

# **MEETING OF THE PARLIAMENT**

Thursday 23 December 2004

Session 2

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## Scottish Parliament

Thursday 23 December 2004

[THE PRESIDING OFFICER *opened the meeting at 09:30*]

### Point of Order

**David McLetchie (Edinburgh Pentlands) (Con):** On a point of order, Presiding Officer. Yesterday you issued a statement from your office about the litigation that has been launched against the Scottish Parliament by Sir Robert McAlpine Ltd. There are conflicting reports about the nature of the litigation in this morning's newspapers. Could you kindly clarify for Parliament whether the Scottish Parliamentary Corporate Body is being sewel—sued—

**The Deputy Minister for Finance and Public Service Reform (Tavish Scott):** Seweled?

**David McLetchie:** No. We are not Seweling it.

Could you clarify whether the SPCB is being sued on its own in this litigation or whether the Scottish Executive is a co-defender? Secondly, do you and/or the Scottish Executive, to your knowledge, have intimation of any further claims that may be made against the Parliament or the Executive by others involved in the building process?

**The Presiding Officer (Mr George Reid):** I have seen the writ and my understanding is that it is against the corporate body solely. It is a matter that is hedged around with some legal difficulty. If I have something further to say, I may be able to do that before questions.

## Budget Process 2005-06

**The Presiding Officer (Mr George Reid):** The first item of business is a debate on motion S2M-2179, in the name of Des McNulty, on the 8<sup>th</sup> report in 2004 of the Finance Committee, "Report on Stage 2 of the 2005-06 Budget Process".

09:31

**Des McNulty (Clydebank and Milngavie) (Lab):** This is my third speech in the graveyard slot in end-of-year budget debates, but it is the first when I do not have to worry about what Rab McNeil will have to say about me in *The Scotsman* the next day. Unlike Rab McNeil, I probably cannot promise to be entertaining, but I will try to be thorough. I hope that I will be able to do so without taking up too much time, although I understand that time is not a problem in this debate.

I will begin by dealing with some of the more technical or process issues and then I will deal with some of the more substantive issues that the Finance Committee's report raises.

In its response to the Finance Committee's stage 1 report, the Executive accepted the overwhelming majority of the committee's recommendations. Ministers and their officials continue to work closely with the committee in making important modifications to the format of the budget documents, which has greatly increased the transparency of financial management in Scotland. Members may be interested to know that we intend to hold a specialist seminar towards the end of March to highlight what has been achieved and to consider further how we can improve our examination of performance target setting and the measurement of performance.

The chief complaints from subject committees were about the shortness of the timescale for scrutiny and the number of targets in each portfolio. However, I emphasise that the subject committees have also reported continuous improvement in the presentation of budget information and documentation. Partly as a result of those issues being raised, we have agreed further reforms of the budget process that are designed to strengthen further parliamentary consideration of the Executive's budget strategy. I will spell out those reforms shortly.

The Executive is due this year to review formally the agreement on the budget process. The Finance Committee recommends that, as part of that review, the Executive consider how the timetable for the budget could be revised to provide the required flexibility. In particular, we need to ensure that adequate time is available for committee scrutiny following spending reviews, especially when there is—as there was this year—slippage in the process.

The Finance Committee recommended in its stage 1 report that there should in the future be a more streamlined budget process. The Executive has now agreed with us that there should be a clearly differentiated two-year cycle, with the annual evaluation report and longer-term strategy covered only in spending review years; that is, every second year. Therefore, there will be no AER next year.

The presentation of information on a number of issues, such as cross-cutting themes, block grants to health and local government, and efficiency and value for money, remains a concern for the committee. We also have concerns about the way in which the Executive presents portfolio budget priorities in the draft budget document. The committee believes that further improvement in the presentation of the information is required and we will continue our dialogue with the Executive to progress that.

The committee was pleased to note that, in line with its stage 1 recommendations, nearly all 64 process-based targets have been dropped. There has been a significant reduction in the number of performance targets and a qualitative shift from process to output-based measures following the spending review 2004.

In response to recommendations in other recent committee reports, the Executive has provided for significant increases in spending for justice, higher and further education, housing and in capital, as distinct from revenue, spend.

**Brian Adam (Aberdeen North) (SNP):** I acknowledge that changes have been made and that many of them are for the better. However, does Mr McNulty agree that more transparency is required not only in respect of the individual silos to which the moneys go, but in respect of cross-cutting issues, particularly matters such as outcomes from moneys that are made available for tackling drugs and, most significant, from the large sums of money that are added into a variety of formulas to deal with deprivation? Does Mr McNulty agree that we ought to have cross-cutting reviews on those matters and that we should also have outcome measures?

**Des McNulty:** I think that Mr Adam was a member of the committee when we started down the route of undertaking cross-cutting reviews. The two cross-cutting reviews that we undertook in the previous session of Parliament were very useful; this session's committee has continued the process and we are currently conducting a cross-cutting review into economic growth, which is designed to ensure that we overcome the silo mentality that exists within the Executive and find better ways to ensure that money is being spent sensibly across the board. I will address those issues in more detail in a couple of minutes.

We welcome the Executive's responses to our recommendation that priority be given to programmes that support economic growth. We considered, in the course of our deliberations, whether it was appropriate to ask the Executive to set a numerical target for economic growth. Our conclusion was that it would not be sensible to set a numerical target because worldwide economic performance and the global economic cycle are key determinants of economic outcomes and lie outwith the Executive's control. However, as the Executive has chosen growing the economy as its top priority, we believe that it should clearly link objectives and targets in its spending programmes to economic growth. To do otherwise would be inconsistent with the Executive's approach to financial management, which seeks to link allocations to outcomes.

The committee's view was, having heard from ministers and officials, that Scotland should use a range of indicators to benchmark its economic performance against an appropriate set of comparator regions and nations. A target fashioned in that way might take the form of improvement relative to other countries or economic regions over a designated period. However, as important as setting appropriate targets is identification by the Executive, as explicitly as possible, of the outcomes that it seeks from relevant public expenditure, especially capital investment, in terms of economic growth. If a project is unlikely to deliver against the criteria that are set, it should be reviewed.

The central question is whether spending in areas of expenditure that could contribute to economic growth is properly targeted and delivers the expected uplift. As the minister will be aware, the committee has undertaken a separate inquiry on that. We would certainly welcome a continuing dialogue with the Executive on the development of an appropriate target, and on the other issues that are raised, when our report has been published.

Reports from the subject committees contain a number of comments and recommendations about inflation assumptions. Current Executive practice is to assume that the current budgetary provision will suffice both to meet pay and price movements and to permit service development. As the departmental expenditure limit is a cash control, there is no automatic readjustment for inflation from Whitehall if inflation exceeds current expectations. The committee understands that the current practice is to use the Government's inflation target, which is currently 2.5 per cent, as a broad ballpark figure for departments, in the expectation that variance from that will be managed within the appropriate DEL.

The Enterprise and Culture Committee suggests "that, in future, inflationary assumptions should be clearly identified".

The Local Government and Transport Committee argues that inflation for local government should be subject to a review if it

“is significantly higher than previously assumed”.

The Finance Committee recognises that cost inflation can vary between portfolios and that there are difficulties in the use of the Treasury’s gross domestic product deflator to measure spending plans in real terms. However, we also accept the Executive’s argument that it would be difficult to include inflationary pressures in the budget because to do so could, among other things, influence wage negotiations because the figures given could end up being the starting point.

If inflation did become significantly higher than the Government’s target, budgetary plans might be adjusted, but given the small contingency that is available it would be surprising if supplementary allocations were made rather than programme outputs revised. However, where inflationary pressures reflect Executive decisions—such as the new consultants’ contracts in hospitals—it is important that the assumptions that underpin the cost estimates of such changes are properly taken into account in preparing budgets, and are made public for independent scrutiny. The Health Committee reported that

“the information available to it ... remains inadequate for it to reach conclusions about the sufficiency of health resources set against the obligations on local health boards arising from national policy decisions.”

That conclusion chimes with Finance Committee concerns that financial memorandums for bills do not always provide a full picture of the costs of new policy within legislative proposals. It should be axiomatic that every major policy decision is properly costed and budgetary provision identified. It would be impractical to incorporate detailed financial analysis of policies within the draft budget, but we are keen to discuss how and where those issues should be addressed, especially where policy change involves substantial expenditure but does not necessarily involve legislation. Although we might all applaud the policy intent of, for example, yesterday’s announcement on concessionary travel, it is important that major policy initiatives such as that be subject to full financial scrutiny.

**Alex Neil (Central Scotland) (SNP):** This is intended to be a constructive and helpful intervention, as always, but in the light of what Des McNulty has just said about the need properly to cost the implementation of legislation, is not there a case—there are other reasons why this should be done—for establishing for Parliament an equivalent to the USA’s Congressional Budget Office, so that we can get assessments and estimates of cost independent of the Executive? Will the Finance Committee consider that possibility?

**Des McNulty:** There is an interesting set of issues in that question. Parliament has been fortunate in having the assistance of Professor Arthur Midwinter over the past three years. His expertise has assisted the Finance Committee greatly in identifying the reality that underlies the budget statements and in interpreting movements and shifts. If we did not have that independent assistance, we would have to consider how it could alternatively be provided. Alex Neil’s suggestion could be considered in that context.

I want to talk briefly about equality proofing, because it seems to the Finance Committee that the Executive has perhaps fallen behind in that regard. Last year, the committee praised the treatment of equality in the draft budget 2004-05, stating in its stage 2 report:

“The Committee also welcomes the introduction of a distinctive section on Equality which identifies spending across departments and marks important progress on the equality proofing agenda”.

The committee further recommended that

“the Closing the Opportunity Gap and Sustainable Development sections of the portfolio chapters in the Draft Budget should adopt the model used in the Equality section, and identify relevant activities and costs.”

We regret therefore that this year’s approach represents the other cross-cutting sections’ information from previous years rather than the equality model that was introduced last year. Furthermore, the information that has been provided is mainly about uncoded activities, which is of relatively limited use in a budget document. We note the concerns that were expressed by the Equal Opportunities Committee about the inclusion of equality within the closing the opportunity gap theme, which that committee believes has led to a diminution in the treatment of the equality dimension in the document, despite the fact that about 10 per cent of the targets in the document relate to equality groups and issues.

In the spending review process, growing the economy, closing the opportunity gap and sustainable development were used as wider criteria, along with portfolio objectives, for evaluating spending proposals.

**David McLetchie (Edinburgh Pentlands) (Con):** So far, in Des McNulty’s enlightening remarks, we have heard “cross cutting”, “top priority”, “growing the economy”, “equality proofing” and “sustainable development”. Can we look forward, before Des McNulty concludes, to some of the other great favourites, such as “benchmark”, “blue-sky thinking” and—of course—“raising our game”?

**Des McNulty:** Mr McLetchie may wish to raise his game. I would not deny him that opportunity.

I move on to local government. The health, transport, education and young people budgets, and the tourism, culture and sport portfolios all received relatively big increases this year and will do in subsequent years. In contrast, however, local government has received a relatively low increase of 3.7 per cent compared with a 6.7 per cent average increase. I am sure that I am not alone in my concern that local government's share of the Scottish budget has fallen consistently since devolution, although its grant has increased in real terms. Local government is now responsible for about 30 per cent of the budget. The three-year local government settlement presents considerable challenges to Scotland's local authorities, especially towards the end of the spending review period. Local authorities are major providers of public services and there are a number of pressures on councils, not least the new burdens that are being imposed by Parliament through legislative changes.

The other side of the council funding equation is council tax. Council tax increases in Scotland have averaged 4.8 per cent per annum since 1999 and, although that compares favourably with the 9.2 per cent average increase in England and 9.6 per cent in Wales, we anticipate that the local government settlement will increase council tax bills by above inflation rates this year. It will be a major challenge for local government to hold council tax increases to the Executive's target of 2.5 per cent in each of the two subsequent years.

I recently spoke in Parliament about the problems that are faced by West Dunbartonshire Council, which is to get the lowest rises in aggregate external finance in 2006-07 and 2007-08, without the cushioning effect of the cities fund, which has assisted Glasgow and Dundee. That is despite West Dunbartonshire's having the second highest level of deprivation after Glasgow. It is nearly 10 years since the Conservatives introduced the current funding system for local government, which has in my view survived largely because the Convention of Scottish Local Authorities opposes any change in the funding formula that would benefit the have-nots.

The Executive has not, since 1999, forced through a fairer distribution of funding to local authorities, but I believe that that would do more than anything else to close the opportunity gap that blights Scotland. I believe that a fairer distribution formula, which would ensure that local authority areas where there are high levels of deprivation—including West Dunbartonshire, Dundee, Glasgow, Inverclyde and two or three other areas that run the risk of falling further behind if nothing is done—cannot be delayed. I hope that ministers will, when they consider the settlement, take that on board and consider future funding arrangements for local government.

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** I thank the convener of the Finance Committee for giving way. I would be interested to hear his views on redistribution of non-domestic rates income from cities such as Glasgow and Edinburgh to other parts of Scotland. How does that fit in with his view about redistribution of tax receipts?

**Des McNulty:** There is a system that links together the redistribution of non-domestic rates and domestic rates. I have made it clear that that system is not particularly fair, but it is a complicated issue. Mr Monteith will realise that it is not simply a question of changing the system to benefit one type of authority, relative to others. Cities would benefit from more straightforward redistribution on the basis of where the revenue comes from, but areas such as Aberdeenshire might lose. I recognise that that would be an unfair change to make on its own. There is need for a re-examination of the system of how we pay for the services that need to be delivered, in particular by local authorities that have high levels of deprivation.

I turn to efficient government, which I am sure is a section of the report that other members of the Finance Committee will have something to say about. In its stage 1 report, the committee concluded that it is

"imperative to seek continuous improvement in the efficiency of public expenditure".

We therefore welcomed in principle the Executive's announcement in June that it would introduce an efficient government initiative, a key aspect of which is the adoption of more innovative and effective delivery mechanisms, with the aim of freeing up resources to be diverted to enhancement of front-line services. Unfortunately since then the debate has centred on comparisons being drawn between efficiency targets for Whitehall, and those that have been set here in Scotland. In Whitehall, the target was set at 2.5 per cent per annum, or £21.5 billion over the spending review period, of which at least 60 per cent would be cash-releasing, while other savings would result in gains in "productive time".

After a long period, the Finance Committee has established that the savings identified here in Scotland amount to £745 million, and that there exists the prospect of that amount being increased to about £900 million. I will not go into a narrative about how we sought to establish the level of savings, or the problems that we had in reconciling different statements comparing Whitehall and the Scottish Executive. All of that is set out in our report. Suffice it to say that the Scottish Executive went about the process in an entirely different way from Whitehall—as, of course, it is entitled to do.



The Scottish Executive's way of going about the process has significant advantages. Instead of setting a high bar and considering what savings could be made to meet the target, the Executive has considered where savings can be made and begun to build them up. From my experience of local government, that is the more sensible way.

The committee has a considerable amount of information about the savings that the Executive intends to achieve and, in the new year, we intend to examine more closely the proposals for delivery. In that context, the committee recommends that the arrangements for planning, managing and reporting on efficiency targets and performance be considered jointly as part of the review of the agreement on the budgeting process between the Scottish Parliament and the Scottish ministers, which will take place next year.

**Alex Neil:** Does the Finance Committee agree with Professor Midwinter that the Executive's figures on the savings were mince and that they were fiddled?

**Des McNulty:** Professor Midwinter did not use either of those words—what he said is well recorded in our report. He has been meticulous in trying to identify the actual savings as clearly as possible.

I put on record my appreciation of the serious and positive response of ministers and their officials to the various issues that the committee raised during the budget period. I am also grateful for the work of our clerking team of Susan Duffy, Terry Shevlin, Emma Berry and Christine Lambourne and for the support that has been provided by the Scottish Parliament information centre—particularly by Ross Burnside and Jim Dewar—and, of course, by the committee's budget adviser, Professor Arthur Midwinter. All those people have ably assisted the committee in its work. Committee members are greatly indebted to them. I also thank the committee's members, who have worked hard during the year and done a good job.

I move,

That the Parliament notes the 8<sup>th</sup> Report 2004 (Session 2) of the Finance Committee on Stage 2 of the 2005-06 Budget Process (SP Paper 257) and refers the report and its recommendations to the Scottish Executive for consideration.

09:52

**Jim Mather (Highlands and Islands) (SNP):** I, too, thank my colleagues, our adviser, Arthur Midwinter, and the great team of people—including the clerks and representatives of SPICe—who maintain and support the Finance Committee. This year's stage 2 report is further evidence that the committee and those who advise

it will not shrink from challenging that which needs to be challenged. I am proud that the committee has called for a top-level target or forecast on economic growth and that it has exposed the weaknesses in the Executive's claimed efficiency savings, especially its tendency to inflate and multiply claimed savings.

The committee's report is significant; it exposes the Executive's weaknesses in managing economic strategy and in day-to-day operational efficiency. It is also pleasing evidence that SNP arguments continue to bear fruit. We have already forced the Executive to make economic growth its top priority and to acknowledge the dangers that Scotland faces from population and demographic change. Now, as a result of the Finance Committee's report, civic and corporate Scotland will expect a target for economic growth and a material improvement in Government productivity and financial efficiency.

**The Deputy Minister for Finance and Public Service Reform (Tavish Scott):** What is the member talking about?

**Jim Mather:** There is more to come—just keep listening.

There is much scope for improving efficiency, openness and accountability, which are not automatic by-products of the Executive's financial management or publications. Members were recently given a copy of the novel "Joseph Knight" to mark the appointment of the Scottish Parliament's writer in residence. The novel was more illuminating than most Executive publications are, for it contained the following quotation from the Nigerian novelist Ben Okri, who wrote in his novel "Birds of Heaven":

"Nations and peoples are largely the stories they feed themselves. If they tell themselves stories that are lies, they will suffer the future consequence of those lies. If they tell themselves stories that face their own truths, they will free their histories for future flowerings."

I am not about to accuse ministers of telling lies, but I will show that Executive spin is producing a story about Scotland that could damage us all and postpone our "future flowerings" dangerously and unnecessarily. I refer to the many basic concerns that we still have about the budget process and about Scotland's economic and financial management. We are still totally unconvinced by the Executive's implicit claim that having virtually no economic powers is a basis on which to improve Scottish living standards to levels that are enjoyed elsewhere. The people do not believe that, the business community does not believe it, most MSPs do not believe it and no neutral observer of Scotland believes it.

The continuing lack of powers is the key reason why ministers seem to lack urgency, passion or a

compelling and contagious obsession with Scottish national self-interest and competitiveness. They stand alone in the developed world in clinging to the belief that our budget's expenditure-only approach can work. That might be a touching example of false-hope syndrome, but it could be disastrous for Scotland. The approach has not worked for 40 years or more and it will never work as long as we are competing against countries that have more fulsome economies, where money is spent to save money elsewhere, to build and protect assets, to increase skills and maximise life expectancy and hence to produce sustainable prosperity that is rooted in the country, thus providing better value. Crucially, those countries always aim to maximise their revenue. We are the only country in the world whose Government's strategy is to find a blend of spending to produce better outcomes; everywhere else, the strategy is to continue to create the conditions that produce incrementally better outcomes.

Sadly, our Government compounds the error by highlighting its weakness and failure through continuing to produce the discredited annual "Government Expenditure and Revenue in Scotland"—GERS—report. That grotesque and shameful exercise in negativity and deficit manufacture is wrong, dangerous and damaging for Scotland. The report's effect is equivalent to that of corporate profits warnings, which always result in a company's loss of credibility, value, investors and key staff.

**Des McNulty:** Does the member accept that the only reality that the GERS report describes is the one that is most uncomfortable for the SNP? Some of the member's arguments have been entirely discredited, not just by the GERS report, but by much of the evidence that the committee has heard in the past year. People simply do not believe him.

**Jim Mather:** Of course the GERS report is uncomfortable for the SNP; it is uncomfortable for all of Scotland because it is a wooden stake in Scotland's heart that prevents us from making progress.

The GERS report is unnecessary and deliberately ignores the true situation, which is that deficit is more common at UK level. The reported deficit does not stand up to audit. The GERS report would have us believe that the deficit has grown to £9.3 billion, which is 29 per cent of Government income in this country. Dr Goudie has said that the GERS report tells us nothing about independence. An independent Scotland would quickly and readily wipe out the deficit. A quick calculation shows that our oil revenue would wipe away 47 per cent of the deficit; that a proper small-country growth rate would wipe away at least 17 per cent; that our full share of UK revenue would

wipe away 8 per cent; that proper and full Gershon savings would wipe away 11 per cent; that social security savings would wipe away another 7 per cent; and that a proper share of civil service jobs and defence spending would wipe away even more. The deficit would be cleared easily. Glib acceptance and augmentation of the deficit is a dangerous hostage to future fortune.

**Ms Wendy Alexander (Paisley North) (Lab):** In the spirit of the times I, too, have a helpful question. The SNP is in favour, should it win power, of holding a referendum about Scotland's future status within its first year. I presume that it would like to have data. Given that the GERS report considers the balance between Scotland and England, will the member clarify whether the SNP is opposed in principle to the publication of such a document, or whether it simply does not like the results in that particular document?

**Jim Mather:** Wendy Alexander makes a good point. The GERS report is a useful basis in that it allows us to make progress and to do something about the deficit. It would be more useful if the Government included in the document a statement about the potential to minimise the deficit. However, that is not done; instead, the deficit is inflated. Would a private company do that and watch its share value and competitiveness plummet while good people left the ship? The perpetuation of the GERS exercise could be exceedingly damaging for Scotland. It is a shabby attempt to persuade the people of Scotland that we are a dependent nation that is incapable of Ben Okri's "future flowerings". The danger is that it could have unexpected results in this land of unintended consequences.

**Mr David Davidson (North East Scotland) (Con):** Will the member take an intervention?

**Jim Mather:** Let me finish the point.

The GERS report could repel and export more people and investment, and further reduce growth. It could strengthen claims from other parts of the United Kingdom that the consolidated fund should be cut. It could have this great country sleepwalk into genuine dependence. Happily, however, it will also sweep the current Executive from power, especially given that the true position is that we are doing well and could be doing much better.

Of course, we are still clamouring for a strategic target on economic growth. I have been on that case since I was elected and I am delighted to see that the Finance Committee now supports that call as well. The advisers and the committee members have done the right thing and added weight to the growing number of people of principle who see the need to put Scotland first. Setting this economic growth target would be a positive step toward releasing a unifying sense of purpose in Scotland.

If we do not do that, we leave the door open for competitors to allege that we are not serious about growth, which will result in a further diversion of investment and people away from Scotland. Outcome targets of this nature are good and necessary and I reject the suggestion that, because an outcome target could be influenced by external factors, no target should be set. It would be easy—and detrimental—to take that option.

