribution of costs and benefits; how uncertainty can be managed without stalling progress; how missions can embody democratic choice rather than coming as technocratic impositions. These are important challenges, but ducking them by falling back on business-as-usual arms-length policy making will mean climate progress remains glacial. Meaningful democratic and participatory engagement will be key to the success of climate missions.

4.

ENSURING HIGH QUALITY PUBLIC SERVICES

Over this year and beyond, Scottish people's experience of the public services they rely on every day will determine whether they believe the Scottish government is delivering for them.

High quality, reliable public services are crucial to the wellbeing and prosperity of the nation. Whether it be a right to healthcare, adequate housing, education and security in old age, the modern state has both an obligation and an incentive to provide for its people.

As well as helping to tackle endemic social ills, public services support economic development. They help sustain a healthy workforce and equip people with the tools to grow, learn and innovate. Inward investors tend to prioritise the quality of public service provision over tax rates.

Scotland's public services—undermined by austerity and facing constantly rising demands and expectations—must now be equipped to meet the great challenges of coming decades. This will require higher funding, alongside meaningful (not tokenistic) change in the way services are organised and delivered.

It has become fashionable to cite 'reform' as the solution, often as a deflection from confronting the scale of investment required to turn around public services. The precise nature of reform is rarely specified (especially in relation to health services). Those serious about a genuine reform agenda, within the government and outside of it, now need to move on from vague commitments around consolidating/abolishing quangos and reducing headcounts. Genuine reform must be grounded in evidence, motivated by achieving people-centred outcomes, and delivered in deep collaboration with the public sector workforce and service users.

To take healthcare as an example, an NHS born of an era of rampant infectious disease and far lower life expectancy is not well designed to meet the needs of a rapidly ageing society, where people carry long-term conditions which hamper their autonomy. Hence, public sector reform should seek to shift from a 'reactive' to a 'proactive' approach. Rather than defining success purely on chasing hospital waiting lists targets, a greater focus on improving overall health outcomes should be brought to the foreground. It is crucial to integrate health and social care services and ensure a greater focus on primary care to diagnose and treat health issues before they spiral into long-term ill-health.

A greater emphasis on preventative spend is, admittedly, nothing new and pre-dates (unrealised) recommendations from the Christie Commission, but it remains an important and necessary evolution in public services provision in the 21st century. ***This Programme for Government must start to set out a plan and timeline for moving towards a more preventative approach.***

IPPR Scotland is extremely sceptical that the profound challenges facing public services now and, in the future, will be addressed through reform measures alone. Shifting to a more preventative approach will not, in and of itself, remove the funding challenges inherent in an ageing society committed to moving rapidly towards net zero.

As a country, Scotland needs to confront a stark reality: taxes will have to rise over the coming decades. This is not a popular message of course, but this Scottish government simply must start to acknowledge the truth of the situation.

Higher public investment is desperately required to reverse the impact of years of austerity. An ageing society will continue to increase demand for health and care services. Wages in the public sector will need to broadly keep pace with private sector wage growth to secure the recruitment and retention of appropriately trained workers. Addressing the climate crisis effectively will entail a range of direct public investments and subsidies to encourage consumer investments such as heat pumps.

We need to decide how much of our collective resource and effort should go to meeting these challenges and, in so doing, avoiding the costs of inaction. Tax is the means by which we will enable effective collective action to be taken.

The Scottish government should look to revisit last year's tax strategy to place greater emphasis on how devolved taxes can raise sufficient revenues for public services in the longer term, with particular emphasis on exploring what more can be done with respect to local taxation and wealth taxes.