



OFFICIAL REPORT  
AITHISG OIFIGEIL

DRAFT

# Meeting of the Parliament (Hybrid)

Thursday 9 July 2020

Session 5



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# Scottish Parliament

Thursday 9 July 2020

*[The Presiding Officer opened the meeting at 12:20]*

## Covid-19 (Next Steps)

**The Presiding Officer (Ken Macintosh):** Good afternoon, colleagues. Before we begin, I remind members, as always, to observe the social distancing rules that are in place throughout the building, particularly when entering or leaving the chamber.

Our first item is a statement by the First Minister. The First Minister will take questions following her statement. Members may press their buttons to request a question whenever they wish.

**The First Minister (Nicola Sturgeon):** The Scottish Government is required by law to review lockdown restrictions at least every three weeks. The latest review falls due today, so I will set out our decisions and the next steps in our careful and cautious exit from lockdown. However, I will first give an update on today's Covid-19 statistics and a report on our progress in tackling the virus.

Since yesterday, an additional six cases of Covid have been confirmed, which takes the total number of cases to 18,315. A total of 646 patients are currently in hospital with suspected or confirmed Covid, which is an overall decrease of 121 since yesterday. That includes a decrease of 16 in the number of confirmed cases. As of last night, nine people were in intensive care with confirmed or suspected Covid, which is a decrease of two on the number that was reported yesterday.

I am pleased to report that, in the past 24 hours, no deaths have been registered of patients who had been confirmed as having the virus. The total number of deaths in Scotland under that measurement therefore remains 2,490. However, we must never lose sight of the fact that every death is a tragedy, and I send my condolences to everyone who has lost a loved one to this illness. I also know that statistical trends do not console those who are grieving.

However, the statistical trends are clear. In Scotland, Covid has now been suppressed to a low level. Indeed, even in the three weeks since I last updated Parliament, there has been significant progress. At that time, we were reporting approximately 20 new cases of Covid a day. The daily average now is around seven cases a day. Three weeks ago, there were more than 540 people in hospital with confirmed Covid, and the

figure today is 342. Further, there are now just three patients with confirmed Covid in our intensive care units.

The number of people dying has also fallen week on week, as is shown in our daily statistics and in the weekly reports from National Records of Scotland. In addition, our latest modelling suggests that the R number remains below 1. It has been between 0.6 and 0.8 for most of the past month.

The number of people in Scotland with the virus also continues to fall. Three weeks ago, we estimated that around 2,900 people were infectious. Our estimate for last week was that around 1,000 people in Scotland were infectious. That confirms, as I explained yesterday when setting out our decision on air bridges, that the prevalence of the virus is now several times lower in Scotland than it is in the United Kingdom as a whole.

In determining whether we can move from phase 2 to phase 3 of our exit from lockdown, we have assessed our progress in tackling Covid against the six criteria for this stage that are set out by the World Health Organization, and we have concluded that we meet each of them.

However, I must advise Parliament that the fifth of those criteria, which relates to managing the risk of importing cases from outside Scotland, gave us some pause for thought. The balanced decision on air bridges that we announced yesterday was essential for us to conclude that we are managing that risk in an effective and proportionate manner at this stage. It is essential that we keep the risk under close review. To be clear, that must cover the possibility of importation from other parts of the UK, as well as from overseas.

Taking all the various factors into account, I confirm that it is the judgment of the Government that we can now move from phase 2 to phase 3 of the route map.

I also confirm that, in a limited number of sectors, we will allow an exception to be made to the requirement for 2m physical distancing. However, that will be subject to strict conditions that are tailored to the circumstances of each sector. Let me stress the term "exception", because the general rule remains 2m.

For public transport and the retail sector, that exception will be permissible from tomorrow. However, it is essential that the required mitigations are in place and that appropriate discussions have taken place with trade unions before it becomes operational in any particular setting. Given some of what I will cover later, it is worth being clear at this point that the retail sector includes personal services such as hairdressing.

I also remind everyone that face coverings, which are already mandatory on public transport, will from tomorrow be mandatory in shops as well. There will be some exemptions: for young children under the age of five, for people with certain health conditions, and for staff in some circumstances. For the vast majority of us, however, it will be the law that we wear face coverings in shops. For the foreseeable future, wearing a face covering on a bus or a train or in a shop should become as automatic as putting on a seat belt in a car.

Although it should not need to be enforced, the police can issue fines for anyone who does not comply. However, I ask everyone to comply not from fear of enforcement but because it is the right thing to do—it helps us protect each other from the virus. That leads me to a general point that is important to stress before I outline the further restrictions that we intend to lift. The virus has not gone away. It is still out there, and it is just as infectious and just as dangerous as it ever was. Lockdown has suppressed it but, as lockdown eases, there is a very real risk that it will start to spread again. That is not conjecture; it is already happening in many parts of the world.

With every restriction that we lift, the risk increases, especially as we start to permit more indoor activity. All of us must therefore do everything that we can to mitigate it. Wearing face coverings is part of that, but so, too, are the other measures that are summarised in our FACTS campaign: face coverings; avoiding crowded spaces; cleaning hands and surfaces; 2m distancing; and self-isolation and booking a test if you have symptoms. I simply cannot stress enough that, as we move out of lockdown, those basic measures become much more important, not less—please, follow them to the letter.

Let me now confirm the key steps in phase 3 for which we are now able to set specific dates. You will find more detail on the Scottish Government website later today. As will be obvious from what I am about to say, we intend to take the same staggered approach to phase 3 that we did to phase 2. Not all changes will happen immediately or at the same time, which means that we do not bear all of the risk at once. However, the first changes, relating to the ability of different households to meet up together, will take effect from tomorrow.