**Mr Davidson:** Will the member take an intervention?

**Des McNulty:** Will the member give way?

**Jim Mather:** I want to finish this point and make some progress.

**The Presiding Officer:** You do not have a great deal of time left.

**Jim Mather:** Still—I want to keep the momentum of my speech going.

While successful businesses will always take account of seismic external shifts to explain missed targets or over-performance, they will still always set targets in order to concentrate minds, to trigger co-operation and to properly focus resources. Government should be no different. Some commentators have asked whether we should have a Government target or a Government forecast for economic growth. For me, however, those words are synonymous. Not setting a target is just as significant and painful as not making a forecast and exceeding a forecast is just as pleasing as exceeding a target. Without them—and especially without top-level targets for growth—we are rudderless. As Peter Drucker said:

“If you can’t measure it, you can’t manage it.”

**Mr Davidson:** In the blissful world that the member describes—when Scotland becomes independent and Mr Mather, as chancellor, asks himself who creates wealth and gives himself the answer, “Business”—what measures will he put in place in year 1 that would give business a reason to stay in Scotland and create wealth here?

**Jim Mather:** We would have to look at the books. However, declarations of intent and a move towards making this country more competitive than the rest of the UK would be paramount. That has been the Irish model. Ireland did not have to take all the pain up front; it made declarations of intent and incrementally proved itself as it clawed its way up the competitiveness league table. Scotland is under the scrutiny of the International Institute for Management Development and has a rating on the competitiveness league table. That is the parameter that we would work to; we want to push Scotland up that league table. At the moment, we languish at 29<sup>th</sup> out of 60—and 21<sup>st</sup> out of 30 small countries. That is no way to proceed.

In the recently announced efficiency savings, there is a clear lack of any indication that the costs of redundancy and technology have been offset in the calculation of those so-called savings. There have been too many unconvincing answers to tough-but-fair commonsense questions from the committee and from media commentators. Furthermore, there has been the embarrassing farce of treble accounting, the inclusion of the Scottish Water savings and the manifest failure to out-Gershon anyone.

Meanwhile, we have been fed flawed statistics that have made it harder for the people of Scotland to face the truth about their country, which can only further delay the future flowering of Scotland and really has to stop. The committee’s report should be seen as being a step in that direction.

**The Presiding Officer:** I call Brian Monteith. You have about 10 minutes.

10:03

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** For once, the speaking time in this chamber is as bloated as the Executive’s budget. Given my view on the budget, I will probably be briefer than 10 minutes, unless I take some interventions, of course.

I rise with pleasure to speak in this debate on the Executive’s budget. For some five minutes, however, I thought that I was here to debate the GERS document. Of course, that comes as no surprise because the Scottish National Party does not particularly wish to challenge the Executive’s budget. The SNP supports the Executive’s budget—if it has a criticism, it would probably be that the budget does not go far enough and that more spending commitments could be made.

I will give an entirely different view, which is what one would expect the Opposition party to do. I will consider the Finance Committee’s report, but I will also offer some opinions on where the Executive is going wrong in its budget.

**Alex Neil:** In the light of an intervention that Mr Monteith made yesterday, and in the interests of clarifying Tory policy on spending commitments, will the member say whether he is in favour of the introduction of identity cards or, like Mrs Thatcher, against it?

**Mr Monteith:** I have absolutely no difficulty in answering that question, because my views are on record. If I have such a record, I should hold to it. My personal position is that I am against identity cards and I do not dissemble in any way in that regard. However, that is not a decision that we have to take in the Scottish Parliament. If it were, we might be having a fruitful debate today.

Like my colleagues, I would like to comment on the Finance Committee's findings. I would also like to comment on the context in which the committee's work must be placed.

Not for the first time, the Finance Committee has done the Parliament a service by finding a degree of consensus among its members that is surprisingly critical of the Scottish Executive's budget or budget process. That is surprising because, after all, the committee has a majority of members from the Executive parties and, within that cohort, there are four former ministers, two of whom could still be expected, with good cause, to harbour ambitions to hold office again. Yet that consensus around a critical analysis of the Executive's position has been achieved, which is a credit to the committee. *[Laughter.]* Members were extremely slow in working out what I meant when I said that only two of the former ministers were worthy of promotion.

The Finance Committee has drawn to Parliament's attention some concerns about the process, the target setting, the timing, the unavailability of material and the obfuscation of the Executive. Of course, those issues are not new and the committee has made points about them regularly. Although, occasionally, progress is made in relation to those points, we want more progress to be made.

The Finance Committee, helped by the submission from the Local Government and Transport Committee, has voiced concern about council tax increases and the pressures that local authorities face. Naturally, the committee is concerned about the fact that those council tax increases are above inflation.

The committee was unable to take into account in its report the recent announcement on efficiency savings, but we can see already, from the discussions that the committee has had on that matter, that the committee will be a source of critical analysis in that regard. Across the parties, we all want those efficiency savings to be achieved in the name of good government and value for money for everyone who pays taxes. However, can the Executive's efficiency targets be achieved? Are the targets real? Can more be done? Those are questions that I look forward to the Finance Committee asking.

There is much to commend in the report. For that reason, I welcome it and acknowledge the work that the committee's members did to produce it, and I share the convener's expression of support for the committee's advisers. However, we must consider not only what the report says, but the context in which it must be placed.

There are at least two elements to that context. The first is the effect that the Executive's budget

has on the Scottish economy and the second is the effect that the Chancellor of the Exchequer's spending plans, which fund the budget, have on the British economy, which is, obviously, linked to the overall Scottish economic performance. Those are two areas in relation to which the members of the Finance Committee would find it far harder to reach consensus, but they are no less important to the debate than those on which they can reach consensus, because they relate to the sustainability—I am sure that David McLetchie would be disappointed to hear me use that word—of economic growth, which will have direct consequences for future budgets and, therefore, the provision of the public services that members of all parties hold dear. Surely we all agree that, if the wheels come off the Executive's wagon or if the chancellor's juggernaut veers off course, it will be the poorest people—those who are most dependent on public services—who will suffer the most.

It is not only my opinion, but that of many reputable economists that the proportion of public sector spending by the Executive in the Scottish economy is a contributory factor to the relatively poor performance of Scotland when measured against various UK averages or particular regions of England. The creation of new businesses, the profitability of businesses, job creation and corporate tax revenues all suffer from the suffocating effect of that large proportion of Executive spending, which is now about 54 per cent of its spending in Scotland, on the sustaining of an enterprising culture, which there is a degree of consensus in the Parliament to support.

Furthermore, the heavy taxes that are required to sustain such spending can and do suppress productivity gains, entrepreneurship and risk taking, which are vital if individuals are to drive the private economy towards the prosperity that feeds the public services that we support.

**Alasdair Morgan (South of Scotland) (SNP):** I am trying to follow the member's logic. Of course, the problem that we have is that total Government expenditure in Scotland is determined not by the Government in Scotland but by the Government at Westminster. How does Mr Monteith propose to reduce the percentage of the total spend to which he refers? The only way that is open to him without making Scotland independent is to use the up-to-thruppence reduction in income tax that this Parliament can decide to make. Is that what he proposes?

**Mr Monteith:** I am not proposing anything today, and I do not mind that being drawn out of me. I am merely observing what is in the Finance Committee report and the budget documents and the effects that they might have. I will make some comments on the point that the member raises,

but I point out that the Parliament, in addition to having the power to vary income tax, has the power to vary business rates. It also has other tools regarding charges such as the graduate tax.

Given the overall context, I do not believe that ministers have any right to feel as pleased with themselves as they do today and have done in the past. They might enjoy making the spending announcements that they dole out regularly to their constituents or to larger constituency groups, but they continue to sow the seeds of the nation's economic ruin. The Executive believes in intervening in all sorts of personal addictions, such as addictions to tobacco, alcohol and foods, but it does not recognise that it is hooked on the easy headlines of spending other people's money. Its economic flatulence will have to be cleaned up by other politicians in years to come. That is the sorry prospect for our sons and daughters and the generations to come, and we must wake up to the prospect now if it is to be avoided.

The situation occurs because ministers do not feel the pain of the Scottish taxpayer—Alasdair Morgan will like this bit—or enjoy the bounty from a buoyant economy. Our Scottish Government is intravenously fed its daily fix of taxpayers' pounds by a Chancellor of the Exchequer who sits in a different Parliament and is accountable to no one here, and certainly not to our Finance Committee. In the short term the situation causes delirium, but in the long term it will deliver economic destitution and the certain downfall of this devolved institution. A more direct relationship between the money that we spend and the money that we raise must evolve—that is the key word—if we are to comprehend the economic effects of the decisions that we take.

That leads me to discuss the British budget situation and the predictable but disappointing news that the chancellor's juggernaut is veering off course. Earlier this week, we learned of the worst monthly borrowing figure since records began. In November, the figure was £9.4 billion, which is £2.5 billion more than the figure for the same month in the previous year and greater than the pessimistic prediction of city analysts. Chief United Kingdom economists describe the UK's finances as "simply dreadful" and "horrible" and the list of bodies that expect the chancellor to increase taxes even further includes the leading banks' economists, the Organisation for Economic Co-operation and Development and the Institute of Fiscal Studies. Soon, no doubt, that list will include the International Monetary Fund, which is poring over the Treasury's books to see whether the figures stack up; that is relevant because that institution funds the announcements that the Minister for Finance and Public Service Reform makes.

When taxes go up and public services fail, the poorest in our society pay the most. Taxes will have to go up or services will have to be cut, and the Executive will have to defend that situation. I commend the work of the Finance Committee but I cannot commend the work of the Executive, which produced the budget, because it has sown the seeds of problems that we will have to face later in the day. Those who cannot recognise and face up to those problems will subject the poorest people in our society to problems that none of us wants them to face.

10:15

**Ms Wendy Alexander (Paisley North) (Lab):**

The members who are here this morning are the hardy few. They are a bit like the shepherds in the Christmas story: the poor souls who are still at work when everyone else has gone to rest or to play.

I will dwell on the Christmas theme this morning, because the Christmas season is typically associated with generosity, gift-giving and largesse. Given the generosity of recent budget settlements, Christmas is perhaps a fitting time for the Parliament's budget debate. The budget is certainly in keeping with the Christmas spirit, with every department getting more. However, perhaps as we look ahead to a tightening fiscal climate—this comment might find favour with Mr Monteith—we should move the annual budget debate to January to engender a climate that is more conducive to belt-tightening, tough choices and restraint. In the days before Christmas, our task, like that of the shepherds of old, is to be watchful, but not for stray wolves or stars: we must be watchful about whether the budget represents the best possible shepherding of Scottish services.

I start, as I must, with the Opposition and the alternatives that are before us. The poor Conservatives are, of course, destined always to be the Scrooges in the Christmas story. They object to budgetary gift-giving in principle, and we were not disappointed this morning. They are about to fight an election on cutting taxes and cutting spending.

**Phil Gallie (South of Scotland) (Con):** As politicians, we can all be generous, but we are generous with other people's money. That is what we are talking about.

**Ms Alexander:** Give me a moment and I will come to that.

For the Conservatives, gift-giving is guaranteed to end in all areas that are not health and education—transport, crime reduction, the environment and many other worthy causes are under threat. Indeed, if the Conservatives were to win the general election, Santa's loaded sleigh of

this year would be downsized to a small stocking by next year.

To dwell on Mr Gallie's theme, I can say without fear of contradiction that at no point during the almost 300 days since the spring budget heralded both largesse in budget gift-giving and belt-tightening efficiencies, have I seen or read a single solitary SNP press release acknowledging that there might be a case for efficiencies, far less offering a single suggestion about how they might be achieved. The silence has been as eerie as any silent night.

**Stewart Stevenson (Banff and Buchan)**

**(SNP):** I am grateful to the member for giving way, because I can give her a timely example. Yesterday, the Justice 1 Committee considered a statutory instrument that proposes to increase by 3.7 per cent the fees that are payable to sheriff officers. It also proposes that they should be recompensed for postage. No explanation was provided of that Executive-sponsored increase in the costs of one part of our community. Where does the 3.7 per cent figure come from? Can the member tell me? No explanation was proffered of why the more than a dozen headings should be uniformly increased, and that is a regular occurrence. When the Executive starts to manage the pennies, I will believe that it can manage the pounds, but it is not doing that.

**Ms Alexander:** In the spirit of the season, I think that we have just heard the first and only example of an SNP efficiency. It is Scotland's Government—the coalition—that is uniquely committed to both serious gift-giving and significant efficiencies.

Before Christmas comes advent, which is the season when the light emerges from the darkness. This year, we in the Finance Committee took advent rather seriously. With the expert help of Arthur Midwinter and the clerks, we tried to throw our own light on some peculiarly Scottish darkness. At this point, I can hear some colleagues—perhaps including the Minister for Finance and Public Service Reform—hoping that I will just leave things there. Of course, I am tempted to do so, but the whole point of advent is to prepare the way for the wise men.

This year, the wise men—and wise women—in the Scottish Executive have followed not a star in the east but our friends in the south. Not in some bleak midwinter but in the balmy days of summer, we pledged—to our colleagues in Government, to the people of Scotland and to ourselves—that we would commit to an efficiency programme that was “as ambitious” as the UK Government's and which would

“seek to secure comparable or greater gains in efficiency.”—[*Official Report, Written Answers*, 27 October 2004; S2W-10531.]

That simple spending review promise was no fluffed line in an interview; it was considered, consulted upon, ratified by the Cabinet, made to the country and repeated to the Parliament. It is a promise that we have still to keep.

This Christmas, nine months after it was clear from the basic arithmetic that Scotland would need to find almost £2 billion a year by the end of the process if it was to stay in step with the rest of the UK, we are still committed to only half the efficiency gains that have been promised elsewhere. Even our most ambitious aspirations, which I endorse completely, take us only three quarters of the way there.

In an answer to a parliamentary question that was hurriedly answered last night after hours, the Executive has stated that

“it would serve no useful purpose to draw a direct comparison”—[*Official Report, Written Answers*, 22 December 2004; S2W-12912]

with other places. If, as we have been told, comparisons “serve no useful purpose”, why did we in Scotland choose at our own hand to make promises in comparative terms that mentioned that we would match savings elsewhere and release as much for front-line services?

Does any of that matter? After all, it is Christmas. Do the people of Scotland want their politicians to be watchful about who said what and when? In one sense, they probably do not. Do they care that, when we tot up every ha'penny of promised savings, we are still £700 million light, which means that we are not yet committed to trying to save the equivalent of one and a half Scottish Parliament buildings over the next three years? I suspect that it is not that the people of Scotland do not care, but that they just do not know. That is why we need to be watchful on their behalf.

The issue is not simply about some lack of clarity in reporting or an arid accounting convention, but about our convictions and what we believe in. It is about our willingness to come to the chamber to defend those decisions as right in principle. We need to explain to Scotland why we have chosen to commit ourselves to only half, and to consider only three quarters, of the efficiency savings that are planned elsewhere. We need to explain why it is right in principle not to use the spending review and budget process as the way to move resources into the front line and why we are not making Scottish departments and Scottish ministers individually responsible for planned shifts to the front line.

I end by encouraging the Executive to be inspired by the light of Christmas to keep its summer promises. As long as we are committed to just around half of what is promised elsewhere,

there is a risk—and it is only a risk—that we will get only half the benefits of the reforms. The fear is that, whereas elsewhere there will be electronic patient records, appointment bookings and prescriptions, we will get only half the benefits that will come from such reforms. In schools up and down the country, the hard-pressed teachers who are trying today to finish up for the new year do not want just half the benefits of less reporting and form filling. They want all the benefits. On our streets, Scots want all the benefits of the full 1,000 extra police officers that could be released for front-line duties rather than just 500.

On Christmas night, the shepherds' watchfulness was repaid. I hope that the watchfulness of the Finance Committee and of the Parliament will be repaid by an Executive that not only tells out the good news—it is very good news—about its budget plans, but resolves to say what it means and mean what it says. In politics, saying what one means and meaning what one says is the equivalent of carrying the light of Christmas into the new year.

**The Deputy Presiding Officer (Murray Tosh):** We move to open debate. Speeches should be of six minutes.

10:25

**Stewart Stevenson (Banff and Buchan) (SNP):** I will play the grumpy old man to Wendy Alexander's spirit of Christmas. After all, when I were a lad, Christmas was a working day. My general practitioner father's sole concession to Christmas was that he held no evening surgery on Christmas day.

In answer to Wendy Alexander's accusation that the SNP has not cared about cutting costs, I have already given one example, but I will give two more, since she suggested that my first example was the only one. First, earlier this year, I opposed the blanket increase in planning fees that were to be implemented by local authorities because, if we manage the pennies, we will look after the pounds. Secondly, as far back as when Richard Simpson was a minister, I opposed the Scottish statutory instrument that increased the fees for licensing bingo halls and casinos. Now, that is something to be cheerful about. Therefore, I am no Johnny-come-lately to the cost-cutting agenda; I have been promoting that agenda since I came to the Parliament. However, where is Wendy Alexander's zero-sum budgeting today?

**Mr Monteith rose—**

**Stewart Stevenson:** Oh, come on. Earlier, Brian Monteith claimed:

"I am not proposing anything today".

Is he about to start doing so?

**Mr Monteith:** No, I am not about to start proposing anything. I simply want to ask Stewart Stevenson whether he can explain how a council not increasing its planning charges would be an efficiency gain. Would that not simply be a reduction in the revenue that the council receives?

**Stewart Stevenson:** I suggest that Brian Monteith read the *Official Report* of the relevant committee meeting to see the interesting response that I received from the minister. I argued that, given that we had passed a power of well-being to councils, we should not tell them what to charge for planning applications but allow them to set the charges for themselves. In that way, the efficient councils would deal with such applications more cheaply and efficiently, whereas the inefficient ones would lose by charging more. The response from the then Deputy Minister for Communities, Mary Mulligan, was that we cannot have councils competing with each other. The SNP stands for a competitive Scotland that can compete with its neighbours. That is what we will always stand for.

As one who spent his working life in business, I sometimes feel that I entered something of a time warp in coming to Parliament. The way in which we deal with our numbers here is at least—to be generous—a decade behind business practices when I retired five years ago. Accountability is one example. I remember going to the Bank of Scotland's board to get some £25 million for a project. At the end of the board's discussion—which did not last long, as people had been briefed—the chairman said, "Stewart, can you deliver?" I was required to say the one important word: "Yes." That meant that, notwithstanding the fact that I am a computery person who was introducing a computer project, I had to achieve the savings in the operational parts of the bank that would justify the expenditure on the computer system. The boundaries between departments were of no relevance to whether I was judged a success or failure.

One difficulty that I find in what we do in government is that while I can see the political accountability, I cannot see the operational accountability. Even ministers tell me privately that they have difficulties in getting civil servants to say, "I personally carry the responsibility for implementing your plan, minister, and I will be judged on my success or failure." We will move forward when there is accountability not just of ministers, but of civil servants.

There is something else missing from the way in which we examine our numbers: assets and liabilities. It is all very well having a statement that indicates the revenue picture year on year—indeed, for years into the future—but if we do not see the assets and liabilities we cannot make a judgment on whether we are sweating our public

assets. One or two of the accounts deal honestly with some of those issues. I am not often in the position of praising the Scottish Prison Service, but the service was at least honest in including a contingent liability in its accounts for the issue of slopping out and certain court cases to which I will not refer directly. However, we do not see much more of that.

Another issue is long-term planning. I have asked parliamentary questions about how many dentists we will need in 10 years' time, but the Executive does not know. If we do not know what the world in the public services will look like in 10 years, how the heck will we get there? It takes 10 years to persuade someone to go through all the necessary training and to come out as a dentist. That is only one example.

We can manage the pennies in committees and the Parliament. When we do so, we manage the pounds. I have made a start as an individual member; other colleagues have done the same. In the coming years, we will challenge at every opportunity when the Executive is not getting value for money for the public purse. We cannot rely on members from other parties to do that, as they have no suggestions. Only the SNP will stand up for the interests of Scotland and Scotland's people.

10:32

**Murdo Fraser (Mid Scotland and Fife) (Con):** I will address two specific issues before moving on to more general points. The first is council tax. Des McNulty was gracious enough to mention that local government's share of the budget has fallen since devolution. He would know, as he was involved in local government in a previous life. We know that council tax has increased substantially since 1997, perhaps by 50 per cent or a similar figure. It represents a major burden, especially on people with low incomes. For people such as pensioners, who have fixed incomes that do not increase annually, the increases in council tax are becoming severe. All members know that from their mailbags.

**Des McNulty:** As the member mentioned, I was involved in local government. I was there in 1996-97 and 1997-98, when the rate of council tax increase that the Conservative Government imposed was way above what we have seen since. The Tories, in particular, shifted the burden on to council tax. I applaud the Executive for allowing council tax to increase less than it increased under the Tories and less than it has increased south of the border in recent years.

**Murdo Fraser:** Of course, council tax continues to increase at a rate above inflation. Mr McNulty's point is that we started from a higher base.

However, that is no consolation to pensioners if council tax continues to increase at a rate above inflation and they cannot afford to pay the bills. If the Executive wants to play Father Christmas, it should do something about the level of council tax. It has identified substantial efficiency savings from the budget—£700 million in three years. Why does it not use some of that money to reduce council tax bills and to give our pensioners a Christmas present?

My second specific point relates to business rates, an issue that I have raised on many occasions in the chamber. We know that over the past three years the Executive has over-collected business rates. In 2002-03, it collected £140 million more from businesses than it expected when it set its budget. That figure would have been enough to restore the unified business rate between England and Scotland. Scottish businesses have suffered for far too long. Anyone in business would tell members that business rates are a severe burden.

A few weeks ago, the minister made a statement on the setting of the rate. He announced proudly that the rate would not represent an additional burden and that he would engage with the business community if the rate continued to be a problem. However, just last week, the rate poundage for England was set. The result is that the gap between Scotland and England has widened once more. It had narrowed to 7 per cent, but it has now widened to around 9 per cent. That makes a mockery of the Executive's claim that it is pro-business and that growing the economy is its top priority. If it wants to play Father Christmas to the business community, it should do something about the widening gap between north and south of the border.

This is the last full debate in the chamber in this calendar year, so it is appropriate that I reflect on broader issues. I will add to some of the points that my colleague Brian Monteith made. In her entertaining speech, Wendy Alexander referred to the spirit of this time of year—the Christmas spirit of giving. However, as we are all aware, this is also the pantomime season. I say that not to seek to cast Mr McCabe and Mr Scott in the role of the ugly sisters, or Ms Alexander in the role of principal boy, or Mr Monteith in the role of Buttons, or Mr Raffan—who is sadly absent this morning—in the role of the owner of the flying carpet, but because this debate is a pantomime. It is a mockery of a real budget debate in a real Parliament with real financial powers.

Apart from on the setting of the business rate and the extent to which the Executive has control over council tax, it makes no difference to the amount of money that is available to the Executive who the finance minister is. If the finance minister



were Mr Mather or Mr Monteith, that would make no difference to the size of the budget. Ministers go around Scotland celebrating the distribution of largesse to the populace. Earlier this week, £27 million was made available to remove tolls from the Skye bridge. Yesterday, a scheme of concessionary fares for buses was announced. All that money is being spent, but the Executive is not responsible for the size of its budget. It is deciding merely how to divvy up the cake.

There is no connection between the income and revenue base of the Parliament and the state of our economy. As Mr Monteith indicated, many people throughout Scotland have expressed concerns about the growing size of the public sector in Scotland, which now accounts for 54 per cent of the economy, and its brake effect on economic growth. However, there is no incentive for the Executive to do anything about that. Even complete economic collapse in Scotland would not stop the money rolling in—the Executive would still have the same budget to spend. That cannot be a healthy situation.

Before I excite members from other parties or, indeed, my own, I make it clear that I am not making a plea for fiscal autonomy or even fiscal devolution or fiscal federalism. However, I am making a plea for a Parliament that is more responsible for the money that it spends and more accountable for how it spends it. I have an entirely open mind about the mechanisms for achieving that, but it is clear that we have a problem and must deal seriously with it.

At this time of year, it is traditional to look back on what has gone before and to make resolutions for the future. I hope that we can all resolve to work for a more accountable, more responsible Parliament and for a new consensus to build a better Scotland. We will not do that with a pantomime Parliament with limited powers.

10:38

**Donald Gorrie (Central Scotland) (LD):** I hope that in due course members will hear from my colleague Jeremy Purvis, who is very active in the Finance Committee. Unfortunately, he was called away on a subject that is even more important than the Scottish economy—the Borders railway line.

**Mr Monteith:** Perhaps he is having a cigar.

**Donald Gorrie:** No.

I am not a financial pundit, so I will focus on one point—the issue of efficient government, about which the convener of the Finance Committee spoke, and best value in goods and services. I refer to an enlightened, intelligent view of best value, rather than the purely cash-based vision into which we are in danger of slipping.

I understand that there is pressure on councils, health boards, the police, the fire service and all sorts of similar organisations to join together in a national bulk-purchase organisation. There are occasions when bulk purchase is a good idea; if other things are equal and money can be saved, it is fine. However, we have to examine carefully whether other things are equal. Short-sighted decisions can be made to save a few pounds because some competitor has made a cheaper tender, but those decisions can be extremely destructive in other ways.

There is a serious risk that, in a few years, every organisation in Scotland will end up with one supplier. That would be a disastrous position to be in for all sorts of reasons. We have to study how to provide equal opportunities for small local enterprises. We are all supposed to believe in equal opportunities. I am not asking for cheating to be done on behalf of those small local enterprises; I am asking for a level playing field so that those companies can compete on equal terms with the big boys, because the cards are stacked in favour of the big boys. The purchasing officers understand the big boys and do not understand the small local companies, which might require a little more intelligence in the way in which they are dealt with.

We have to remove the obstacles that prevent community and social enterprises, small start-up businesses and small community businesses from competing for contracts. The rules often favour big businesses and discriminate against small businesses, so we have to get the rules right. We then have to educate the purchasing officers who interpret those rules so that they understand and take into account all the implications of their purchasing decisions.

We have to make the procedures more accessible to small businesses that might be frightened off from tendering. Those businesses need advice, mentoring and help to enable them to compete effectively and to get their due share of the market.

If a need for bonds or guarantees is hampering small businesses, guarantee societies and local community organisations could be formed, based on the model of chambers of commerce, to supply those bonds and guarantees collectively. If that was well done, the failure rate would be small and demands could be met.

The argument is sometimes advanced that European directives make it compulsory to stick to rules that sometimes favour big companies, but that is not the case for small contracts. If the bigger contracts are broken down into relatively small, local contracts, the European rules do not affect them. We can learn from the United States, where rules compel state Governments to specify

what percentage of their purchasing is from local producers and services. There are many ways in which we could make it possible for a co-operative of local parents, for example, to compete to provide school meals, as opposed to the lorries that thunder up and down Britain full of very bad food.

We could also develop community recycling of goods and services. I have visited several organisations in central Scotland that recondition electrical goods, furniture and so on and provide them to councils and other organisations. There is a huge opportunity in that area, for which the community is especially well suited.

If we had an intelligent purchasing programme based on giving a fair deal to local community organisations, we could do a lot to develop communities; we would help to create more employment, to reduce disorder that arises from unemployment and to give self-confidence and lasting prosperity to communities.

10:44

**Mark Ballard (Lothians) (Green):** I am grateful for the opportunity to reflect and comment on the Finance Committee's report on stage 2 of the budget process.

Des McNulty described this debate as the graveyard slot. As well as being finance spokesperson for the Green party, I am the party's representative on the Parliamentary Bureau. Although I agree that it is vital that we properly scrutinise the budget process in all its stages, I will be asking the bureau whether a session of this length is appropriate for this annual finance debate. Some of the speeches have been stretched and their timings indicate that there has not been the expected interest in the debate. The bureau should consider that matter.

**Phil Gallie:** I am usually a stranger to this debate, but I still believe that the way in which our finances are spent is exceptionally important for the future of Scotland. I regret that Scottish Socialist Party members are not in the chamber to join in. Does the member share that regret?

**Mark Ballard:** I regret that there are not more members from all parties in the chamber to take part in the debate.

I pay a qualified tribute to Des McNulty and all members of the Finance Committee, whose report covers a lot of ground and whose points are largely well made. Unfortunately, the report is notable for what it fails to address. Economic growth is prominent in the report, whereas sustainable development, on which all future economic activity depends, is very much a poor cousin.

However, I will not just criticise the report. During an earlier budget debate, I supported calls for the annual evaluation report to be scrapped in spending review years. I am delighted that the Finance Committee recommended such a move and that the Executive has accepted that recommendation. That will improve and streamline the scrutiny process.

Although I echo much of what the report says, there are areas where I must take a different approach. For example, as we have heard, the committee has discussed the idea that the Executive should set a numerical target for economic growth. My feelings on that are well known. I believe that the focus on economic growth risks blinding Scottish ministers to the potential negative impacts of growth. Setting targets is unlikely to help matters. We need growth that benefits our society, our economy and our environment in a truly sustainable way. The current fixation with GDP will never achieve that.

I hope that members will permit me, at Christmas, to offer a counter-recommendation. If the Finance Committee believes that some form of target is appropriate, let it be one that separates sustainable growth from unsustainable growth. Let us have a target for genuine domestic progress—that would give a GDP that we could all support.

As Des McNulty commented, at a recent meeting of the Finance Committee an eminent economist gave evidence on Scotland's economic development. In his opening remarks, he spoke of the need to consider outcomes not outputs. I agree entirely with that remark. We must look not at the arithmetic of economic growth, but at the ways in which that growth benefits or disbenefits the people of Scotland. I do not mean, as the Tories seem to imply, that we should consider how much cash people have in their pockets; I mean how much their lives and their prospects have been affected by Government spending.

The move away from comparative cost pricing to best value is significant. We need to move away from a purely financial analysis and consider the benefits and disbenefits of Government choices. We need more spending that benefits local economies and the kind of business that Donald Gorrie was talking about—social enterprises and enterprises that have a community-led and community-managed orientation.

I very much welcome the move towards best value in local government, but we need a wider vision for best value in national Government in Scotland. That is why I do not agree with the Finance Committee's recommendation that the Executive should prioritise programmes that encourage economic growth. I believe that Scotland's economy would be better served over the long term by programmes that encourage sustainable development.

I was disappointed that the Finance Committee's report said virtually nothing about where the money comes from. As other members have said, Scottish ministers do not have to justify their spending to Scottish taxpayers. The Scottish block grant is fixed by the Barnett formula and is not connected to the Executive's decisions. Until Scotland has greater fiscal autonomy, the current inefficient system will continue. I urge the Finance Committee to investigate, as a priority, ways of making the Scottish Executive more financially accountable to the Scottish people.

10:50

**Brian Adam (Aberdeen North) (SNP):** Like Des McNulty, I am concerned about the local government settlement, particularly as it affects the area that I represent. Aberdeen City Council is about to receive the lowest percentage share of the increase in the coming three-year cycle. Aberdeen's rate support grant is already the lowest per capita in Scotland. I concur with the widespread view among members that the current financial arrangements for local government are unsustainable in the long term. Even over the three-year period, the increase in rate support grant—the AEF—is barely in line with inflation; it is certainly a lot less than that when the new burdens on local authorities are taken into account.

It has finally been recognised throughout the north-east that the police service in the area has had a poor level of support in the past. However, the additional cost of the increase that will go to Grampian police, half of which will have to come from the council tax payers of the north-east, has not been reflected in the additional rate support grant allocation. Moreover, the settlement does not take account of a further series of additional burdens.

I plead with the ministers to take a broader approach to the budget and to reconsider how they assess the value of all the additional weightings that are given. They should look again at all their many formulas for providing finance—whether to the health service, the police or local government—and, indeed, for the special funds of which they are so fond. There seem to be no readily available outcome measurements for the public, let alone politicians or academics, to grab hold of to assess whether the additional weightings and funds are delivering the changes that they are supposed to deliver.

There is widespread recognition of the significant disparity in our society. The Government has, as usual, a nice catchphrase for how it will go about trying to address disparity; it calls it “closing the opportunity gap”. However, that gap still exists and, rather than narrowing, it is widening in many ways. In the past week, there

have been two reports on inequalities in health. Although deprivation funding has been added for many years to local health authorities' allocations in order to address that need, it appears to me—I am happy to be corrected by either of the ministers present, if they care to listen—that there is no obvious mechanism for measuring the outcomes. It is high time that we had such a mechanism.

We need to measure not only outcomes for deprivation funding, but value for money from the funds that go into addressing, in a cross-cutting way, drug use and a variety of other matters. We need to be able to dig down into the budget and ascertain whether the inputs deliver outcomes that significantly close the opportunity gap. I suggest that idea to the Finance Committee for its forward work programme. Many members are concerned about outcomes. There is a whole series of Government initiatives, ranging from social inclusion programmes, which are about to be wound up and replaced by alternatives, to the better neighbourhood services fund, the changing children's services fund and a string of others. I am delighted that we have such programmes, but I am concerned that we do not appear to have measurements of the outcomes.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** I have considerable sympathy with what Brian Adam has said, but I wonder whether what he suggests would be more appropriately done as part of the audit remit of the Audit Committee and the Auditor General. Audit Scotland could determine the quality of services and the disparity between them within the best-value audits that it is carrying out across Scotland.

**Brian Adam:** I am not suggesting that I have the absolute answer. We might have to try a series of pilots to assess whether we can make changes. Indeed, we can build on best practice, as happens from time to time. However, we need a mechanism for assessing outcomes. We cannot continue to have a situation in which one in three of our children are born into poverty and are never able to break out of that cycle.

The idea that everyone is looking for a handout is just not true. People are looking for a hand-up and we should measure whether the hand-ups are working. I am not convinced that they are working. If they were, we would not continually need to address deprivation in, for example, west central Scotland. Des McNulty referred to a range of authorities there that have to address deprivation. However, deprivation exists right across Scotland, although it is more concentrated in some parts of the country. I am not convinced that the current way of dealing with deprivation is bringing about change. I commend to the ministers and to the Finance Committee a work programme that would

investigate outcomes, so that we can measure whether the programmes that are in place are successful or otherwise.

10:57

**Phil Gallie (South of Scotland) (Con):** As I commented to Mark Ballard, I am disappointed that Scottish Socialist Party members, who have a habit of suggesting numerous ways of spending money, are not present to debate the Finance Committee's report and, indeed, to consider elements of the minister's budget.

I share the view of a number of colleagues, including Jim Mather, Wendy Alexander and Brian Monteith, that the budget that is set in Scotland is based entirely on rules and regulations that are set at Westminster and on the generosity, as Wendy Alexander put it, of the Chancellor of the Exchequer. Mark Ballard said that he had concerns about what the Finance Committee's report does not say. My concern is that the report does not look into the future and consider what could happen, irrespective of the outcome of a general election and who the Chancellor of the Exchequer is.

Speaking of generosity, I recollect that the Scottish block grant in 1997 stood at £14 billion; today, the expected figure is £28 billion. That is a 100 per cent increase in eight years. It would be strange indeed if the Government of Scotland, given such financial generosity, could not boast of many advantages that had come about from the setting up of the Parliament and the Executive.

However, what benefits have the public at large seen? Have we seen massive differences in the health service? Have we seen waiting lists slashed? No. We have seen the waiting lists extended in many ways. We have seen, perhaps, an extension in school buildings, but when I look at that extension in school buildings and at the plans ahead, I have great concerns. The chancellor and the Executive have hitched on to my party's plans for the private finance initiative—the hated PFI, which, pre-1997, was an issue that was just not to be considered by any of the other parties. However, we are now totally committed in Scotland to the PFI principle. Given that, we should not just be concerned about the budget that we are considering today; we must also look to the future. I am rather surprised that, as far as I can see, the Finance Committee has not addressed that important issue.

Some would say, "Well, he's a Tory and he would say these things." However, I believe that the chancellor's generosity has been possible only because, as Tony Blair acknowledged in 1997 at the Amsterdam Council of Ministers, the UK's economy was at that time the prime economy in

Europe—top of the league. Perhaps it is still fairly high up in the European league, but that is no credit to the UK. It is simply condemnation of the way in which the European Union has conducted its affairs and economy over recent years.

Whether we like it or not, the money that the Scottish Executive has to spend at present derives from the range of tax increases that the chancellor has imposed over the past seven to eight years. Those tax increases are paid by every citizen in Scotland and they are paid, to my mind, at an excessive rate. Those are the things that affect individuals. When we consider the amount of money that the Executive claims credit for spending, we must remember that that money is not the Executive's but, as I said to Wendy Alexander, the people of Scotland's. With respect to the SNP, I suggest that it is English taxpayers as well who are helping to fund our higher-than-normal levels of public expenditure. Indeed, as Murdo Fraser said, public expenditure has reached 54 per cent of GDP in Scotland over the current period. That reliance on public expenditure gives me anxieties about employment prospects.

Looking ahead, we must consider the Scottish budget that we could have if the chancellor attempts at some time in the future to balance his budget south of the border, taking into account the problems that he faces with the balance of trade and so on. I think that the Finance Committee would do well to anticipate that and to consider what can be done to ensure that the efficiency savings that the minister has talked of are met and are perhaps increased, so that at least we have a fallback to meet the likely budget shortfalls in the not-too-distant future.

11:03

**John Swinburne (Central Scotland) (SSCUP):** One feature of the Finance Committee is the enormous amount of reading material that every member is engulfed with on a weekly basis. If I were to quote from 0.05 per cent of that material today, I would be on my feet for many hours. The financial data and information are overwhelming, and the committee members are indeed fortunate to have back-up staff of the highest quality to digest, analyse and present an appreciation of the subject matter in the most clear, concise and cogent manner. Professor Arthur Midwinter also has the happy knack of putting into layman's terms countless pages of statistics in an elementary and logical manner. The relevance of output measurement in the Scottish budget is something that only Arthur could succeed in breathing life into, and he does that diligently. Ross Burnside and Jim Dewar are another source of information that proves to be invaluable, and Susan Duffy, Terry Shevlin and their team are second to none.

When we consider that the block allocations to such areas as health, police, education and the 32 councils account for more than 96 per cent of last year's total budget of around £25 billion, that leaves a sum in the region of £750 million within the direct control of the Parliament. That is still a vast amount of money, and due diligence must be applied by members of the Finance Committee and by others at all times to ensure that transparency and accountability prevail. Nevertheless, in the greater financial scheme of things in Scotland, that boils down to just over 3 per cent. Unelected quangos such as health boards wield far greater powers. That may be unpalatable, but it is factual.

The 32 councils, which are under the control of elected councillors, receive billions of pounds in each financial year. Sadly, those huge resources are, in many areas, not ring fenced. All too often, we see situations arising whereby, for example, one council in the Highlands recognises and pays, through its social work department, for kinship carers who care for looked-after children, whereas Glasgow City Council simply ignores the situation and has never paid out a penny to kinship carers. In the event of a poorly run council failing to collect up to 9 per cent of its council tax, the burden of that disgraceful shortfall impacts unfairly on senior citizens and others on fixed incomes.

That point logically brings me to the most draconian, regressive tax imposed on citizens since the mediaeval tax on windows. Council tax is paid by only 40 per cent of the electorate, many of whom are senior citizens. They are called upon, with the approval of the Executive, to pay for a whole range of services and also to make up for the shortfall in council tax collection and various other misadministrations by the councils. All too often, senior citizens will spend up to 18 per cent of their total income on council tax. Meanwhile, 60 per cent of the electorate pay nothing. At the same time, a next-door neighbour earning in excess of £50,000 per week would be exempt from paying council tax because they live with their parents—and we all thought that the poll tax was unfair.

Councils boast that the increase in council tax plus water rates will be held to between 4.5 and 5 per cent, and they think that that is good news. It is certainly not good news for the pensioner who has received only the cost-of-living increase of marginally more than 2 per cent. Pensions have risen by only 40 per cent since the inception of the council tax, which has increased by 81 per cent in the same period.

**Phil Gallie:** John Swinburne mentioned the poll tax. Does he agree that the poll tax was actually a boon for the elderly in particular?

**John Swinburne:** I can say that the only thing wrong with the poll tax was the fact that it did not

take people who could not pay out of the system in the way that council tax currently does. If that had been written in, it would have been far fairer than the existing council tax, because everyone would have paid. That is the point.

We are part of the fourth-richest economy in the world, and yet we have winter-related deaths among senior citizens at increasing rates year in, year out, despite praiseworthy central heating schemes. What right has the Executive to allow its senior citizens to be even more financially disadvantaged due to council inefficiencies? Okay, so in 18 months' time, they will be able to enjoy free concessionary travel, and that is definitely a great thing, especially in the summer. However, if they are too cold in the winter time, perhaps a warm bus will be the only place for senior citizens to go to help the country to bring down the rate of winter-related deaths.

Ross Finnie put a 2 per cent cap on the increase in water rates for small businesses. Why does not the Executive put a similar cap on senior citizens' council tax and water rates? By the way, pensioners are proud people who pay their council tax. North Lanarkshire Council is still trying to collect Maggie's poll tax from some residents.

The Finance Committee should be empowered to scrutinise the financial allocation of all Government funding, including funding for health, education, police and councils. Unless that happens, the committee will have to content itself with scrutinising the 3 per cent or so of the budget that the Parliament controls.

**The Deputy Presiding Officer (Trish Godman):** You must finish now, Mr Swinburne.

**John Swinburne:** I forgot to mention our excellent and impartial convener, Des McNulty, who does a first-class job and even manages, most of the time—

**The Deputy Presiding Officer:** This convener is not as kind as Des McNulty. I call Jeremy Purvis.

11:10

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** Mr Swinburne will have a welcome on the Tory benches to my right after making his comments on the poll tax.

We debate a budget that is bigger than its predecessor, as every budget has been since the Parliament was established. The fact that the budget will pay for the commitments in the partnership agreement—matched with the fact that different political decisions are being taken north and south of the border—demonstrates that devolution is working. Notwithstanding the expenses of members of the Scottish Parliament

and the associated hand wringing that we have witnessed from members at the top of the list, who explain that they are the hardest-working MSPs, and members at the bottom of the list, who explain that they are the most efficient MSPs; and notwithstanding the recent legal challenge in relation to the construction of the Parliament building, devolution is working.

Only this week, the Liberal Democrat Minister for Transport announced the abolition of the Skye bridge tolls, which were the most expensive tolls in Europe. This morning I convened a meeting of the Waverley railway partnership with the same minister—I apologise to members whose speeches I missed because I was at that meeting. Those two proposals could not have been progressed had not political decisions been taken in the Parliament and had not there been a budget that could deliver them.

Last night, as I watched part of the British comedy awards on television, I noticed a theme that ran throughout the awards. The comedy actors who received awards often did so because they delivered the lines with which their writers provided them with good timing and a good ear for a catch phrase. In that vein, I associate myself with other members' appreciation of the Finance Committee's clerking staff, who often draft our reports, SPICe staff and the committee's adviser. I am a member of the committee and I am pleased that it has done good and interesting work, which is rightly highly regarded by commentators and colleagues. The committee has tackled serious issues since the elections last May and it has challenged the Executive in a number of ways. The Executive has been prepared to respond positively and it is fair to say that the committee had a constructive relationship with Mr Kerr. I am sure that we will have such a relationship with Mr McCabe.

However, there is most interest not in the Finance Committee's budget considerations but in other areas of its work, whether those are to do with relocation of civil service jobs, Scottish Water or efficient government. Our deliberations on the Scottish Executive budget are often met with benign indifference. We could travel round the country asking interest groups and councils whether they would like to have more or less money, but I suspect that that would be a fruitless exercise. I do not think that we would be met by the refrain, "We do not need the money; give it to someone else".

Earlier this year, I published my pamphlet, "Fiscal Federalism: A new model for financing the Scottish Parliament within the UK", in which I outlined my concern that there is a direct democratic deficit between the members of Parliament who represent Scotland and in effect

set the budget, because the Westminster Parliament controls the main fiscal levers that affect Scotland, and the MSPs who divide up the budget—politicians who are elected at different times and to different institutions. In the long term, that is not sustainable. Given its tax-varying powers and powers over local government, the Scottish Parliament can exercise control over around 19 per cent of total managed expenditure. I proposed reforms to increase that percentage.

I do not accept that the budget in Scotland is the result of a generous Treasury, as Mr Gallie said. Historically, we receive our allocation through grants that are adjusted by a formula. I reject the argument for fiscal autonomy, just as I reject nationalism.

**Jim Mather:** I feel suitably rejected. In a recent paper in the Allander series, "The Economic Case for Fiscal Federalism in Scotland", the authors proposed a protracted period of investigation, followed by a royal commission, followed by five-yearly reviews to ensure that Scotland was still roughly on track with the rest of the UK. Is that a workable solution?

**Jeremy Purvis:** I submitted my pamphlet to the authors, and I suspect that my proposals would speed up the process considerably.

The Scottish National Party has been rejected not just by me but by the country, time and again, because nationalism is a political movement that is based on identity and boundaries rather than on philosophy. It has no real philosophical resonance or heritage. Nationalism cannot be related to a fiscal system; it is a diverse movement that is based on the premise that some people are better than others because of their national identity. According to nationalism, a sense of community can be achieved only by birth, rather than by aspiration or by individual worth. Einstein said:

"Nationalism is an infantile sickness. It is the measles of the human race."

In an attempt to steal some devolutionist clothes, former MSP Andrew Wilson argued for fiscal autonomy. Although I reject nationalism absolutely, it is fair that the SNP should campaign for it. The SNP espouses financial independence for Scotland because it espouses independence, and SNP members should call it by that name. No other devolved or unitary state in the world operates under a system of fiscal autonomy. No academic paper exists to support such an argument. In a published letter in response to my pamphlet, the Federation of Small Businesses said:

"After five years of political point scoring on the fiscal powers of the Parliament, Jeremy Purvis' analysis of greater fiscal devolution is to be welcomed".

Of course, it is not welcomed by Mr Mather, who said in a published letter that he was singularly unimpressed by my proposals and that he had promoted the idea of fiscal independence. Let us hear no more calls for fiscal autonomy, which is a shibboleth. Fiscal autonomy has not been tried anywhere else and the policy is intellectually flawed and unworkable.

As I said, it is not sustainable for the Parliament to be responsible for massive public expenditure when it does not have the responsibility for raising most of its revenue in a manner for which it is accountable to the electorate. The Parliament should move from its current system of tax varying powers to a different, more flexible fiscal system with increased powers, to allow us to raise different levies and charges. The system should perhaps be revenue neutral, to allow for the implementation of some of the proposals that have been made by Mr Gorrie, the Green party and other members. There should be a more flexible approach, but it must be an honest approach—unlike the approaches of nationalism or of fiscal autonomy.

**The Deputy Presiding Officer:** We move to wind-up speeches.

11:17

**Dr Elaine Murray (Dumfries) (Lab):** The debate has been much more entertaining than I expected it to be. Des McNulty welcomed the fact that Rab McNeil is not in the gallery and I must admit that I am quite pleased about that, too, much as I was entertained by his columns. If he had been here I would doubtless have been subjected to the usual canine comparisons in tomorrow's edition of *The Scotsman*. Rab McNeil is not the only journalist who has upset me; Tom Gordon upset me very much last week when the Finance Committee's report was published, because he did not include me in his club of bad ex-ministers—I am quite offended about that.

Jim Mather started his speech by telling us that all the good ideas in the report came from the SNP, which was quite refreshing, because normally our good friends the Liberal Democrats claim that the good ideas are all theirs. However, he went on to make his single transferable speech about the constitution.

Brian Monteith, Murdo Fraser and Phil Gallie made an important political point about the proportion of public spending. There is a genuine political argument about public versus private spending and I would welcome that debate. However, I was disappointed that Brian Monteith went on to say:

"I am not proposing anything today".

That seemed a bit pointless.

Wendy Alexander made a number of impressive Christmas analogies. It struck me that the Finance Committee's budget adviser is particularly appropriately named in relation to reports that are published at this time of year, but I hope that he does not feel bleak when he has to attend committee meetings.

Mark Ballard seemed disappointed that economic growth features so much in the committee's report. However, the committee was scrutinising the Executive's budget and as economic growth is the Executive's top priority the report was bound to focus on that.

Phil Gallie, who is no longer in the chamber, made the point that the report is not forward looking, but the report's purpose is not to be forward looking but to scrutinise the Executive's proposals.

I am disappointed that Ted Brocklebank is not in the chamber, because he could have fed into the debate from his experience. I hope that he is not unwell—

**Mr Monteith:** He is in Brussels.

**Dr Murray:** I am relieved to hear that.

I am happy to associate myself with John Swinburne's remarks about the budget adviser, SPICe and the clerking team. I was interested to hear him express his support for the poll tax—I suspect that that will come back to bite him.

**John Swinburne:** I was clarifying the fact that the poll tax encompassed every member of the electorate, whereas the council tax applies to only 40 per cent of people—60 per cent of people do not pay it at all. I am surprised that the member thinks that that is fair on pensioners.

**Dr Murray:** Pensioners are able to get council tax benefit and housing benefit if they are on low incomes. That is a debate for another day.

We must welcome the important developments in the budget scrutiny process, which is producing better budgets. That is a result of co-operation between the Finance Committee, the other committees and the Minister for Finance and Public Service Reform; the fact that more committees are employing independent experts as budget advisers is also extremely helpful. I wonder whether we could structure contact between different committees' budget advisers in a helpful way; they could form a panel of independent experts, for example.

The template helped with the co-ordination of committee responses this year and allowed the Finance Committee to analyse those responses more effectively. I give credit to Jim Mather for that, because it was his idea.

We welcome the reduction in the number of targets and the fact that the number of process-based targets has been reduced to 20 per cent of the total number of targets. However, we believe that the number of such targets could be reduced further. We suggest a hit list of another 16 process-based targets that could be removed.

The committee noted that further improvements in the presentation of information would be possible. Some of the priorities that are presented in the budget document are not actually budget priorities, because no costs are attached to them. We suggest that a different format could be adopted—the non-budget objectives could be included in a more general section of the budget, while the budget priorities could be contained in a separate section.

A perennial difficulty that we face in scrutinising the budget is the proportion of spend that is at the discretion of other agencies. We suggested that the grant-aided expenditure that the Executive provides for education, social work, roads and transport should be published in the draft budget, just as the expenditure that it provides for police and fire services is. That would assist committees in examining the Executive's allocations.

Des McNulty and Wendy Alexander referred to the planned efficiency savings. If the Executive saves £166 million on health in year 1, I do not mind it saying that, after three years, £498 million that would not otherwise have been provided will have been put into front-line services. What I object to is the fact that that three-year aggregated saving was converted into a percentage of this year's one-year budget. It was not mathematically correct to do that. I cannot believe that the First Minister saw that because I am sure that, as a former maths teacher, he would have reached for his red pen and crossed it out. That resulted in an erroneous comparison with Gershon. As Des McNulty mentioned, the Executive's approach, which is about identifying what is achievable rather than specifying a rigid percentage, has advantages. No large-scale redundancies are planned. The Executive should have been proud to argue for its approach; a claim should never have been made about equivalence with the UK.

I will finish on a more cheerful note. I welcome the progress that is being made in the way in which the budget is reported. It is not an easy task to reconcile level 3 departmental budget lines with the Executive's overall priorities. The interrelation of targets is complicated—they do not necessarily relate to just one objective.

**The Deputy Presiding Officer:** You must finish now.

**Dr Murray:** Progress is being made and I am sure that it will continue to be made in future years.

11:23

**Mr David Davidson (North East Scotland)**

**(Con):** It is good to be back with the Finance Committee for the sixth year in a row for this important debate. I congratulate members of the committee, its staff and, in particular, Arthur Midwinter on their efforts to move away from the traditional arguments about process and to start to consider the meat of our budget.

There is one area on which I would like drastic improvement to be made. Members of the committee should stand on the line, shoulder to shoulder, and say to the Executive, "We see where your spending is going, but what are the outcomes—what are you getting from every budget?" That is the next stage that the committee should be moving towards. Every document that the Executive sends to the Finance Committee for scrutiny should specify not just what the output will be, but what outcomes are expected. Targets have a role, but I agree with Elaine Murray that there is too much target chasing in the Scottish Parliament.

As well as being told what outcomes are expected, the committee should be provided with comparisons with outcomes from previous years; it has argued for that for years. In health, for example, although expenditure has increased by about 42 per cent between 1999-2000 and 2003-2004, there has been a falling-off in the number of treatments. That represents a decrease in efficiency. I know that ministers are giving careful consideration to changes in that area, but the people in the street do not want to look at the techno-speak that is in the budget documents; they want to know that the public services that they expect to receive will be delivered efficiently when they need them and that the people who provide those services—whatever profession they come from—will be freed up to deliver them. The Finance Committee has an important role to play in moving that argument further on.

The report contains some interesting comments. Today's debate has been quite entertaining. I see that Wendy Alexander is back in the chamber. I say to her that our sleigh will not be smaller and less laden with gifts; it will just be more sustainable and affordable.

Some good points have been made by members of many parties, but I suppose that I must deal with the SNP—we have to do that occasionally, to make it feel wanted. It is interesting that the SNP never gives responses to the questions that it is asked, such as what its first move would be, if it had independence, to free up business and create wealth. This is the sixth year that we have been waiting for an answer; perhaps we will get one when its spokesman winds up the debate. What would the SNP's first three moves be if it got



independence? No member seems to know what the SNP would do.

Economic growth is supposed to be the thrust of the work of the coalition partnership, but I do not see much in the budget on economic growth. All that is said about business rates is that they are too high; they are not compared properly with the rates in rival economies.

My colleague Brian Monteith mentioned the graduate tax, which is turning off many students. If the Executive wants to improve access to education, it should abolish—

**Bristow Muldoon (Livingston) (Lab):** Does the member not acknowledge that an increase in the budget for further and higher education of 30 per cent and the biggest-ever transport budget for Scotland will be major factors in improving Scotland's competitiveness?

**Mr Davidson:** When we see the proof of the pudding—when the outcomes are delivered—we might all agree with Mr Muldoon. We hear fine notions and are told about money being signed off, but we are not getting delivery. I notice that although the Deputy Minister for Finance and Public Service Reform's colleague, the Minister for Transport, is considering doing certain things, we have not been told what he will do with the increased budget that Mr Muldoon has just referred to.

Water rates and charges represent a big hit on Scottish businesses, but little in the way of relief is being offered. We must invest in upgrading our water and sewerage systems, because their condition is holding back development. Housing plans cannot go through in areas in which housing is needed because of the system's lack of capacity and its inefficiencies.

What are we doing with all the new money? Why are we not looking forwards? We seem to produce only two or three-year budgets. What will the demographics be in 20 or 30 years' time? The Executive needs to consider whether it is planning the budget properly to deal with such factors. The Finance Committee has picked that up. I want the minister to tell us what he is doing on long-term planning. I am not talking about quick fixes for an election, as we need sustainable, long-term planning to assist the growth of wealth creation in Scotland and to ensure that we have efficiency in our public services.

I will not repeat what other members have said during the debate. Many members hovered around the council tax, which continues to rise. If the Government was serious about controlling it and did not want people to pay huge amounts of council tax, it would not just set a target, but would put a cap on it. Then it would have to ensure that the burdens that it gave local government matched

the funding. Brian Adam made a good point when he said that money for deprivation is not traceable in the budget; it never has been and I suppose that it never will be. The figure is notional—no one can find it. That is what Duncan McNeil argued in a Health Committee meeting just the other day.

In conclusion, there has been a much more enlightened debate today and there has been humour. I wish the Presiding Officer and my colleagues in the chamber a merry, happy and contented Christmas and new year. However, I hope that when the Finance Committee gets back to work in the new year, it will pay attention to things that it should demand of the ministers in future.

11:30

**Alex Neil (Central Scotland) (SNP):** I echo what Elaine Murray said about this being a good debate. There have been interesting and worthwhile contributions. For my money, Wendy Alexander made by far the most interesting speech. On the efficiency savings figures, she said that the Executive was "£700 million light". For the word "light", read words such as "out" or "wrong". We could use words such as "cheating", "fibbing", "con", "dishonest", "duplicious" or "deceptive". That is what Wendy Alexander—

**The Deputy Presiding Officer:** Watch your language, Mr Neil. I am not happy with the word "dishonest".

**Alex Neil:** The language that I am using is well within parliamentary language. That is what Wendy Alexander—

**The Deputy Presiding Officer:** I will decide what is parliamentary language, Mr Neil. Just be careful.

**Alex Neil:** I do not think that I have strayed, Presiding Officer, and I do not intend to stray.

Wendy Alexander's accusations about the Executive's efficiency savings were a devastating indictment of the Executive's accounting procedures. Perhaps the figures are similar to those produced by companies such as Enron. Wendy Alexander said that the Executive, in estimating savings of just over £700 million, had got the figures out by £700 million. She also said that when the Executive announced those figures, Jack McConnell and the Minister for Finance and Public Service Reform said that their key objective was to beat the UK Government's savings. However, it was said yesterday in reply to a parliamentary question that such comparisons are not worth the paper that they are written on. One cannot set beating the UK Government on savings as a key objective one week and say two weeks later that such a comparison is totally worthless.

Beating the UK Government is either a valid objective or a worthless comparison. It cannot be both.

Wendy Alexander's words will ring throughout Scotland. The interesting fact is that the people who produced the £700 million error in the figures are exactly the same people who compile the GERS report. They stand up and defend the GERS report, which has as much credibility as the efficiency savings estimates—none whatever.

That was emphasised by Professor Midwinter, who was on "Newsnight Scotland" just before the Deputy Minister for Finance and Public Service Reform. As Des McNulty said, Professor Midwinter is the most reliable source in Scotland for information on the figures. Professor Midwinter said that the Executive's figures were absolute nonsense, that they did not add up and that they were irreconcilable. One only had to see the performance of the Deputy Minister for Finance and Public Service Reform in the same programme. He wriggled about and did not believe the figures himself. He could not explain where the fiddle was.

We should not have any nonsense about the reliability of Executive figures. Indeed, Wendy Alexander's accusation is in itself justification for the Finance Committee to consider establishing a parliamentary budget office so that there can be genuinely independent and objective assessment of Executive figures on efficiency savings as well as of GERS and other matters. At the end of the day, if we do not get the figures right, the Parliament's credibility will be destroyed.

A parliamentary budget office could also take up the Finance Committee's recommendation to benchmark the performance of the Scottish economy in relation to the economies of other countries and those of countries that are similar to Scotland. In an otherwise excellent contribution, Phil Gallie said that the UK was top of the list in respect of economic performance internationally. However, we are not even in the top 10 in respect of GDP per head, although eight of the 10 countries that are in the top 10 are independent countries that are around the same size as Scotland. There is a lesson there about the relationship between the constitutional status and the economic performance of any country. I say to the Parliament and the Finance Committee that we should consider how we can benchmark ourselves, but we should do so with a reliable outfit that is independent and—unlike the Executive—not prepared to fiddle the figures.

Merry Christmas.

11:36

**The Deputy Minister for Finance and Public Service Reform (Tavish Scott):** And a merry

Christmas to Mr Neil.

I will pass on to Rab McNeil all the warm words that have been said about him when I meet him for a new year's dram in Lerwick over the festive period. He will be fascinated by the warmth of the responses to his earlier contributions to *The Scotsman*. I am reminded of a phrase along the lines of, "He has gone back to my constituency to prepare for Christmas."

I thank Mr Mather for quoting so fully from Ben Okri's entertaining "The Joys of Storytelling", which is a text that has an appropriate title for the SNP. I will give another quote that the SNP might want to hold on to:

"The acknowledged legislators of the world ... dislike mysteries, for mysteries cannot be coded, or legislated, and wonder cannot be made into law."

Perhaps Mr Mather will hold on to that thought.

**Jim Mather:** Will the minister take an intervention?

**Tavish Scott:** I would like to finish my introductory points.

I was taken by Wendy Alexander's spirit of Christmas and certainly by Stewart Stevenson's recollection that Christmas day was a working day. It is disappointing that he did not share with members what job he had on Christmas day. After all, there are many that he can choose from.

**Stewart Stevenson:** I will tell the minister about three jobs. On Christmas day, I acted as a receptionist for my father's practice from time to time. Occasionally, I worked for the Post Office. In recent years, I have worked in a hotel serving lunch on Christmas day to bring cheer to the many people who choose to go out on that day.

**Tavish Scott:** I knew that I should not have said what I did; we all bow to Mr Stevenson's range of work-life experience.

I thank Mr Fraser for his new year resolutions. However, it would be helpful if the Tories made a new year's resolution to be consistent on lower taxes and cutting public services. We did not get that resolution from them today, although that would have been more honest of them.

I thank Mr Ballard for his appreciation of all things Scottish Socialist. It always seems to me that he is not in the right party, although he may get back into it one day. He is a closet socialist in sandals if ever there was one.

Mr Gallie is no longer in the chamber, but I was disappointed that he did not work the ills of the European Union constitution into his speech. That was missing.

Elaine Murray rightly mentioned Mr Swinburne's great adulation of the poll tax. We look forward to

his submission to the independent review of local government finance.

We welcome back David Davidson every year. He has now made speeches about the budget for six years. He must be worried about being portrayed as a bit like Banquo's ghost in such debates.

I read the Finance Committee's report with considerable interest and have listened to this morning's deliberations with keen attention. I include what Mr Adam said. I assure him that we caught every word and I will return to a couple of things that he mentioned.

I recognise that council tax and efficient government proposals are of great interest to members, but I remind them that the debate is about the draft budget process, which is part of the annual consultation process that leads to next month's Budget (Scotland) Bill. The focus of debate might better have been the Executive's spending plans for 2005-06.

The Finance Committee report—for which I thank Mr McNulty and his colleagues—is largely positive about the draft budget process, and it contains much that is positive for the Executive. There are many examples of how we have worked and are working with the Finance Committee to enhance the quality of the budget documents and the processes that we use to scrutinise them. I was particularly pleased to note the committee's positive response to the introduction of the central unallocated provision and its acknowledgement of the Executive's prudent financial management in setting aside resources to meet pressures in future years.

As always, the Finance Committee feels that there are areas in which the Executive could improve. I acknowledge that—it is to be expected. We will continue to develop and enhance the way in which we work, and we are always keen to hear the committee's recommendations.

I will respond to some of the issues that have been raised in the debate, particularly on the reform of budgetary processes and on the recommendations on streamlining those processes. The aim is to have a clear, differentiated two-year cycle. We are happy to agree with the committee on that point. The new cycle will recognise the central phase of the spending review in the setting of spending plans. It will be a transparent and straightforward cycle, which will aid clarity and the scrutiny undertaken by subject committees and the Parliament. As a result of that recommendation, I am pleased to confirm that there will be no annual evaluation report next year. That will reduce repetition and will ease the burden on committees.

The Finance Committee made suggestions for improvements to the format and presentation of

information in the budget documents. It sought clearer information on priority areas for new resources. We support the committee's aims in that regard and will consider how to make those improvements. Our plans, as set out in "Building a Better Scotland" and the draft budget, show how each portfolio will deliver against our cross-cutting themes. We note what the committee has said about how we present cross-cutting information, and we will work with it to improve that for the next budgetary year.

The committee's report makes a number of comments on equality proofing the budget. I do not regard this year's approach as a retrograde step. In accordance with the committee's recommendations from last year, we have improved the consistency of information on equality work across all portfolios, and we are continually looking for ways to improve the quality of our equality information. We will continue to work with the Equal Opportunities Committee in that regard.

I regret that the time that the Finance Committee has had in which to scrutinise the draft budget has been more limited on this occasion. Spending review years are somewhat busy for all in the Executive as well as in the Parliament, and I wish to make it clear that the delay to the spending review announcement was due to the publication of the Fraser inquiry report. Time needed to be set aside to debate that. Despite what has been suggested, that had nothing to do with negotiations on the partnership agreement, which were completed a year earlier. An effective scrutiny process is in all our interests, and we will aim to ensure that committees are given the maximum possible time in which to consider our proposals the next time round.

I am pleased to see that the report acknowledges the improvements that we have made to our key performance targets. As the committee suggested in previous reports, we have substantially reduced the number of targets so as to focus on issues of greater importance and more relevance to people throughout Scotland, which really make a difference to individuals' lives. That means that we will measure our progress on the things that matter most. We are committed to improving the quality of our targets, making them as outcome focused as possible. The emphasis is on what we actually achieve, not on the process behind the policies.

**Stewart Stevenson:** In my speech, I raised the matter of a number of pieces of secondary legislation that simply raise costs to the public by the rate of inflation. Will the minister respond to that by considering adopting for next year a system using a zero-base budgeting approach, rather than a simple hike-by-inflation approach?

That would be a true measure of whether or not the Executive was getting a grip of government efficiency.

**Tavish Scott:** The appropriate time to consider what would be quite a fundamental change would be in a spending review period. We would be happy to consider any committee recommendations in that or other areas in the context of the preparatory work that has already begun for the spending review of 2006.

We will not now change the targets that we have set. That would only cause confusion, and we would undoubtedly be criticised for doing that. We will review the small number of targets that were highlighted by the Finance Committee as being process based to ensure that they reach the high standards that we have set for all our spending review 2006 targets.

The committee's report commends the priority that we have given in the draft budget to programmes that support economic growth. That has been the subject of some discussion this morning, and I want to deal with the points that have been made. We are committed to creating the conditions for higher growth in Scotland. The draft budget shows that commitment, with major investment in areas such as transport and further and higher education. As the committee's report concludes, economic growth depends on a wider range of factors than those concerned with the Executive's own programmes. The actions of the private sector, the business cycle and conditions in the global economy, to name but three, are also important.

To reach meaningful conclusions on the achievement of sustainable economic growth requires more than just three years' worth of figures. I will deal with Jim Mather's comments in that regard. The Finance Committee concluded at paragraph 33 of its report:

"The Committee ... recognises that this need not be a precise percentage, but that it should use comparative growth and growth-related indicators as benchmarks for improvement. For example, the target could be an improvement relative to other countries or economic regions on a range of economic indicators over a four year period."

We are happy to consider and develop that. That is our approach under our commitment on the OECD comparators. I suggest that Mr Mather, despite what he said earlier—he must have been reading a different report—has convinced neither the Finance Committee nor seasoned and senior economic commentators on the approach to take. Perhaps Mr Mather will rest defeated on that point—although I suspect not.

**Jim Mather:** I will neither rest nor be defeated on that. Whether the minister agrees or disagrees with what I said, and whether he accepts or rejects

the need to adopt a specific target, he must recognise that that will now happen, courtesy of the International Institute for Management Development of Switzerland. Next year's "IMD World Competitiveness Yearbook" will include Scotland, benchmarked against other countries. I suggest that accepting that and being on the forward foot would be better for the Executive and for Scotland.

**Tavish Scott:** The context in which we will take forward those matters is that of the OECD comparators. We are happy to look at the Finance Committee's other suggestions and recommendations; I simply do not recognise what Mr Mather is saying in the context of the committee's report, to which he, a committee member, signed up.

There is a constant desire to compare in exact terms the financial management of a country's budget and that of a business's budget. They are not the same. Mr Neil mentioned Enron. To make such a simplistic comparison is profoundly misleading. In fairness, I agree with Mr Monteith on one point. For Scottish businesses and businesses located in Scotland, which will grow the economy, it is the Government's job to set the framework so that they can succeed.

We recognise the importance of measuring our progress on growing the economy. We have set targets in the current spending review on areas that promote economic growth, for example in the delivery of major transport infrastructure projects, to improve productivity and to increase business investment in research and development. In "A Smart, Successful Scotland", we made clear our objective to get into the top quartile of OECD countries for GDP per head.

I turn to local government issues. I appreciate the points that Des McNulty, Brian Adam and others made in relation to the current settlement. It is a challenging one. However, it builds on the large increases that were provided to councils in previous settlements. By the end of the current settlement period, core funding through AEF will have increased by 55 per cent since 1999-2000, and total funding of around £30 billion over the next three years will allow local authorities to increase spending to record levels. I point out to Mr McNulty, Mr Adam and other members who may have concerns in this regard that, as Tom McCabe said on 8 December in relation to the local government settlement, we will listen to the Convention of Scottish Local Authorities and local government. The process between 8 December and the passing of the order confirming the settlement in February is one of consultation, and that gives the opportunity for proper discussion on the issues and for representations to be made. I reiterate that ministers will engage with local government on that.

I will deal now with the arguments that some members made that we should allocate the £12 billion of pre-budget consequential to local government. As I am sure members know, we do not automatically allocate in that way, according to the very good principle that such matters are for ministers and the Parliament to scrutinise. Moreover, that figure—which is for just one year—would be enough to bring the average council tax down by just £5.76. I respectfully suggest that the matter needs to be considered in that context. I have not been able to deal with all the other points that were made, but I will write to members whose points I have not dealt with.

Growing the economy, which is the Executive's overriding approach, was the key objective in the spending review of 2004. The key areas of Government expenditure benefited most from the spending review, because they are central to that objective. Spending review 2004 made considerable provision for further and higher education, which is to increase by 30 per cent by 2007-08. In transport there will be an average increase of 14 per cent or £1.4 billion by 2007-08. In an overall tight settlement, that meant that all departments received a real-terms increase, but some received less than others.

Who is up and who is down is a favourite game in the scrutiny that the Finance Committee carries out, but spending reviews are about priorities. This Government has invested for the long term. We have a 10-year transport plan, which is set out in our approach, and we will add to it by publishing the capital investment plan in the new year.

Those are just a few of the key improvements that our spending plans will deliver in meeting the commitments made in the partnership agreement, using our resources wisely and productively for the long term, getting the best value possible for every pound that we spend, delivering the priorities for the people of Scotland and investing for a better Scotland.

11:51

**Alasdair Morgan (South of Scotland) (SNP):** Although this is the usual trite nonsense that members say on these occasions, this has genuinely been a good debate—after it recovered from Des McNulty starting by saying that this was the graveyard shift. Although I am a regular participant in these debates, I have not responded on behalf of the Finance Committee before, so I will try hard to be consensual and non-partisan, as always.

I echo the thanks to everyone who has contributed to our deliberations, the witnesses who came to our event in Cupar, our adviser, the clerks and other staff. The tribute that I pay to the staff is

in no way influenced by the fact that we are having lunch with them, because the parliamentarians are paying. However, if one were to believe the Scottish newspapers, it is the Scottish Parliamentary Corporate Body that is paying for the lunch, because of the alleged subsidy. All I can say is that as far as I understand the finances, the more one eats, the less the subsidy and the more Des McNulty and I and the rest of the committee will have to fork out. I therefore invite everyone who is coming along to help themselves.

The complexity of the report means that it is difficult to cover it all, but I will do my best to cover the salient points. We sign up to the good point that Des McNulty made—which those of us who have been involved in the Finance Committee for some years know—that the budget scrutiny process has improved markedly over the years as a result of positive interaction between the committee and the Executive. Jim Mather and Alex Neil managed to stimulate a bit of debate by attacking the Scotland Office's GERS publication. I have my own views on that subject, but suffice it to say that the Finance Committee has not considered the document, far less reached a conclusion on it.

There were interesting contributions from the Conservatives. Brian Monteith highlighted some of the problems affecting an Executive that has the totality of its budget largely determined for it. I do not think that he came up with a solution, but I suspect that he was considering service reductions, which were lurking somewhere. The trend in Conservative thinking became clear when Mr Monteith's friend Murdo Fraser spoke after him. There is certainly a section of thinking among the Tories, the logic of which is taking them towards an independence position, albeit that they do not call it that.

Stewart Stevenson made the useful point that time after time in the chamber and in committees we pass Scottish statutory instruments that automatically increase charges, often from Government bodies, that are passed on to the public. The relationship between that and the Government's drive for efficiency is that the bodies that are automatically given inflationary increases each year have no real incentive to achieve the efficiency that we all seek. Although this will not mean much to members who were not in the chamber at the time, I say to Jeremy Purvis, who expressed concern about measles, that there are vaccinations available for it.

The Finance Committee and the subject committees have a duty to investigate generally how effective we are at spending the large sums that are now in the Scottish budget, which will be more than £30 billion by 2007-08. We have a duty to determine how effectively that money is being

spent in achieving the Executive's targets, especially the top priority of economic growth. The committee returns to that frequently, because it is an important target and it is not by any means clear how that vast spend is going to contribute to economic growth in Scotland.

Another issue that the convener of the Finance Committee and others raised was the large expenditure undertaken by local authorities, much of which is consequential to Government legislation, most of which is paid for by Government finance, although flexibility is provided through the council tax. There is no doubt that the expenditure that local government is being expected to undertake over the next few years and the increases in that expenditure will not be matched by the increased contribution from the central authority. We are going to see an increase in council tax above the rate of inflation, matching a pattern that was set in recent years. The Finance Committee is concerned that that will bear disproportionately on low and fixed-income households that are on or above the rebate thresholds.

We are also concerned that the efficiency review savings have been treated in a different manner in relation to local authorities than in relation to Government departments. The baselines for Executive departments do not include any reduction in respect of cash savings that are expected to be made, but the local government settlement does include such a reduction. In other words, if local government does not make the savings that are targeted for it, it is short of cash. If a central Government department does not make the savings that have been targeted for it, it will not be short in the same sense, although it will not be able to expand other services as far as it might wish. We feel that all portfolios should have been treated the same way insofar as cash-releasing efficiency targets are concerned.

The issue of efficiency savings came up towards the end of the budget process and the committee will spend some time on it in the coming months. We are fully supportive of moves that will ensure that the Executive's priorities are delivered more efficiently, but that needs to be demonstrated, which is not an easy task. The issue of determining whether extra cash has been realised, as opposed to money simply being shuffled from one budget line to another, will take up a considerable amount of the committee's time.

Wendy Alexander made a good speech. She used the biblical and seasonal metaphor to great effect and pursued in the same way that she has done through parliamentary questions and interventions in committee some of the inconsistencies in the Executive's presentation of its efficiency savings. I do not think that we have heard the last word on that topic.

Over the years there has been a degree of engagement between the Finance Committee and the Executive in terms of the Executive's being willing to give the committee the type of information that it requires in order properly to scrutinise the budget, of which the Executive is in charge. Progress is not always necessarily made. The presentation of the efficiency review was the occasion of a step backwards from what might otherwise have been two steps forward over the years. I hope that the committee strictures on that matter, which were agreed unanimously, will send the Executive a signal that it needs to be clear and consistent about the nature of the information that it provides.

On occasion, we on the Finance Committee run ourselves down as being financial anoraks, but it is a fundamental necessity of the democratic scrutiny of the Parliament that the committee concerns itself with the figures that represent the public finances and with how those figures are presented. It is not good enough for ministers to come before the committee and say, when members complain that the figures do not make sense, that they will be entirely meaningful to the Scottish people. We need a clear and consistent presentation that does not allow exaggeration by the Executive or accusations of exaggeration by the Opposition. That will help not only the committee, but the Executive and Scottish politics generally. I commend to Parliament the Finance Committee's report on the Scottish budget.

## First Minister's Question Time

12:00

### Prime Minister (Meetings)

**1. Nicola Sturgeon (Glasgow) (SNP):** To ask the First Minister when he will next meet the Prime Minister and what issues will be discussed. (S2F-1314)

**The First Minister (Mr Jack McConnell):** I do not expect to meet the Prime Minister before the end of the year. If I did, the first thing I would say is a very big thank you to him, the UK Government ministers and the rest of the team that helped Ross Finnie and our team of officials to secure a good deal for Scottish fishing communities in Brussels this week. I would also wish him all the best for the new year from the best small country in the world.

**Nicola Sturgeon:** Given the fact that it is the time of year for good will and wise men bearing gifts, has the First Minister been listening to any of the pearls of wisdom that he has been offered recently from within the Labour party? Has he reflected on the views that were expressed earlier this week by the Labour peer Lord Sewel, who lamented the lack of talent in the Scottish Executive and implied that the current crop of ministers are just not up to it?

**The First Minister:** This Christmas, we should all reflect not just on the achievements of our country in the past year, but on the achievements of the devolved Government and the Scottish Parliament as a whole. Anyone who looks back over the past 12 months cannot fail to recognise the fact that Scotland is a better place today than it was last Christmas and that Scotland will be even better in 12 months' time as a result of the policies of this Government.

**Nicola Sturgeon:** It is perhaps no surprise that the First Minister chooses to gloss over the poor performance of certain of his ministers; however, let us move on to the First Minister's second wise man of the week. Is the First Minister aware that the chairman of the Labour party, Ian McCartney, has described Scottish Labour's coalition partners, the Scottish Liberal Democrats, as—let me get this right—

“difficult people with really stupid policies”?

Is the First Minister aware that, according to Mr McCartney, come the general election, Labour will

“be exposing them for what they are”?

I ask the First Minister: why wait until the general election? Why does he not cheer up the Labour back benchers and expose the Liberal Democrats now?

**The First Minister:** There have been prophets of doom inside and outside Scotland from the beginning; however, the work that has been done by our coalition over the past five years has led to remarkable achievements for Scotland and remarkable progress for our small country. Even in the past week, Labour and Liberal Democrat colleagues have abolished the tolls on the Skye bridge; announced, yesterday, a national concessionary travel scheme for all older people in Scotland; and announced, on Wednesday, a contract with the private sector—which was opposed by the Scottish nationalists—that will deliver operations for people throughout Glasgow. We have also seen achievements for Scotland in a range of other areas, even in the past week. Nicola Sturgeon can quote as much as she wishes from the Sunday newspapers. If she thinks that Ian McCartney's comments about the Liberal Democrats were bad, she should hear what he says about the Scottish National Party. The coalition partnership has been strong for five and a half years. It continues to deliver for the people of Scotland and it will deliver even more in 2005.

**Nicola Sturgeon:** Because it is Christmas, I missed out the quote from Mr McCartney in which he said that the Liberal Democrats

“stood for yobs, porn and drugs.”

I draw the First Minister's attention to the advice of his third wise man—no less than the chairman of the Treasury Committee. Labour MP John McFall said last week that the First Minister was wrong not to use extra money from the Treasury to ease the burden on council tax payers. Now that a senior Labour MP has accepted the fact that council tax has risen by 50 per cent—I know that that figure upsets the First Minister, so I will say it again: 50 per cent—since 1997, will the First Minister listen to John McFall's wise advice and give the Scottish people a great Christmas present by freezing council tax next year?

**The First Minister:** Those are decisions for local authorities.

I have regularly been criticised by Ms Sturgeon and other members for not commenting on the work of members of Parliament and members of the House of Lords in London. I have one message for MPs and members of the House of Lords in the other direction: that is to concentrate on their own affairs and to allow this devolved Parliament to concentrate on ours. As a result, we in this devolved Parliament will continue to ensure that Scotland is a better place in 2005.

Local authorities make their own decisions on council tax and such issues, but we in this Parliament and in this devolved Government will ensure that—regardless of the levels of council tax across Scotland—we have, consistently across

Scotland, the level of nursery provision, the quality of education and the free fares for older people that we can deliver and have delivered. That will make Scotland a much better place.

**Nicola Sturgeon:** I ask the First Minister—no, on second thoughts, we have all heard enough waffle from him for one year. Instead, will the First Minister join me in wishing everyone in Scotland a merry Christmas and a happy new year—wherever they might spend it, eh Jack?

**The First Minister:** Dear oh dear.

In the spirit of Christmas, I not only wish all members of the Parliament in all parties a merry Christmas and a happy new year but express the hope that, in the new year, we in the Parliament can use the powers and responsibilities that we have to ensure that, in 12 months' time, Scotland is a better place than it is today and that Scotland has respect for the Parliament; I think that that is growing, but it can grow further still.

### Cabinet (Meetings)

**2. David McLetchie (Edinburgh Pentlands)**  
**(Con):** I thank the First Minister for his seasonal greetings to colleagues in the Conservative party.

To ask the First Minister what issues will be discussed at the next meeting of the Scottish Executive's Cabinet. (S2F-1324)

**The First Minister (Mr Jack McConnell):** At the next meeting of the Cabinet, in 2005, we will discuss how to ensure that in 2005 we build on the progress that has been made in 2004 and ensure that Scotland is a better place by this time next year.

**David McLetchie:** I hope that among the topics that the Scottish Executive's Cabinet will discuss will be transport issues. Almost every objective observer of the City of Edinburgh Council's forthcoming referendum on road tolls—or congestion charging—has concluded that the question that is posed is loaded. Those observers include the First Minister's colleague, Mr Bristow Muldoon, who in Parliament yesterday described it as “biased and unclear”. Does the First Minister believe that such questions should conform with the Electoral Commission's guidelines on how they should be framed?

**The First Minister:** The conduct of the referendum in Edinburgh is a matter for the City of Edinburgh Council and, much more important, for the people of Edinburgh who will vote in the referendum. I am sure that they will express their opinion when they vote.

**David McLetchie:** It is not only a matter for the City of Edinburgh Council; it is a matter for the First Minister. He cannot leave it to the council, because the Scottish Executive is on record as

saying that it will only give the go-ahead to congestion charging schemes that have clear public support. On 3 June, the First Minister stated his

“insistence that the City of Edinburgh Council test public opinion in the city and that that become part of the final decision-making process.” —[*Official Report*, 3 June 2004; c 8894.]

If the conduct of the referendum is flawed, how can he and his Executive have any confidence in the result? Do not he and his Executive have a responsibility to ensure that the referendum is conducted fairly, so that when they make their decision under their statutory responsibilities they can be confident that it is soundly based?

**The First Minister:** I do not want to and cannot comment specifically on the details of the issue, because, after any referendum in Edinburgh, we have a role to play in taking a clear view on the final proposals. One point that I will make is that it seems to me that those who attack the process are perhaps losing the argument on the substance. Perhaps Mr McLetchie should deal with the substance of the issues not only in Edinburgh but elsewhere, where local authorities and others are genuinely trying to deal with serious problems of traffic management and congestion.

I see that this week the Conservatives not only have been trying to attack the process in the referendum rather than deal with the content of the debate, but have been opposing speed cameras, which save lives throughout Scotland, and other measures that are designed not only to improve the lives of motorists but to ensure that lives are saved and that Scotland is a safer place. Sometimes when the Conservatives try to be on the side of the motorist, they can get it wrong. I would welcome a proper debate on the issue, in Edinburgh and elsewhere, in which we discuss the content of the issue, the objectives that have been set and the mechanisms that will be tried. That is the best way to ensure that we make the right decisions for the future.

**David McLetchie:** The First Minister will have an honest debate if he has an honest referendum and an honest question. The evidence that the poll is rigged is clear for all to see. The question is biased, tens of thousands of people may be denied a vote and a piece of pro-tolls propaganda is going out with every ballot paper. Does the First Minister agree with his colleague Margaret Smith MSP, who said yesterday in Parliament that this is akin to an all-postal general election ballot in which

“the Government was the only party that could include an election address with the ballot paper?” —[*Official Report*, 22 December 2004; c 13237.]



Does the First Minister call that democracy and a shining example to the rest of Scotland?

**The First Minister:** There have been times over the past 12 months when the Scottish Conservatives have raised substantial issues at question time and have used this forum for the purposes for which it was designed. Sometimes, that has been in stark contrast to the other major Opposition party. However, I say to Mr McLetchie that this is not the council chamber of the City of Edinburgh Council. This is not the place to debate the wording on a referendum form that was designed by the City of Edinburgh Council for the people of Edinburgh to vote on. This is a place for serious debate on serious issues that affect the future of Scotland. We need to rise to the occasion and debate the issues, not the process, and ensure that, at the end of the day, we in Scotland—and in Edinburgh, too—make the right decisions for the future.

**Des McNulty (Clydebank and Milngavie) (Lab):** If removing the tolls from the Erskine bridge can be shown to advantage the West Dunbartonshire and Renfrewshire local economies, as well as to relieve congestion on the Kingston bridge and the Clyde tunnel, will the First Minister move quickly, not only to remove the tolls but to consider what road improvements, including the Ochil relief road, would deliver full connectivity?

**The First Minister:** As we announced on Tuesday, there will be a second phase of our review of tolled bridges in Scotland. We say in the outcome of the first phase of that review that different circumstances pertain to the Erskine bridge from those that pertain to the Forth and Tay bridges. I am sure that Mr McNulty will make his points during the second phase of the review. Those points will be welcome, and we will need to consider them in the light of all the facts.

### Official Visits

**3. Rosie Kane (Glasgow) (SSP):** To ask the First Minister whether he will be receiving any official visitors from Lapland over the Christmas period. (S2F-1318)

**The First Minister (Mr Jack McConnell):** No.

**Rosie Kane:** The First Minister must have been a bad boy then, but I thank him for his reply anyway.

Does the First Minister agree that, at this time of year, poorer families come under even more pressure? Is he concerned that high-street stores and lending companies exploit the situation by offering a way out that throws families into debt turmoil? Will the First Minister listen to an example of a low-wage worker who borrowed £3,000 from a high-street lender? Optional cover and an annual

percentage rate of 44.6 per cent meant that the low-paid worker paid back £6,630. Will the First Minister condemn those practices, and will he promise to lift the burden of child poverty?

**The First Minister:** I can absolutely assure Rosie Kane that in 2005 we will continue the progress that we have made in reducing the number of children in poverty in Scotland. I can also assure her that I share the concerns expressed by many members in all parties about the burden of debt being suffered by poorer families in Scotland, in particular at Christmas time. The way to ensure that we tackle the issue is, first of all, to have greater controls on those who lend. We must also ensure that we lift more and more people out of poverty with decent wages, good jobs, a strong Scottish economy, better education and skills for the people of Scotland and all the other improvements that we are working hard to achieve, on which we have made great progress in 2004 and on which we will make further progress in 2005.

**Rosie Kane:** Is the First Minister aware of companies such as Brighthouse Ltd, which have a policy of lending money for goods to customers and charging extortionate rates? If a customer misses a payment, the companies call the customer's family, friends and, often, their employer. Is the First Minister as concerned as I am that such intimidating and shaming activity breaches the Data Protection Act 1998? Does he agree that trading standards officers should open an investigation into such companies with a view to revoking the licences of those who exploit and intimidate poor and low-paid workers who are in debt? Will the First Minister promise to protect the poor from those vultures?

**The First Minister:** I share those concerns and I hope that Rosie Kane will raise them with the appropriate authorities.

**Karen Whitefield (Airdrie and Shotts) (Lab):** Does the First Minister agree that the best present that Santa could deliver to Scotland's shop workers is a guaranteed right to spend Christmas and new year's day at home with their family and friends?

**The First Minister:** I certainly hope that all people who work in shops and other commercial premises in Scotland will have the opportunity to do so this weekend.

### Volunteering

**4. Dr Elaine Murray (Dumfries) (Lab):** To ask the First Minister how the Protection of Children (Scotland) Act 2003 is affecting volunteering. (S2F-1322)

**The First Minister (Mr Jack McConnell):** The Protection of Children (Scotland) Act 2003 will

benefit volunteering because it will bring in a range of measures to ensure that children in Scotland are better protected from harm.

**Dr Murray:** I am grateful to the First Minister for his reply and to the Executive for agreeing to delay the commencement of section 11(3)(a) of the 2003 act until 11 April 2005 to meet the concerns that the Education Committee has expressed on behalf of the voluntary sector. Will the First Minister reassure members that Scottish Executive officials will work closely with local authorities to ensure that the 2003 act, in conjunction with the Police Act 1996, is interpreted sensibly and proportionately? Will the effect of the 2003 act on the voluntary sector, in particular, be monitored? If so, and if that act proves not to be appropriate or proportionate, will the First Minister consider amending it?

**The First Minister:** I do not want to give any impression that we will amend the safety provisions in the act. We will continue to work closely with the voluntary sector and others in implementing the act proportionately and sensibly. However, those who have called for the voluntary sector to be included in the act and who, in the past and even this week, have called for us to speed up the implementation of the act, while at the same time criticising us for implementing it, are wrong. The voluntary sector asked for and therefore has and should implement the same obligations as the public sector has in relation to working with children. The ultimate priority is the safety of Scotland's children. The 2003 act was introduced because of a series of incidents in recent years that worried the public, families and parents about the safety of children when they work with adults. We are determined to ensure that Scotland's children are protected from harm. The act will be implemented and everyone who has responsibilities under it should ensure that they can fulfil those responsibilities as quickly as possible.

**Fiona Hyslop (Lothians) (SNP):** The Protection of Children (Scotland) Act 2003 was intended to close an information loophole that paedophiles could exploit. We acknowledge and welcome the 11<sup>th</sup> hour deferment of implementation of certain aspects of the act. However, will the First Minister ensure that his officials learn the lessons of the past 22 months and listen to volunteer organisations? Unlike his Minister for Education and Young People, is the First Minister prepared to review the act in the light of the unintended consequences for the voluntary sector? In particular, will he ensure that organisations that provide volunteer experience for young people are not deterred, so that we can ensure that volunteering and active citizenship help to develop modern Scotland?

**The First Minister:** The topic is interesting and I hope that the Presiding Officer will give me a chance to comment properly on it. I had an interest in the matter when I was the Minister for Education, Europe and External Affairs and continued that subsequently as First Minister.

When the act was proposed, the proposal was not to impose the obligations that it now imposes on the voluntary sector. However, voluntary sector organisations, including YouthLink Scotland and the Scout Association, called consistently—the wording in the submissions was almost identical—for the act to be applied to them and demanded that all organisations that engage adults to work with young people, in whatever capacity, should have a duty to work with the index.

In recent weeks, Ms Hyslop and others have indulged in scaremongering and have issued contradictory statements. This week, Ms Hyslop issued two contradictory statements in one day: yesterday morning, a statement by Ms Hyslop condemned the Executive for not implementing the act in full and said that the act was driving volunteers out of volunteering; yesterday afternoon, a statement by Ms Hyslop welcomed the Executive's announcement that we would delay the implementation of some parts of the act for the voluntary sector and also condemned us again for not implementing the act in full. That sends all the wrong signals to children and volunteers.

The act needs to be implemented properly, consistently and proportionately, because the children who work with volunteers and staff in the public sector need proper protection and the guarantee that the adults with whom they are working have gone through the process that we have put in place.

We will ensure that the voluntary sector has the proper amount of time to enable it to comply with the act, but any signal from any member of the Parliament that any organisation does not need to comply with the act would send the wrong message. We must send the message, unanimously, that the act applies to all.

**Lord James Douglas-Hamilton (Lothians) (Con):** Is the First Minister aware that the helpline, whose telephone number is in the possession of Euan Robson and has been made public, is a welcome step forward because it will give wise advice and counsel to voluntary organisations and charities that want to get access to information speedily?

**The First Minister:** I thank Lord James Douglas-Hamilton for that contribution. I am sure that the helpline and the other initiatives that will be taken this week will be helpful to those who work in the voluntary sector.

**Robert Brown (Glasgow) (LD):** Despite his earlier comments, will the First Minister confirm that the voluntary sector makes a huge and irreplaceable contribution to the protection and welfare of children? Does he recognise that significant problems have been caused by the widely disparate policies operated, no doubt with the best intentions, by local councils? Is the Scottish Executive able to ensure that there will be a level playing field, without undue red tape, for implementation of the act by local voluntary groups, who, as the First Minister has rightly noted, have all signed up to implementing it?

**The First Minister:** Where it is possible to achieve a level playing field, that is obviously a desirable objective. However, at the same time, there must be proper arrangements in place for various kinds of organisation and area. The right balance must be struck.

The objective should be clear: to protect Scotland's children from harm. That objective—set in the first session of the Parliament by the Education, Culture and Sport Committee, which demanded that we take action—was implemented in the act. In implementing the act, we must ensure that we have a proportionate response that is consistent across the length and breadth of Scotland.

### **Skye Bridge (Tolls)**

**5. Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** To ask the First Minister whether tolls will still be charged for crossing the Skye bridge on and after 1 January 2005. (S2F-1327)

**The First Minister (Mr Jack McConnell):** No one will be surprised to hear me say that the answer is no, they will not still be charged on new year's day.

**Fergus Ewing:** I am gratified that, within 24 hours of my lodging that question, the Executive has taken such action. It is a welcome development and an improvement on the situation in respect of the previous 2,000 or so questions that I have asked.

If it was right to scrap the tolls in 2004, why was it not right to scrap the tolls in 1999, when the Scottish Parliament had a chance to build a good reputation for itself?

If the reason for the decision to scrap the tolls is that this particular private-finance initiative project is, in the First Minister's words, a "discredited, Tory PFI", how quickly will the First Minister move to scrap the discredited Tory PFI for the Inverness airport terminal?

**The First Minister:** I confirmed, not only this week but also a considerable time ago, that we

were concerned about the Inverness airport PFI and the charges that are being incurred in that regard. The discussions on that subject continue.

On Mr Ewing's first question, we made the decision at the right time and for the right cost, in the interests of taxpayers as well as of those who use the bridge. The announcement that was made this week represents good value for the taxpayer, because it will save money for local people and for the Government, and is the right decision not only for Skye but for people in Lochalsh and the Western Isles, who use Skye as part of the route to their location, and for the whole western Highlands. I hope that we will move on to seize the opportunities that the toll-free bridge gives to boost tourism, the economy and the quality of life in Skye, Lochalsh and the surrounding area.

**John Farquhar Munro (Ross, Skye and Inverness West) (LD):** I am delighted to hear the First Minister agree that the removal of tolls from the Skye bridge creates a tremendous economic opportunity for the Highlands and Islands, especially Skye and Lochalsh. Will the First Minister ensure that VisitScotland and other organisations that promote the Highlands and Islands make it clear in their literature that iniquitous tolls are no longer charged on the Skye bridge and that entry to Skye and the west Highlands is free to all?

**The First Minister:** I am sure that VisitScotland, Highland Council and others will want to consider that suggestion seriously. For a long time, I have been conscious that one of the impacts of the Skye bridge tolls was busloads of tourists turning away at the bridge and not going over to Skye. I hope that, from this week, increased numbers of tourists will enjoy the fabulous location of Skye and the experience that they can have there, not just the outstanding, international-class landscape but the friendly and warm reception from the people of Skye, which I enjoyed on Tuesday morning.

**Mr Alasdair Morrison (Western Isles) (Lab):** As an islander, the First Minister will know and appreciate that residents of the inner and outer Hebrides use the bridge facilities that are provided by Caledonian MacBrayne. Now that the First Minister has ensured that the discredited toll regime on the Skye bridge has been taken care of, does he agree that he and the Executive must urgently examine ways to reduce the tolls that are paid by my constituents and other ferry users?

**The First Minister:** I thought for a minute that Alasdair Morrison was going to suggest a toll-free bridge to Arran, but his question did not come out that way. I recognise that there are concerns throughout the islands about the fares that are in place, particularly for local people who regularly use ferries to Scotland's islands and particularly

on routes to the more remote islands. I understand that Alasdair Morrison regularly makes representations on the issue. I am sure that he will continue to do so, perhaps adding this week's decision to his list of arguments in favour of his position.

### **European Championships 2012**

**6. Mr Brian Monteith (Mid Scotland and Fife) (Con):** To ask the First Minister whether the Scottish Executive will announce its support for either a joint bid with other nations or a single bid by the Scottish Football Association to host the Union of European Football Associations European championships in 2012. (S2F-1333)

**The First Minister (Mr Jack McConnell):** Obviously, we wish to be helpful to the SFA, but the decision on whether to bid for the UEFA European football championships in 2012 is, in the first instance, a matter for the Scottish Football Association.

**Mr Monteith:** As the deadline for bids approaches, it is my understanding that the SFA needs to know whether it has the political backing of the First Minister before it makes a decision. Given that Scotland's football team is currently ranked below Burkina Faso, does the First Minister agree that we must do far more at grass-roots level, rather than using taxpayers' money to fund new stadia for debt-ridden private clubs? Will he say no to such a bid?

**The First Minister:** I admire Brian Monteith's principled position and opposition to such a bid but we need to make an objective assessment of the benefits of such a bid that might accrue to Scotland, should the SFA come to us with a proposal. In the meantime, we have a duty to have a twin-track strategy for Scottish sport. First, we need to ensure that we encourage more sporting activity by young and old at local level, which is precisely why we are using for the development of local sporting facilities—particularly all-weather facilities that can be used all year round—not only the money that we set aside for our bid for the 2008 European football championships, but much more than that.

Secondly, we are ensuring that we attract world-class events to Scotland to inspire future generations. For example, as members already know, we will host the Ryder cup in 2014 and the mountain biking world downhill championships in the near future. The year after next, the FISA world masters regatta will take place in my constituency. We are also due to host the 10<sup>th</sup> badminton world championships. Last night, it was interesting to meet Scotland's fantastically successful Commonwealth youth games team, which has just returned from Australia with 52 medals. The youngsters from Scotland's youth

badminton team are inspired by the prospect of the world championships coming to Scotland. Sometimes, we are so obsessed by the ups and downs of our national football team and individual football clubs that we forget that many thousands of youngsters take part in other sports, too. They need, and will get, inspiration and support.

**The Presiding Officer (Mr George Reid):** That concludes First Minister's question time, but I ask members to stay in their seats. As members should have been informed by their business managers, there will now be an official photograph. The process should take no more than 10 minutes.

12:31

*Meeting suspended until 14:00.*

14:00

*On resuming—*

## Question Time

### SCOTTISH EXECUTIVE

#### Education and Young People, Tourism, Culture and Sport

##### Independent Schools (Charitable Status)

**1. Mike Pringle (Edinburgh South) (LD):** To ask the Scottish Executive whether it will assess what impact the removal of charitable status would have on independent schools. (S2O-4732)

**The Minister for Education and Young People (Peter Peacock):** Information on the broad value of charitable status is contained in paragraph 129 of the financial memorandum accompanying the Charities and Trustee Investment (Scotland) Bill. Of course, the bill contains no direct implication that schools will lose charitable status if they are providing clear public benefits.

**Mike Pringle:** When I recently visited the principal of George Watson's College, which is in my constituency, he highlighted his fears about the future of the school in its current form if charitable status were to be removed. At the moment, the school has 3,000 pupils. Does the minister agree that such schools provide an excellent alternative choice for parents and their children and provide a good education for a broad range of levels and abilities?

**Peter Peacock:** To reassure Mike Pringle, I repeat that there is no implication that schools will have their charitable status removed. Indeed, the bill does not specifically refer to the exclusion of schools. If it is passed and enacted, it will retain "advancement of education" as a charitable purpose.

The decision to grant charitable status will be a matter for the Office of the Scottish Charity Regulator, which will consult on guidance on determining whether a body has a public benefit. If that benefit exists, that body will continue to have charitable status. That matter will affect George Watson's College and many other schools in the category that the member described.

**Mary Scanlon (Highlands and Islands) (Con):** Will the minister give any directions or guidance to OSCR on the interpretation of the term "public benefit" for public schools? Moreover, will each school be judged on its merits in that respect?

**Peter Peacock:** I indicated in my reply to Mike Pringle that OSCR will consult on the guidance on the process of determining whether an individual

case passes its public benefit tests. As it stands, the bill sets out a range of considerations—in other words, guidance—that OSCR should take into account. Much more consultation will take place on that matter in due course.

**Christine Grahame (South of Scotland) (SNP):** I hear what the minister has said, but does he not agree that much of the Scottish public would be astonished to learn that Watson's, Fettes College and Gordonstoun School are listed as charities, with all the tax benefits that flow from that status? Why does the Executive not take the opportunity of the introduction of the Charities and Trustee Investment (Scotland) Bill to end that anachronism?

**Peter Peacock:** The Executive is seeking to modernise charity law for a whole variety of reasons. The bill does not explicitly exclude schools for the good reason that education will remain as a charitable purpose. We should remember that we are talking not only about the schools that Christine Grahame mentioned but about schools that offer very particular special needs education.

**Christine Grahame:** That is a very different matter.

**Peter Peacock:** Yes, it is. However, it would be difficult to distinguish between those two different aspects in the legislation.

Despite that, the Executive is seeking to set out a public benefit test in the bill. Schools that meet the public benefit criteria will be regarded as charities; those that do not will not have charitable status. It is up to schools to demonstrate that they meet the requirements and OSCR will make its decisions in due course.

##### Commonwealth Games

**2. Paul Martin (Glasgow Springburn) (Lab):** To ask the Scottish Executive whether attracting the 2014 Commonwealth games can provide economic and social benefits to Glasgow. (S2O-4767)

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** A bid assessment group that has been established will look at potential economic and social impacts on Glasgow and Scotland before, during and after staging the 2014 Commonwealth games. The group is expected to report next summer on the feasibility of Glasgow's bid to host the games.

**Paul Martin:** I welcome the minister's positive response. However, will she assure me that if Glasgow's bid is successful, the Executive will make additional funding available to allow us to create a lasting legacy in some of the city's more socially deprived areas?

**Patricia Ferguson:** Obviously, the Scottish Executive is closely involved in the assessment group and will be closely involved if a bid goes forward. A successful Commonwealth games has the potential to provide for Glasgow and Scotland a lasting legacy of improved transport infrastructure, housing and sports facilities, as well as to boost the image of the city. A successful games would not only heighten the profile of Scottish sport and deliver medal successes but develop volunteering in Scottish sport and potentially increase participation in sport, leading to improvements in health. All that would be a useful legacy for Glasgow and Scotland.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** The minister will be aware that Fort William has secured the mountain bike world championships in 2007, against strong bids from Australia and Canada. As mountain biking has brought an Olympic sport to the Highlands, will the Scottish Executive be reviewing the highly successful bidding techniques used by that sport, in order to inform the bid for the Commonwealth games?

**Patricia Ferguson:** The bid assessment group will examine all available information, and will be interested in the work that has been done to secure other major events for Scotland. The securing of the mountain bike world championships is in line with our strategy of attracting major events to Scotland, and the success of Lochaber and the Highlands in that regard is welcome.

### School Buildings

**3. Maureen Macmillan (Highlands and Islands) (Lab):** To ask the Scottish Executive what provision is made available for additional school building other than through the public-private partnership route. (S2O-4770)

**The Deputy Minister for Education and Young People (Euan Robson):** We also provide capital grant to authorities through the schools fund, significant increases in which we recently announced, and we support general local authority borrowing for capital expenditure through the prudential framework.

**Maureen Macmillan:** Is the minister aware that Lochaber High School board is concerned about the state of its school building, which is not included in the Highland Council's PPP scheme, and that other communities, for example in Argyll, are also concerned for the future of their school buildings that are not included in the PPP? Does he believe that the use of prudential borrowing can cover all those schools' refurbishment? How will the schools fund, or other sources of funds, be used to add money to the pot?

**Euan Robson:** How prudential borrowing is used is a matter for local authorities. It may be that local authorities can cover a number of needs beyond PPP programmes through that means. I know about Lochaber High School, not least because I have had the advantage of a conversation with Maureen Macmillan about it.

Primarily, the schools fund is to be used for such things as additional classroom space, broadband connectivity and information technology infrastructure within schools. However, it is up to local authorities how they deploy that resource. For example, in Highland, more than £4 million will be available in financial years 2005-06 to 2007-08 for use under the schools fund allocation.

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** There are concerns that the PPP deals that are being struck in some local authorities, such as Stirling, are being driven not just by the need for new schools but by the desire of private developers to build profitable housing on ex-school land at a price well beyond the purchasing power of people on average incomes. Is the minister concerned that, given the poor state of structure plans in many local authorities, an unwelcome by-product of that investment approach could be unsustainable planning decisions and growing inequality in the housing market?

**Euan Robson:** The points that the member raises are for the Development Department, but as ministers from that department are here, they will have heard his concerns. Clearly, local decisions need to be taken at a local level. Councils will doubtless have regard to the broader implications of any decisions that they take and any contracts into which they enter. However, those are primarily matters for local authorities to decide on and assess when they sign such contracts.

**David Mundell (South of Scotland) (Con):** Can the minister clarify the Scottish Executive's attitude to additional building on PPP sites, particularly in relation to sport and leisure facilities? I am sure that he appreciates that such developments will be some of the largest ever in communities but, in the existing PPP structure, councils appear to be unwilling to incorporate public sport and leisure facilities within those school sites.

**Euan Robson:** I am not entirely clear about the nature of David Mundell's question. I understand that some local authorities are actively considering the inclusion of sports provision in PPP sites, but it is for local authorities to assess the needs in their local circumstances. From personal and constituency experience, I can say that these matters are given careful consideration and that sports facilities that are open to the general public and based on school sites afford some attractive advantages to a number of local authorities. It is

up to the individual authorities to assess the decisions in the light of their own circumstances.

**Fiona Hyslop (Lothians) (SNP):** Is the minister aware of a parliamentary answer that I received, which said that the schools fund that he mentioned to Maureen Macmillan was available in capital plans for PPP projects only? Will he reflect on that and his answer to Maureen Macmillan? Will he also confirm that the £100 million that is currently available to be spent on privatisation and profiteering through PPP projects would build 10 primary schools, cash on delivery? Does he agree that that argues the case that real value for money lies in using public money to build public schools?

**Euan Robson:** Not for the first time this week, Fiona Hyslop is somewhat confused. It is possible for schools fund moneys to be used within the context of PPP projects, but it is not fair to imply, as she did, that that is exclusively the case, because those moneys can be for stand-alone uses, as I explained earlier. In the most recent distribution, the Executive suggested that the focus should be on information and communication technology developments within schools—to take advantage of broadband, for example—or on additional classroom facilities that are needed in view of curriculum developments, improving teacher-pupil ratios and declining school populations. It is up to local authorities to make the best use of the funds that are available to them through PPP schemes, the schools fund or the prudential borrowing regime.

### Tourism

**4. Cathy Peattie (Falkirk East) (Lab):** To ask the Scottish Executive how it is improving Scotland's profile as a tourist destination. (S2O-4762)

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** The Executive has more than doubled VisitScotland's budget since 2000, including the 28 per cent increase in its marketing budget that was announced in March. Some of that extra money is being matched by the private sector. The increased funding is being used to strengthen the promotion of Scotland in key United Kingdom and overseas tourist markets, particularly in the many areas in western Europe and further afield that are now being served by new air routes that are supported by our air route development fund. We have also set up EventScotland to raise Scotland's profile through support for major events.

**Cathy Peattie:** The minister will be aware that many visitors come to Scotland to hear and participate in our traditional arts. Will she encourage VisitScotland and other bodies to give the traditional arts in Scotland the profile that they deserve?

**Patricia Ferguson:** I am interested in Cathy Peattie's supplementary question, not least because of the questions raised by others outwith and, sometimes, within the Parliament about the cross-cutting nature—as I prefer to think of it—of my portfolio and the importance of linking culture and sport to tourism.

Cathy Peattie is correct to identify the potential of the traditional arts in Scotland. In that regard, I think particularly of Celtic connections as a potential way of attracting visitors. Thus far, the marketing of that event has been concentrated on the home market, but early discussions are now taking place with VisitScotland and Scottish Enterprise to identify other possible markets in which to market the festival. We know that the Hebridean Celtic festival is likely to accrue some £1 million of visitor revenue over a four to five-day period, so it makes sense to me to consider how the traditional arts can contribute more widely to our economy at the same time as ensuring that they receive a boost in participation and interest.

**Stewart Stevenson (Banff and Buchan) (SNP):** Is the minister aware of some particular negative effects of the selection of Edinburgh airport as the arrival destination for visitors to the G8 summit next year? That will involve parking Air Force One, for example, at Edinburgh airport for four days. Will that lead to the cancellation of scheduled and chartered flights and the restriction of their passengers and aircraft? Will it lead to executive-jet movement restrictions? Will it lead to the closure of the golf course at Turnhouse? Will the cordon militaire that will be necessary around Edinburgh airport restrict operation of the Gyle centre? Why was Royal Air Force Leuchars—a more convenient, technically practical and secure airport—not chosen instead?

**Patricia Ferguson:** The member will forgive me if I do not know the absolute detail of the answer, because the question does not quite fall within the scope of question 4, the session or my portfolio. However, I will say that many opportunities will accrue from hosting the G8 summit in Scotland. Last week, I visited Perth, where Perth and Kinross Council and many tourism businesses displayed a positive attitude to the summit. They see it as a huge opportunity to showcase Scotland and Perthshire. Frankly, I think that Mr Stevenson and his party would do better to see it likewise.

**The Deputy Presiding Officer (Trish Godman):** I remind members to try to stick to the subject of the question to which they are called to ask a supplementary question. If they do not, I will rule them out of order. I call Marilyn Livingstone.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I will try to stay within the rules.

**Richard Lochhead (North East Scotland) (SNP):** Good girl.

**Marilyn Livingstone:** I know.

In the past 10 years, the tourism industry in Fife has grown by 11 per cent and it now employs 6,000 people. That has been achieved through partnership working by public agencies and is an example of good practice. Will the minister outline how the new tourism network will ensure that that highly effective partnership between the local council, the enterprise company, tourism professionals and the industry in Fife continues so that Fife and Scotland's tourism industry can continue to grow?

**Patricia Ferguson:** I thank the member for her question and for her invitation to visit her area in January to talk to some tourism businesses about that matter and others. I am enthusiastic about the working that has taken place in Fife and other areas throughout Scotland and about the optimism that we share with the tourism industry over the potential for growth in the next 10 years particularly.

I am aware of concerns that have been expressed about the issue that the member raises, which she and I have discussed. It is hoped that revamping the tourism network will ensure more partnership working, encourage businesses that are part of the tourism network to be part of such partnerships and recognise the strong role of local authorities in that network. I hope that partnerships will strengthen and I will encourage VisitScotland to work towards that.

**The Deputy Presiding Officer:** Question 5 has been withdrawn.

### **Scottish Diaspora**

**6. Mr John Home Robertson (East Lothian) (Lab):** To ask the Scottish Executive what steps are being taken to raise awareness of Scotland among the Scottish diaspora in North America. (S2O-4707)

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** The United States is Scotland's most important overseas market for business and tourism. In recognition of that, the Scottish affairs office, which is based in the British embassy in Washington, was established in October 2001. The office's remit is to promote contemporary Scotland, to act as a liaison for all Scottish agencies that work in the US and to be an outreach to the Scottish diaspora. In the course of her duties, the first secretary for Scottish affairs undertakes an extensive programme of speaking engagements throughout the US, advises those who seek to establish connections with Scotland and has lead responsibility for the Executive's contribution to tartan day.

**Mr Home Robertson:** I am grateful for that helpful reply. I am always a little nervous about what research into my family's genealogy might reveal. I know that at least one family member was transported to Virginia in 1716 as a Jacobite rebel. Does the Executive have plans to capitalise on renewed interest in genealogy to promote business and tourism? Following Governor Schwarzenegger's choice of John Muir, the great environmentalist from East Lothian, to feature on 2 billion US quarter-dollar coins, does the minister have further plans to raise awareness of Scottish connections with America through the good offices of the first secretary for Scottish affairs, about whom she just talked?

**Patricia Ferguson:** It is estimated that about 20 million US citizens claim Scots ancestry, so that market has major potential. We recognise that potential and we encourage people who have an interest in tracing their roots to visit Scotland. The website [ancestralscotland.com](http://ancestralscotland.com) can act as a first port of call for anyone, wherever they come from, who wants to find out about their Scottish roots and it will inspire them to travel to Scotland.

I was aware of John Home Robertson's ancestry, because he mentioned it a few years ago during a members' business debate on tartan day. It is obviously of great interest to him and to others. I was interested to hear about the initiative that was taken by Governor Schwarzenegger to promote John Muir on the back of quarter-dollar coins in America. I understand that John Muir was born in Dunbar in the constituency of John Home Robertson, who obviously therefore has an interest. From what he said, it strikes me that there might be potential for further initiatives, not least because John Muir was one of the founding fathers of environmentalism. It may well be that we could examine ways of using John Muir to promote green tourism around the world.

### **Finance and Public Services and Communities**

#### **Violence Against Women**

**1. Cathy Peattie (Falkirk East) (Lab):** To ask the Scottish Executive whether its strategy aimed at reducing incidents of violence against women is meeting its targets. (S2O-4776)

**The Minister for Communities (Malcolm Chisholm):** We have established an expert sub-committee of the national group to address violence against women and it will consider and develop a strategic approach to the range of issues involved. The work is at an early stage and the national group will consider the need for the development of specific targets.



**Cathy Peattie:** Is the minister aware that violence is often the tip of the iceberg and that many women talk about the devastating long-term effects of emotional abuse? Will the Scottish Executive consider introducing targets and campaigns to tackle emotional abuse in Scotland?

**Malcolm Chisholm:** We recognise the serious problem of emotional abuse within the wider issue of domestic abuse. When I met Scottish Women's Aid this morning it made the point that it is wrong to think only of specific instances of domestic abuse because it is an on-going process that includes emotional abuse. The expert sub-committee that I referred to will work on a definition and it will take account of the United Nations definition, which certainly pays attention to the important emotional and psychological dimension.

**The Deputy Presiding Officer:** Question 2 has been withdrawn.

### **Civil Service Jobs (North Ayrshire)**

**3. Ms Rosemary Byrne (South of Scotland) (SSP):** To ask the Scottish Executive what progress is being made in bringing civil service jobs to North Ayrshire. (S2O-4702)

**The Minister for Finance and Public Service Reform (Mr Tom McCabe):** North Ayrshire is and will continue to be considered a potential relocation site. The Executive is committed to ensuring that government in Scotland is efficient and decentralised as part of our wider vision of more accessible, open and responsive government, and job dispersal is part of that vision. We are committed to examining opportunities as they arise on a case-by-case basis and no areas of the country are ruled out.

**Ms Byrne:** I am sure that the minister is aware that North Ayrshire has the highest unemployed claimant count in Scotland, at 4.3 per cent. Will he guarantee that no public sector civil service jobs will be lost to North Ayrshire following Gordon Brown's announcement that 104,000 jobs will be axed in the sector throughout the United Kingdom?

**Mr McCabe:** I am well aware of the situation in North Ayrshire, as the local members keep me up to date on it. Irene Oldfather has been making representations for a considerable period of time, requesting meetings with ministers and writing letters. We are well aware of the situation in that area. As you know, Presiding Officer, I am not in a position to pronounce on the consequences of decisions that are taken at Westminster on reserved matters.

**Alasdair Morgan (South of Scotland) (SNP):** Does the Executive have an indicative or target number of jobs that it thinks might be appropriately

reallocated or dispersed to North Ayrshire or to any other part of the country? Some of us think that the indicative or target number for our areas is zero.

**Mr McCabe:** I can understand why any member would make representations on behalf of their area and I suppose that most members will think that they have been hard done by in some way when they see jobs going elsewhere. I can only assure the Parliament that the process is objective and that we assess things on a case-by-case basis. That is the way in which Parliament would expect us to conduct operations and that is how we will continue to do so.

**Irene Oldfather (Cunninghame South) (Lab):** Is the minister aware that Irvine in my constituency, where the unemployment rate is 4.5 per cent, narrowly lost out on the 200 Scottish Public Pensions Agency jobs that went to Galashiels, where the unemployment rate was 2 per cent? Can he assure me that unemployment will be taken into account as one of the criteria that the Executive will consider in relocating agencies?

Also, the minister will be aware that the Accountant in Bankruptcy jobs have been temporarily located in my constituency. Will he give a commitment that a decision on the permanent location of those jobs will be taken in the near future?

**Mr McCabe:** I can give commitments on both those issues. First, the economic circumstances of an area are taken into account in the criteria for relocation assessment. Secondly, I am aware that the Accountant in Bankruptcy is temporarily located within the member's constituency. We will do our best to ensure that a decision on that issue is taken as expeditiously as possible.

### **Central Heating Programme**

**4. Mr Kenny MacAskill (Lothians) (SNP):** To ask the Scottish Executive what progress is being made in the provision of its central heating programme for pensioners. (S2O-4724)

**The Minister for Communities (Malcolm Chisholm):** So far, more than 27,000 systems have been installed in the private sector and we are aiming to install a minimum of 40,000 systems by 2006. In addition, the central heating programme in the local authority and housing association sectors will benefit many senior citizens. The programme was extended earlier this year to include the replacement of 4,000 partial or inefficient systems in the homes of those who are over 80.

**Mr MacAskill:** I thank the minister for his answer. As he will be aware from his answer to my recent written parliamentary question, many pensioners in the Lothians who should benefit

from the programme have experienced a delay of up to five months, which is clearly a considerable difficulty at this time of year. Will he undertake to ensure that all possible steps are taken to accelerate the programme as quickly as possible? Failing that, will he ensure that emergency alternatives are available at an affordable and accessible rate?

**Malcolm Chisholm:** The huge demand for the central heating programme is illustrated by the figures that I mentioned, which show just how successful the programme has been. However, there can be particular reasons, such as the need for a new gas supply or an electrical upgrade, why people may experience more than the normal period of delay. I certainly understand the issue that Kenny MacAskill raised about the Lothians, where five months is the average delay. Obviously, the Eaga Partnership is doing everything that it can to reduce that. However, I think that people will understand that the underlying reason for the delay is the wide demand for the programme.

**Elaine Smith (Coatbridge and Chryston) (Lab):** Many of my constituents have approached me about those waiting times, which are a concern. Has any consideration been given to extending the programme to include perhaps the option of grants or reimbursements for service users so that the backlog could be better tackled? That might prevent people such as a 73-year-old constituent of mine from having to wait five months with no heating or hot water over the winter.

**Malcolm Chisholm:** As the system provides a whole package that involves a final inspection of the work that has been done, we think that the present delivery mechanism is the best way. At present, our policy intention is to drive down the waiting times within that framework.

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** I welcome the expansion of the scheme to include the replacement of boilers that have broken down irreparably. Given that a breakdown, by its very nature, suggests something of an emergency, does the minister agree that it is unacceptable that people have to wait for up to five months under those circumstances, especially at this time of year? Will he re-examine that part of the scheme, so that those who find themselves in an emergency situation are treated with the urgency that their situation merits? Will he consider providing either a fast-tracking option for such breakdowns or, as Elaine Smith suggested, a grant-aided scheme to alleviate those affected with the immediacy that their circumstances both deserve and require?

**Malcolm Chisholm:** Obviously, difficult issues would arise from prioritising such requests, given that alongside those to whom the question refers

are those who have no central heating system. Installers should certainly be mindful of the issues that have been raised, but we must also remember those who have no system at all.

**Cathie Craigie (Cumbernauld and Kilsyth) (Lab):** I am sure that all members would agree that the central heating programme has benefited many Scottish pensioners, whose lives have been more comfortable, and that the programme has, in the main, been a success. Will the minister advise Parliament when he will bring forward a scheme to ensure that all pensioner households that have partial or inefficient central heating systems have a new system installed?

**Malcolm Chisholm:** At present, we are looking at the future of the programme. As Cathie Craigie knows, I announced such an extension of the programme for the over-80s earlier this year. We will come forward with proposals for the future programme very soon. We will, of course, consult on those.

#### Free Personal Care

**5. Phil Gallie (South of Scotland) (Con):** To ask the Scottish Executive whether the recently announced local government financial settlement will guarantee that all local authorities will be able to meet free personal care commitments. (S2O-4696)

**The Minister for Finance and Public Service Reform (Mr Tom McCabe):** The Executive has provided significant sums to local authorities to enable them to meet their free personal care commitments. It is the responsibility of local authorities to prioritise and manage their resources according to need.

**Phil Gallie:** Is the minister aware that, in Ayrshire in particular, people are waiting for long periods for assessment and that, once they have been assessed, they find that the assessments are not implemented? On every occasion, the local authorities concerned blame the Scottish Executive for having legislated to provide free personal care but failing to deliver. That is how they see it.

**Mr McCabe:** That allegation—which is only an allegation—has two distinct parts. There is no reason why people should have to wait a long time for an assessment, as there are professionals who can assess their situation. I understand that it may take a bit longer for them to receive the services. However, the Parliament needs to be aware that £250 million was provided for free personal and nursing care over the first two years of the scheme. The 2002 spending review provided a further £147 million in 2004-05 and a further £153 million in 2005-06. Total funding for the period 2006 to 2008 is £331 million. Those are

substantial resources. When authorities flag up a gap between the allocation of money for free personal care and the money that was expended, they must remember that free care has always been provided. In the recent past, additional money was provided for free personal care for all. It is important that both funding streams are joined together.

### Productivity

**6. Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** To ask the Scottish Executive what productivity is in the public sector in Scotland compared to productivity in England, Wales and Northern Ireland. (S2O-4752)

**The Deputy Minister for Finance and Public Service Reform (Tavish Scott):** Aggregate measures of productivity in the public sector for the countries and regions of the United Kingdom do not currently exist. At UK level, the measurement of public sector output and productivity in the national accounts is being explored by the Atkinson review. The Scottish Executive, together with the other devolved Administrations, is heavily involved in that important work. We look forward to the outcome of the Atkinson review, which is due to be published early next year.

**Jeremy Purvis:** I, too, look forward to seeing the conclusions of the Atkinson review. I welcome the Executive's decision to include public sector productivity squarely in the efficient government review document and in discussions with Audit Scotland about how it can be analysed.

Is the minister aware that, in answer to a previous question, the Minister for Enterprise and Lifelong Learning indicated that 8 million days were lost to industry in Scotland through ill health or absenteeism? Given that many of the root causes of absenteeism in the public sector are the same as those in the private sector and that the public sector is the biggest employer in my constituency, will the minister ensure that the Executive makes links between the Finance and Central Services Department and the Enterprise, Lifelong Learning and Transport Department in responding to those root causes?

**Tavish Scott:** There is best practice and there are examples of good experience in the private sector from which the public sector can learn. I do not want in any way to avoid that potential benefit. We are examining closely the balance between the public and private sectors on this issue. When the findings of the Atkinson review appear in the new year, we will look closely at those detailed points.

### Community Planning Partnerships

**7. Susan Deacon (Edinburgh East and Musselburgh) (Lab):** To ask the Scottish Executive what role community planning partnerships play in community regeneration. (S2O-4772)

**The Minister for Communities (Malcolm Chisholm):** Community planning partnerships have a key strategic role in agreeing joint objectives and co-ordinating the support of individual partners to target and regenerate the most disadvantaged communities. In particular, they have been tasked with developing and delivering regeneration outcome agreements, which will demonstrate how community planning partnerships are targeting and closing the opportunity gap both for geographic communities and communities of interest.

**Susan Deacon:** The minister is aware of the excellent work that has been done in recent years to regenerate deprived urban communities in areas such as Craigmillar in my constituency, under the auspices of social inclusion partnerships and backed by substantial Government and local authority investment. Will he give an assurance that in the move towards community planning partnerships, every effort will be made to learn from and build on the successes of such work and to avoid centralisation of approach so that local communities and the voices of local people will continue to be heard loud and clear in the future?

**Malcolm Chisholm:** One of the key reasons for the change was to have a more integrated approach, so that the money that was going into community regeneration could be supplemented by mainstream funding. In addition, in the move towards community planning partnerships, there was a determination to maintain and enhance local involvement in decisions about those areas. A new initiative—the community voices initiative—has been started to ensure that local people are fully involved.

As part of the changes, the overall amount that goes into the fund has been increased. Last week, I announced £104 million for next year, which is a £9 million increase on this year and an £18 million increase over the average of the past three years. Of course, there is a new formula that helps some more than others, but I am sure that Susan Deacon will welcome the fact that in addition to the community regeneration fund money that is going to Edinburgh, we will also have substantial investment—£7 million over this year and next—in the urban regeneration company in Craigmillar.

### Supporting People Fund

**8. Brian Adam (Aberdeen North) (SNP):** To ask the Scottish Executive what representations it

has received about the impact of changes to the supporting people fund. (S2O-4737)

**The Minister for Communities (Malcolm Chisholm):** We have received representations from the Convention of Scottish Local Authorities, local authorities, providers, stakeholders and a range of other organisations and individuals. I have met COSLA and other stakeholders and listened to their concerns about the allocations that were announced on 1 October. I announced new allocations today, slowing down the rate of the necessary redistribution to provide greater protection for those councils that are most affected.

**Brian Adam:** I thank the minister for his reply and welcome some of the transitional funding. I presume that the minister has received representation from Aberdeen, which has had a cut of between £3 million and £4 million in its funding from the supporting people fund. Does the minister share my concern about the impact of that cut on the many public and voluntary sector projects that are not short term but will require support for longer than is traditional? Will he ensure that the transitional support is not just a short-term fix?

**Malcolm Chisholm:** The first thing to say is that the new allocations give double the funding that we had in 2002 and double the per capita amount that is available in England. That is the background.

In the figures that were announced today, the cash reduction for Aberdeen is 3.3 per cent over three years. All councils are being required to perform such service reviews and Aberdeen should be able to manage it. We should acknowledge the considerable sums of money that are going into supporting people.

There have been some difficult decisions to make. There was a review and we know that housing benefit from Westminster had to be changed into a Scottish system. I understand the difficulties with that, which is why I have had several meetings with COSLA to ensure that those councils that were most affected by the changes had longer to make the adjustments.

### Communication Masts

**9. Donald Gorrie (Central Scotland) (LD):** To ask the Scottish Executive what action local communities or individuals can take when faced with the erection of a communication mast by Network Rail close to their homes. (S2O-4727)

**The Minister for Communities (Malcolm Chisholm):** The masts associated with Network Rail's new communications system benefit from permitted development rights, which grant them planning permission. Network Rail advises all

planning authorities of the planned mast locations and invites them to comment on their proposals. Individuals or community groups should contact their planning authorities about discussions with Network Rail regarding the siting of the masts.

**Donald Gorrie:** That is very helpful, because people are often at a loss to know how to complain. Is there some way in which people can make direct representations to Network Rail as well as approaching their planning authorities?

**Malcolm Chisholm:** The correct procedure is to deal with the question through the planning authorities, but I cannot think of anything in the world that would prevent Donald Gorrie from writing to Network Rail if he wished to do so.

**Janis Hughes (Glasgow Rutherglen) (Lab):** Through correspondence from me, the minister is aware of similar problems in Burnside in my constituency. Are there plans to review Network Rail's permitted development rights in light of the forthcoming planning legislation and the fact that 96ft masts are being erected across the Strathclyde area, often very close to people's houses, under the permitted development rights?

**Malcolm Chisholm:** We have a very large programme for modernising the planning system. Currently, a proposal to review the permitted development rights is not part of that programme. However, given the large number of representations that have been made on those matters, I am certainly reflecting on them. We will certainly continue to think about that in the lead-up to the planning white paper and the planning bill that will follow in due course.

## General Questions

### Wild Atlantic Salmon

**1. Maureen Macmillan (Highlands and Islands) (Lab):** To ask the Scottish Executive what measures it is supporting to conserve wild Atlantic salmon. (S2O-4797)

**The Deputy Minister for Environment and Rural Development (Lewis Macdonald):** We are addressing a range of issues relating to the conservation, management and exploitation of wild Atlantic salmon, including the development of area management agreements between wild fish and farmed fish interests, and the work of the International Atlantic Salmon Research Board of the North Atlantic Salmon Conservation Organisation.

**Maureen Macmillan:** The minister is aware that the impact of sea lice from salmon in fish cages is believed to hinder the regeneration of wild salmon stocks. Does he recall that, in the recent debate on aquaculture, mention was made of the urgent

need to increase the number of different lice treatments that are available to salmon farmers? What progress, if any, has been made towards licensing new treatments for use in Scotland?

**Lewis Macdonald:** The issue of lice treatments was indeed raised in the recent debate on aquaculture. Earlier this month, my officials met the Veterinary Medicines Directorate, the Scottish Environment Protection Agency and representatives of the pharmaceutical industry and the fish farming industry to address the issue. All the parties involved in the talks have taken away action points on which they will work in order to up the range of available treatments. Of course, we recognise that pharmaceutical intervention is important, but we also recognise that the area management agreements, to which I referred, are critical in addressing the issues.

**Rob Gibson (Highlands and Islands) (SNP):** I am interested to hear the minister's discussion of area management agreements. I wonder whether the conservation of all aquatic species is taken into account in the agreements. I also wonder whether the minister will reflect further on whether he will contribute on that subject to the Environment and Rural Development Committee's inquiry on climate change in January.

**Lewis Macdonald:** If the Environment and Rural Development Committee called me to give evidence to that inquiry, I would be happy to do so. However, the focus of our work is on wild salmon and sea trout, which are the species that are most directly affected by the issues that we are discussing. Of course, where there are implications for other species, we would want to do something about those as well.

**John Farquhar Munro (Ross, Skye and Inverness West) (LD):** I am sure that the minister accepts that the decline in wild salmon and sea trout numbers in recent years has been significant and alarming. Does he agree that one of the main contributors to that alarming decline is the excessively high and uncontrolled seal population around our coast?

**Lewis Macdonald:** Do seals eat fish? Yes. Does that have implications for our management of the aquaculture industry? It does not, so long as cages are properly designed in accordance with regulations. Does John Farquhar Munro have a supplementary question? I suspect that he does, but that it may be for another day.

**Robin Harper (Lothians) (Green):** Given the poor performance of wild salmon stocks in west coast rivers and their excellent performance in east coast rivers, as was announced recently, is the minister prepared to commission research that will compare the health of wild salmon in west coast rivers with that of wild salmon in east coast rivers?

**Lewis Macdonald:** Research is on-going, including research into, for example, patterns of sea lice dispersion along the west coast of Scotland. All the research should be viewed in the context of the management of species around the coast and the fact that we seek to address issues, wherever they arise, in the most coherent way. If Robin Harper would like further information on the research that is under way, I would be happy to provide it.

**Mr Jamie McGrigor (Highlands and Islands) (Con):** To stop the present flagrant abuse, in some areas, of this country's angling laws, which can be damaging to our salmon, sea trout and brown trout stocks, will the minister move to introduce a closed season for non-indigenous rainbow trout, in line with that for our native brown trout? Further, will he give a commitment that forthcoming legislation on freshwater angling will not weaken the current legislation, which helps fishery managers to protect their fish stocks, the environment and their freshwater fisheries?

**Lewis Macdonald:** We want to consider a range of issues relating to freshwater fisheries and we shall do that carefully. To give a general response to the specific point that Jamie McGrigor raises, we recognise that all fish stocks present in our fresh waters are sustainable so long as they are properly managed. That is the area in which we will want to address our efforts.

## Health Services (Centralisation)

**2. Michael McMahon (Hamilton North and Bellshill) (Lab):** To ask the Scottish Executive whether the centralisation of health services is a policy objective. (S2O-4799)

**The Minister for Health and Community Care (Mr Andy Kerr):** Our goal is to deliver services that are as local as possible but as specialised as necessary. For example, in Lanarkshire, the overnight palliative care nursing that is provided in Hamilton and East Kilbride enables 24-hour cancer care provision for patients in their own homes, negating the need for hospital admission. Similarly, investment in primary care has provided outreach services in health centres and clinics, meaning that patients who require warfarin do not need to go to hospital for blood tests or to have their dosage altered. A number of consultant-led clinics are now provided in local health centres, including dermatology, urology and colorectal clinics. There are many other good examples of the decentralisation of services, and we shall build on those and similar initiatives.

**Michael McMahon:** I am glad to hear that the centralisation of services is not a policy objective, because Opposition members have made it their job to try to portray it as such. Will the minister reassure my constituents and the wider public in

Lanarkshire that the on-going consultation that is being led by NHS Lanarkshire is aimed at the modernisation and improvement of services, so that those services are delivered in Lanarkshire not as a cost-cutting exercise but as a clinical need that will improve services?

**Mr Kerr:** Opposition members are often wrong, and some of the language that they use adds to the scaremongering in many communities. Ninety per cent of our health care starts and ends in the local community in the primary care sector. We will, of course, have many more discussions about specialisation.

The member mentioned cost. The steps that we have taken to decentralise mental health provision in particular have been made at much greater expense to the taxpayer, but for much better service delivery in communities; patients have been moved out of the large institutions that some people want to keep open and into the community, where there is much better care. Of course, that is not the cheap option, but it is the right option.

In relation to the work that is going on in Lanarkshire, there is early engagement with the public and with users of the service, and no decisions have been made to date. However, I would expect that, as ever, we shall continue in the direction of travel, which is to localise as many of our health services as possible.

**Mr David Davidson (North East Scotland) (Con):** I listened to the minister's answer with extreme interest. The health service in Scotland is now more centralised than ever. An example of that is ministers appointing the chairmen of health boards. Is the minister prepared to reconsider that policy and take his hands off the health boards?

**Mr Kerr:** When Opposition members cannot win the argument on services on the ground, they turn to the bureaucracy. We heard the same thing earlier today from the other Opposition party in the chamber. In Mr Davidson's area, chemotherapy is now being delivered at local level. Practitioners in the Scottish Ambulance Service have electrocardiograph machines and clot-busting drugs. The service is decentralised at the most local level and, of course, there is also telemedicine. We shall continue in that direction of travel, which is to localise services as effectively as possible, because that is right for patients.

**Des McNulty (Clydebank and Milngavie) (Lab):** Does the minister agree that, in certain circumstances, gathering together specialists to shorten the patient journey and deliver better services to patients is entirely sensible and commendable? A good example of that is the proposal to gather together cardiothoracic and cardiology services and locate them in the Golden Jubilee national hospital. Does the minister agree

that that is an excellent idea, which will help all the health boards and patients involved, and that it should be done as quickly as possible?

**Mr Kerr:** What lies at the heart of those proposals is the need to provide the right service in the right place for the patients, so that the right people can deliver a specialist service in a way that ensures clinical provision at the excellent standard that we all expect. That process will continue. In relation to the Golden Jubilee hospital, the proposals have yet to come to me formally, but I look forward nonetheless to the provision of that service in that great facility, which will expand further to help patients in Scotland.

**Christine Grahame (South of Scotland) (SNP):** I am heartened by what the minister says about the localisation of services. I refer him to the vital service that is provided by our cottage hospitals, including those in Jedburgh and Coldstream, which are under threat of closure by NHS Borders, against the express wishes of the entire community. Will he confirm that he has been sent a proposal by the Jedburgh general practitioners for redesigning their cottage hospital, which could be a model throughout Scotland? Will he consider that proposal very carefully? Does he agree that, for the time being, it would be imprudent for NHS Borders to close either hospital?

**Mr Kerr:** There is the contradiction. The Tories say that we centralise everything and complain that we have absolute control. The member says that we should get back into local areas to centralise control and prevent things from happening.

In fairness to the member, I should say that I have received interesting correspondence on the matter. Our strategy around community hospitals will be developed, in line with our partnership agreement commitment, and must include a balance of services in local areas. I am more than happy to consider the innovative proposals that are being presented by people from not just the member's area but other parts of Scotland, which will inform the Executive's thinking on a very important matter.

### Renewable Energy

**3. Phil Gallie (South of Scotland) (Con):** To ask the Scottish Executive whether, in light of Mr Jim Wallace's answers to questions S2W-12435 to S2W-12439 on 6 December 2004, it will carry out additional research into renewable energy and review its targets accordingly. (S2O-4697)

**The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson):** We are already carrying out research. A study by the University of Edinburgh, in conjunction with

Scottish grid owners, will help us better to understand the full implications of the growth in renewable energy for our electricity network and will set out how that might best be managed, to maintain a stable power supply across Scotland. The study, which is mentioned in the written answer to the member's question S2W-12435, is due for completion in spring 2005.

**Phil Gallie:** Surely the minister realises that he has put the cart before the horse. He has set targets, but he does not have the facts on renewables. He does not have a clue about the savings in CO<sub>2</sub> emissions. He does not have a clue about the requirement for back-up from conventional and nuclear plant to support renewables. He does not have a clue—

**The Deputy Presiding Officer:** Is there a clue to a question somewhere in there, Mr Gallie?

**Phil Gallie:** I asked a question, but I am pointing out to the minister the error of his ways. How on earth can he set targets, when he cannot even quantify the relationship between installed capacity and generation output? Will he reconsider the matter and review the targets?

**Allan Wilson:** I pay tribute to the member's knowledge of the electricity generating industry. It is not possible accurately to predict the levels to which individual renewable technologies might contribute to Scotland's electricity generating capacity in future. However, we are confident that we will meet our target for 18 per cent of overall capacity to be generated from renewable sources by 2010. The purpose of the study is to consider how the mix of intermittent and base-load generation will need to be developed so that we can achieve our objectives on security of supply, which will be fundamental to our future economic prosperity, and meet our climate change ambitions.

#### **National Health Service (Consultation)**

**4. George Lyon (Argyll and Bute) (LD):** To ask the Scottish Executive what requirement it has placed on national health service boards to consult local communities before closing services. (S2O-4722)

**The Minister for Health and Community Care (Mr Andy Kerr):** The National Health Service Reform (Scotland) Act 2004 places a new duty on the NHS to involve the public. The NHS is developing ways of engaging the local population in discussion about the future of the NHS and the services that it provides.

**George Lyon:** The minister will be aware from previous questions about Campbeltown hospital that Argyll and Clyde NHS Board failed properly to consult the local population before going ahead with a ward closure. At the Audit Committee's

meeting this week, the chief executive of the board revealed that the Lomond and Argyll area has not contributed to the board's deficit during the past four years. Can the minister step in and force the board to reverse its decision to close the ward until proper local consultation has taken place?

**Mr Kerr:** Powers exist in relation to ministerial statements around such matters, but I am not willing to take such steps at the moment with regard to what is happening in the community. I have been assured that patients who require hospital care will receive that care and that the board will continue to develop and enhance its community services in line with national policy on how best to provide such services.

I am advised that, by mid-January, a team of four additional community nurses and care assistants will be in place, which will work with physiotherapy and occupational therapy teams and social work services to provide the services that the closure might affect. I understand that the board intends to involve local people more in shaping the community-based services in the light of the first few months' experience of the new arrangements. That is a step forwards rather than a step backwards, which I hope means that the community is being built into the process of finding some of the solutions that are sought on the provision of a much-needed service in the community.

**Jim Mather (Highlands and Islands) (SNP):** I would like the minister to amplify his answer. What steps are being taken to ensure that decisions on reductions in, and closures of, NHS services are not being taken against the interests of remote communities? Such decisions could result in an overall loss of amenity that makes claimed savings a bit of a chimera, because equivalent costs will end up being borne by other agencies and individuals.

**Mr Kerr:** The requirements of patient safety and patient service should be at the heart of any change that any health authority or health board makes. The new arrangements seek to provide the type of community-based service that we are encouraging health boards to deliver throughout the rest of Scotland. Such services make care available in the appropriate location. They ensure that if people can get the care at home, they do not have to go to hospital in the first instance, and that people can come out of hospital and be cared for in the home environment. That is more appropriate, as it reduces patients' stay in hospital and allows them to be where they want to be—at home. We seek to resolve problems in that way.

On the specific situation in Argyll and Clyde, I am well aware of the community's unhappiness. I understand that the demonstration on the issue was attended by 1,500 people. As I have said to

Mr Lyon and Mr Mather on previous occasions, I cannot emphasise enough that it is the job of health boards to engage properly with communities. Instead of presenting pre-cooked solutions to their health care problems, they should hold genuine and open consultation. There are good examples of that around Scotland and all health boards must follow those examples.

### **Double Effect**

**5. Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** To ask the Scottish Executive whether there is a duty on doctors to report incidents under the doctrine of double effect. (S2O-4753)

**The Deputy Minister for Health and Community Care (Rhona Brankin):** As part of everyday clinical care, doctors, in accordance with their code of practice, make treatment decisions that are based on the best interests of the patient. Therefore, doctors face many and varied clinical situations in which double effect could apply. Although there is no duty on doctors to report incidents of the doctrine of double effect, they have a duty to record accurately the causes and contributory factors of death on a death certificate.

**Jeremy Purvis:** Does the minister share my concern that there is no reporting mechanism to cover situations in which a doctor administers to a patient extremely high doses of medicine that will bring about their death, even when that medicine is administered to alleviate pain? Similarly, there is no reporting mechanism to indicate whether such action was taken in accordance with the wishes of the patient.

**Rhona Brankin:** Although there is no legal obligation for doctors to report incidents of double effect, boards have procedures and protocols in place for pain relief and seeking patient consent and audit practice in many relevant areas. Incident reporting provides further safeguards and there are statutory obligations to report unexpected deaths. Under fitness-to-practice proceedings, doctors may be called on to justify their decisions to their board, the General Medical Council or the courts, if necessary.

I am aware that Mr Purvis intends to consult on a possible member's bill in the new year. As I have already stated, the Executive has no plans to change the current laws on euthanasia and assisted suicide. However, it will welcome and listen closely to the debate.

### **East Coast Main Line**

**6. Mr John Home Robertson (East Lothian) (Lab):** To ask the Scottish Executive whether it is making any representations about the new east coast main line franchise regarding services in Scotland. (S2O-4706)

**The Minister for Transport (Nicol Stephen):** Yes. In June of this year, we issued advice to the Strategic Rail Authority, which was taken into account in the subsequent tender for the east coast main line franchise.

**Mr Home Robertson:** The minister will be aware that Dunbar is one of only two stations on the Scottish rail network that is not served by ScotRail services and that there are just six Great North Eastern Railway trains to Edinburgh from Dunbar on weekdays. When he makes representations about the east coast main line franchise, will he back the case for having more trains to and from Dunbar, whether they are provided by the east coast franchisee, First ScotRail or Virgin Trains? Does he accept that there is an urgent need for better public transport for the rapidly growing population of the Dunbar area?

**Nicol Stephen:** I recognise that need and was concerned when the original case that the Strategic Rail Authority submitted removed two Edinburgh to London services, which would have had a direct impact on the Dunbar services, as both services called at Dunbar. I am pleased that the SRA took into account the Executive's advice and will maintain the current level of services at Dunbar by using one east coast main line train and an additional cross-country franchise train. Both trains will stop at Dunbar.

However, we need to do more than that, which is why the Executive is supporting the current study into services between Edinburgh, Dunbar and Berwick. We have offered 50 per cent funding for a full Scottish transport appraisal guidance appraisal of improvements. There is the opportunity to upgrade services in the ScotRail franchise, and I believe that the route in question is one of the routes that requires careful scrutiny. There is a great opportunity to encourage more people in Dunbar and the surrounding area to make greater use of public transport and of an improved rail service.



## Point of Order

15:01

**Mr John Home Robertson (East Lothian) (Lab):** On a point of order, Presiding Officer. I wonder whether the Presiding Officer has had notice of the Scottish media's boycott of the press gallery during the first 35 minutes of today's question time. Could the media's absence be attributable to something else? Will members join me in applauding the two people who turned up after about 35 minutes? [*Applause.*]

**The Presiding Officer (Mr George Reid):** I am happy that, among other things for which I am not responsible, I am not responsible for the behaviour of the press.

## Business Motion

15:01

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of business motion S2M-2193, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a timetable for legislation.

*Motion moved,*

That the Parliament agrees—

(a) that the Education Committee and Justice 1 Committee report to the Justice 2 Committee by 24 December 2004 on the Police Act 1997 (Criminal Records) (Protection of Children) (Scotland) Regulations 2004 (SSI 2004/526); and

(b) that the Justice 1 Committee reports to the Justice 2 Committee by 14 January 2005 on the draft Scotland Act 1998 (Modifications to Schedule 5) Order 2005 and the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2005.—[*Ms Margaret Curran.*]

*Motion agreed to.*

## Decision Time

15:02

**The Presiding Officer (Mr George Reid):** There is only one question to be put as a result of today's business.

The question is, that motion S2M-2179, in the name of Des McNulty, on behalf of the Finance Committee, on stage 2 of the budget process 2005-06, be agreed to.

*Motion agreed to.*

That the Parliament notes the 8th Report 2004 (Session 2) of the Finance Committee on Stage 2 of the 2005-06 Budget Process (SP Paper 257) and refers the report and its recommendations to the Scottish Executive for consideration.

**The Presiding Officer:** That concludes decision time. I wish you all a happy Christmas and a good new year.

## Craigneuk Development and Support Unit

**The Presiding Officer (Mr George Reid):** The final item of business this year is a members' business debate on motion S2M-2080, in the name of Alex Neil, on the closure of the Craigneuk Development and Support Unit. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament expresses its deep regret that the Craigneuk Development and Support Unit has been forced to announce its closure and the forced redundancy of its staff with effect from Christmas Eve, as a direct result of the actions taken by North Lanarkshire Council to withdraw funding from this organisation and the services it provides; notes that the withdrawal of the unit's counselling and support services will have a detrimental effect on the levels of poverty and deprivation in the communities which it serves, and believes that the way in which the council has treated this excellent organisation should be the subject of a detailed examination by Audit Scotland and the auditors of the European Commission and that appropriate steps should be taken to stop local authorities creating third party agencies which deliberately undermine and subvert the work of existing providers who are doing an excellent job, as was the case with the Craigneuk Development and Support Unit.

15:04

**Alex Neil (Central Scotland) (SNP):** I am sorry that no Labour member, other than the Minister for Communities, has seen fit to stay behind. I am particularly sorry that the local member, Mr McConnell, has not stayed behind, as the issue is important. As the rest of us leave to celebrate Christmas, the people of the Craigneuk Development and Support Unit are facing redundancy.

Before I discuss the specific issues relating to the Craigneuk Development and Support Unit, I emphasise that the area in which the unit operates is one of the most deprived parts not only of Lanarkshire, but of Scotland. Recent statistics published by the Scottish Executive and the report by the Joseph Rowntree Foundation have demonstrated that, in Scotland, the incidence of poverty and deprivation in North Lanarkshire is second only to that in Glasgow.

The work of organisations such as the Craigneuk Development and Support Unit, which started as a voluntary organisation in 1991, is therefore vital to the people in the area. For the past 13 years, the unit has provided sterling support and service to local people, dealing in particular with those who are down on their luck, who are unemployed, who require help with benefits, who require training or retraining or who otherwise need the support of the unit to assist with their domestic and employment situations.

The unit currently employs five people full time and its work has been given many testimonials by local people.

Everything seemed to be going fairly swimmingly until a couple of years ago, when the local social inclusion partnership, the North Lanarkshire partnership, and North Lanarkshire Council—to a large extent, they are basically the same organisation; they are certainly controlled by more or less the same players and participants—commissioned a review with a view to creating what is called an intermediate community organisation in North Lanarkshire. That review was carried out over a period of about 18 months in 2002 and 2003. As a result, the Craigneuk Development and Support Unit is now facing closure and the people who work for it are facing redundancy.

Many of the MSPs who represent the area, including the ones in the chamber today, had written to North Lanarkshire Council and the North Lanarkshire partnership, as well as to other organisations, to ascertain the facts and figures in the review. To date, we have not been given a full or comprehensive statement on the review's conclusions or the basis of those conclusions.

We know, however, that the Craigneuk unit agreed that there should be an organisation to cover the rest of North Lanarkshire providing the kind of services that the unit provides, which were not available in many other parts of the local authority area. We also know that the Craigneuk Development and Support Unit's staff and management committee, which is a voluntary body, assisted North Lanarkshire Council in putting together a package of information that became the basis of a successful application for European Union funding, resulting in a European regional development fund award of about £218,000. The basis of the submission was that, in its area of North Lanarkshire, the Craigneuk Development and Support Unit would act as the delivery mechanism for the implementation of the programme that had received European funding.

Unfortunately, North Lanarkshire Council and the North Lanarkshire partnership have pulled the rug from under the unit. Basically, the work has been transferred to the new organisation that has been set up, which is called Routes to Work. I will in no way decry Routes to Work, which I am sure will provide many useful services to people in other areas. However, it is a relatively new organisation and it does not have the experience of the Craigneuk unit. It certainly does not have the same presence in the part of North Lanarkshire that the Craigneuk unit serves.

We would all agree that the way in which the situation has been handled, the disregard for the voluntary efforts of the unit's management

committee, the disregard of the wishes of local people and the fact that the future of the five staff working at the unit—some of whom have made many sacrifices over the years to serve their community—has been totally ignored have been absolutely appalling. We are now in a regrettable situation in which, because the funds have been cut off, the management committee has been left with no option but to close the unit and make its staff redundant. That affects not just the Craigneuk unit, but two other services that are provided from the unit's premises—the Craigneuk benefit group and the area's over-60s lunch club.

Particularly galling is the fact that in the very week when the staff are being made redundant, a press release from North Lanarkshire Council indicates that the Scottish Executive has agreed to provide an additional £33 million over the next three years—£11 million a year—for the provision of services relating to regeneration. Despite all that, the council is standing by and allowing the staff to be made redundant and the service to be abolished. It is the duty of the Parliament to record its deep disappointment and disgust about the way in which the unit has been treated.

I conclude by reminding everyone here—there are not many of us—of the Scottish Executive's stated objectives in relation to such services. The Scottish Executive's policy is

“to see a Scotland where public services meet the needs of people and not the demands of the organisations which deliver them”—

such as North Lanarkshire Council or the North Lanarkshire partnership—

“and where social justice is a right and not a privilege.”

The Executive's strategy is to

“build on the firm foundations already in place.”

It is not to undermine and undercut existing organisations. The Executive also states that people should work

“closely with community leaders and work together. There is no other way.”

Unfortunately, North Lanarkshire Council has adopted another way, which is detrimental not just to the unit but, more important, to local people in that deprived part of Lanarkshire.

15:12

**Margaret Mitchell (Central Scotland) (Con):** I congratulate Alex Neil on securing the debate, which raises important issues relating not only to the treatment of the Craigneuk Development and Support Unit, but to all voluntary organisations. As we all know, voluntary organisations make a tremendous contribution to the life and work of our communities. By their nature, they tend to provide

value for money, because of the voluntary element and expertise that the workers add to complement salaried staff. The work that the CDSU has carried out over 13 years represents a model of best practice in the voluntary sector.

The unit evolved from the work of a support action group that was set up in Craigneuk to tackle poverty issues. As a result of that group's work, the need to address long-term unemployment in the Craigneuk area was recognised and the unit was established in 1991. Since then, the organisation has had an excellent track record in providing education, training and opportunities for the long-term unemployed. Moreover, the quality of the service that it provides has been recognised by organisations such as Motherwell College and Scottish Enterprise Lanarkshire, both of which have entered into training contracts with the unit. Therefore, the unit has to an extent been self-financing, providing even more value for money.

North Lanarkshire Council has attempted to mitigate its withdrawal of support for an organisation with a tried and proven track record by stating that some of the full-time staff employed by the CDSU will be working for the successor organisation, Routes to Work. In other words, it has implied that it is business as usual, but nothing could be further from the truth. Many of the clients with whom the CDSU has dealt on a recurring basis will simply not approach organisations such as Routes to Work, which is seen as having close links with the local authority. That point is confirmed by those who work in the citizens advice bureau, who state that people will come to them to talk freely and seek advice about issues such as debt, rent or council tax arrears, because the bureau is seen to be independent of the local authority.

Furthermore, it is difficult to see how the new organisation can provide the same value for money as the CDSU did, given the absence of voluntary input. I understand that the Scottish Executive's strategic review of voluntary sector funding is to be published before the end of the year and I ask the minister to take those points into account in the final report.

In conclusion, the closure of the unit means that, today, people in Craigneuk and the surrounding areas are being deprived of a valuable service merely, it seems, to support the empire-building activities of North Lanarkshire Council.

15:15

**Donald Gorrie (Central Scotland) (LD):** I will deal first with some specific points about Craigneuk and then with the wider lessons that are to be learned, as I see them.

I congratulate Alex Neil on securing the debate. Several of us have been trying to help Craigneuk for many years. The unit was one of the first organisations in central Scotland that I visited after the election of the Scottish Parliament. I was very impressed with what was being done there and, on its behalf, I handed out certificates to some of its graduates, as it were, at Motherwell College. It was a really good organisation that was based in the community and run by volunteers with some paid staff. They provided advice and help on a wide range of things, as has been said. Particularly, I thought that they were very good at getting people on to the first rung of the ladder to work, which is the hardest rung to get on to. There are many rungs further up the ladder, but the challenge is to get people who are sitting in the dust on to the bottom rung. Not many places do that, and I thought that Craigneuk did that very effectively; therefore, I was a strong supporter of the centre.

I was appalled when the local authority seemed to have it in for the centre. What was especially harsh was that the skills, knowledge and local connections at Craigneuk were called in by the council to assist in the setting up of Routes to Work—to put the case for European funding and other things. The people at Craigneuk had their brains pilfered for the new organisation and the new organisation was then used to stuff them—I am not sure whether that is parliamentary language, but members know what I mean. I thought that that was rubbing salt in the wounds. No organisation likes to lose its funding, but that was especially galling to Craigneuk.

I do not know whether money from any of the new funds might be available. Alex Neil mentioned one and there are others, such as the futurebuilders fund, which are meant to help social groups to develop as businesses. Even at this late stage, there might be some national fund that could assist Craigneuk. Failing that, I hope that the minister will take account of the main issue behind the disagreement, which is well summed up in the petition that was submitted by Craigneuk to the Parliament. The petition states:

"The petitioners call on the Scottish Parliament to urge the Scottish Executive to review its guidance for local authorities on the allocation of funding to the voluntary sector and in particular the apparent emphasis on the funding of innovative/new projects at the expense of existing projects."

I keep on saying that in speeches, but not as well as that.

We keep on supporting new bodies—whether at the local or the national level—and neglecting existing bodies. Also, many public officials, both national and local, honestly do not understand the voluntary sector and dislike working with it. It is a bit different, a bit shambolic and slightly harder to

pin down, but it delivers the goods and mobilises real energy and knowledge, which public bodies normally cannot do. The minister must initiate a sea change in how we support the voluntary sector, nationally and locally, to enable it to make the contribution that it can make to our community. Voluntary sector organisations can do things that nobody else can. Volunteers with real local knowledge are pearls beyond price, and we must make good use of them instead of—as is happening in this case—dismissing the whole lot.

15:19

**The Minister for Communities (Malcolm Chisholm):** First, I congratulate Alex Neil on securing the debate and share the general support that he, Margaret Mitchell and Donald Gorrie have expressed for the voluntary sector's role in this and many other areas. I also want to highlight my determination to tackle poverty and deprivation in communities such as Cragneuk.

As Alex Neil pointed out, the Executive announced just this month a funding package of £318 million over the next three years to tackle poverty in our most deprived communities. This funding, which has been called the community regeneration fund, is being carefully targeted to ensure that we focus on Scotland's most deprived areas. Earlier this year, we published the Scottish index of multiple deprivation to help to pinpoint areas that require our attention. As I shall point out in a moment, North Lanarkshire is a significant beneficiary of our new funding package.

As a result, we have made a significant commitment to provide resources to tackle disadvantage. It is now vital that we ensure that the resources are used to make a real difference. That was acknowledged in a review of the social inclusion partnership programme, which we commissioned in 2002 from Cambridge Economic Policy Associates. The review highlighted the importance of tackling poverty on a wider front and the need to ensure that public services take a joined-up approach to addressing the needs of the people in our poorest communities. In particular, it pointed out that the funding made available through programmes such as SIPs and the community regeneration fund needs to be used alongside mainstream funding for public services.

We listened carefully to those messages and to the views of partners working in the most disadvantaged areas, and have acknowledged the importance of joining up action to tackle local disadvantage. That is why we have given local community planning partnerships a key role in developing an integrated approach and building on the best social inclusion partnership experiences. Over the past year, community planning partnerships have been working hard to integrate

social inclusion partnerships and to manage a transition to the new approach, which is supported by the community regeneration fund and focused on closing the opportunity gap.

The motion highlights a local situation in which the community planning partnership has been grappling with difficult local issues in this context. However, I must stress that the North Lanarkshire partnership has taken these local decisions within the context of the Scottish Executive's general guidance in order to reflect local priorities and circumstances.

**Linda Fabiani (Central Scotland) (SNP):** Is the minister concerned that, with all the emphasis on local priorities and circumstances, this local community was not consulted before the decision was taken?

**Malcolm Chisholm:** A key element of our guidance on the community regeneration fund is that local people should be involved in any decision that is made. However, I will look further into the allegation that has been made.

I have already mentioned the new community regeneration fund, which will greatly increase the funding that is available to the North Lanarkshire partnership. In 2004-05, North Lanarkshire's combined SIP and better neighbourhood services fund budget was £5.5 million; however, our recent announcement has increased funding through the community regeneration fund to £9.8 million this year, which will rise to nearly £12 million in 2007-08. That more than doubles what has been available through the SIP and BNSF programmes.

As a result, this issue is not about a lack of resources or support from the Scottish Executive. Instead, it centres on using the available money to best effect and leaving local operational decisions to those who are in the best place to understand local dynamics and issues within the context of the Scottish Executive's overarching guidance.

**Margaret Mitchell:** Does the minister share my concern about the increasing trend to sideline organisations such as the CDSU that have a proven track record in favour of new organisations that simply do not have the same expertise? Will he take any steps to address such a trend?

**Malcolm Chisholm:** As I said at the beginning of my speech, I recognise and pay tribute to the voluntary sector's key role in that regard. However, it is difficult to generalise about this topic, because each situation has to be looked at on its own merits. My enthusiasm for the voluntary sector in general cannot become a blanket enthusiasm for every voluntary organisation in Scotland.

North Lanarkshire partnership has taken a serious and systematic approach to the matter.

For example, it has undertaken a sustainability review of each and every project that the SIP has funded on an inclusive basis and in sufficient time to manage the changes that have resulted.

**Alex Neil:** Does the minister agree that the full report of the sustainability review should be made public, and should be consulted upon before being acted upon?

**Malcolm Chisholm:** I believe in maximum transparency, so I am sure that the report should be made public. I also made a point in response to Linda Fabiani about involving local people in decisions.

SIP funding for the Craigneuk project was due to end in March 2004. The sustainability review started work in 2003, and the CDSU was fully involved in the process and was visited by the review team. All of this is what I am told, since I have no personal knowledge or experience of the project. The review team submitted its report to the North Lanarkshire partnership, which decided in December 2003 to end SIP funding to the CDSU with effect from April 2004—a decision that was communicated to the CDSU at the time, a full year ago. That was a local decision, made by those on the ground closest to the real needs of the area.

I am also told that Scottish Enterprise Lanarkshire assessed the CDSU's work in relation to providing job access services to unemployed people, and concluded that the CDSU significantly underperformed in all areas. In addition, in reaching the decision to cease funding the CDSU, the partnership assured itself that there would be no detrimental effect on services to unemployed people in Craigneuk, although I note Margaret Mitchell's point on that. The community planning partnership believes that the Routes to Work model provides a more integrated approach, with mainstream funding commitments from Scottish Enterprise, Careers Scotland, North Lanarkshire Council and Strathclyde European Partnership supplementing the funding from the SIP and the community regeneration fund.

I understand that North Lanarkshire partnership guaranteed that all CDSU staff would be interviewed for posts with Routes to Work, funded a further review of options for alternative services that the CDSU could develop, and offered staff time to help the CDSU to implement an action plan. Two staff who took up the offer of interview have been offered posts with Routes to Work. The remaining CDSU staff declined the offer, I am told.

While I do not in any way want to underplay the human dimension of those developments, we need to focus on the fundamental purpose of our interventions in this field—namely, to maximise our impact on tackling poverty and deprivation,

and to close the opportunity gap in our most deprived communities. We have made explicit through "Closing the Opportunity Gap" the targets that we have set out to achieve. We have engaged community planning partnerships to join up action at the local level and to recognise the importance of mainstream services. We have charged local community planning partnerships to deliver that new approach. In this case, it is North Lanarkshire partnership's judgment that an integrated approach to delivering job access services through Routes to Work will have the desired impact in Craigneuk and similar areas.

I thank Donald Gorrie, Margaret Mitchell and Alex Neil, in particular, for their contributions. They have given us all plenty of food for thought, and I shall certainly reflect further on the points that they raised.

*Meeting closed at 15:28.*

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