Yesterday, the Cabinet Secretary for Health and Sport announced important changes for people who are shielding. For example, from tomorrow, you will no longer be asked to physically distance from people you live with, and you will be able to form an extended household if you live on your own or with children under the age of 18. Today's route map includes a link to the additional changes

that we hope to make to the shielding advice up to the end of July.

The other changes that I am about to announce unfortunately do not apply to people who are shielding but do apply to everyone else. Before I set out what those are, let me make a general point. Last week, we said that children under the age 12 no longer had to physically distance when outdoors; from tomorrow, that will also apply indoors. However, for adults and, for the time being, older children, the advice to keep a 2m physical distance from people in other households will remain.

However, from tomorrow, the general rules on household gatherings will be as follows. A maximum of 15 people from up to five different households may meet together outdoors. The advice is to remain 2m distant from people in households other than your own. From tomorrow, limited indoor gatherings will also be permitted. A maximum of eight people from up to three different households may meet indoors. To be clear, that is the household whose house the gathering is in and people from up to two additional households. As long as physical distancing between different households is maintained, that can include overnight stays.

I must stress, however, that that is one of the highest risk changes—if not the highest risk change—that we have made so far. We know that the risk of transmitting the virus indoors is significantly higher than it is outdoors. It is therefore essential that we all take the utmost care and strictly follow all the public health advice. That means keeping 2m distant from people in other households, being very careful to clean surfaces after you touch them, and washing your hands regularly, especially when you first enter someone's house. At all times, try to avoid creating bridges that allow the virus to spread from one household to another. We are also advising that, between indoor and outdoor activity, adults do not meet with people from any more than four different household in any single day.

Finally, from tomorrow, we will change the guidance so that, regardless of their living arrangements, people who are part of a non-cohabiting couple no longer need to stay physically distant from each other, indoors or outdoors.

The next set of changes will take effect from next Monday 13 July. From Monday, organised outdoor contact sports and physical activity can resume for children and young people, subject to guidance being followed. So, too, can other forms of organised outdoor play.

Non-essential shops inside shopping centres can reopen, provided, of course, that they follow

all relevant health and safety guidance. That will mean that, from Monday, the vast majority of retail will be open.

There will also, from Monday, be a further resumption of important public services. Community optometry practices will further increase their services, especially for emergency and essential eye care. Dental practices will be able to see registered patients for non-aerosol procedures. Let me explain that a bit more: aerosol procedures are those that create a fine mist, for example through use of a high-speed drill; we cannot yet allow those. Unfortunately, that means that many forms of dental care will still not be possible. However, procedures such as check-ups and the fitting of dentures and dental braces can resume.

From Monday, a woman can have a designated person accompany them to ante and postnatal appointments and can designate, in addition to their birth partner, one other person to attend the birth and make ante and postnatal ward visits.

Further important changes will then come into force from Wednesday next week, that is, 15 July. From that date, indoor restaurants, cafes and pubs will be able to reopen. However, just as with indoor household meetings, opening up indoor hospitality poses significantly increased risks of transmission, so it is essential that the guidance on health and safety is followed rigorously by businesses, staff and customers. That includes guidance on physical distancing and taking customer contact details, for use, if necessary, by test and protect.

Like public transport and retail, outdoor and indoor hospitality venues will be granted an exemption from the 2m rule from 15 July. However, that is dependent on the implementation of all relevant mitigating measures and appropriate discussions taking place with trade unions. Mitigating measures in this sector include clear information for customers that they are entering a 1m zone, revised seating plans and improved ventilation.

The tourism sector can also reopen from 15 July. That means that all holiday accommodation, including hotels, can reopen, as long as the appropriate guidance is followed.

Museums, galleries, other visitor attractions, libraries and cinemas, including drive-ins and other venues screening films, can also reopen on 15 July, although physical distancing and other safety measures will be required and for many if not most of those facilities, tickets must be secured in advance.

The childcare sector can also fully reopen from next Wednesday—I know that that is important to families across Scotland.

I can also confirm that, from 15 July, hairdressers can reopen, subject to enhanced hygiene measures being in place. The finalised guidance for hairdressers will be published this week.

Finally, I am pleased that we are able to bring forward two changes that we were previously keeping under review for later in phase 3 but now judge can be undertaken safely next week, provided that necessary mitigations are in place.

After careful consideration, we have decided that, from 15 July, places of worship can reopen for communal prayer, congregational services and contemplation. However, numbers will be strictly limited, 2m physical distancing will be required, and there will be a requirement to collect the contact details and time of attendance of those who enter a place of worship. Unfortunately, given what we know of transmission risks, singing and chanting will be restricted.

Detailed guidance is being finalised in consultation with our faith communities, but I hope that today's announcement will be welcomed by all those for whom faith and worship is important and a source of comfort.

In addition, and linked to that change, we will ease restrictions on attendance at services and ceremonies for funerals, weddings and civil partnerships. However, numbers will be even more limited than for worship generally and physical distancing will be required. I stress that that change applies only to services. Associated gatherings, such as wakes or receptions, must continue to follow the limits on household gatherings and hospitality.

I am acutely aware that the restrictions that we have had to place on attendance at funerals in these past few months have been particularly hard to bear and I am very grateful to everyone who has complied, in what I know will have been heartbreaking circumstances. Although the changes that come into effect next week will not allow full-scale gatherings, I hope that they will allow more people to find solace at a time of grief, as well as allowing more people to celebrate happier occasions, such as weddings and civil partnerships.

The next set of changes will take effect from 22 July. At that time, personal retail services that have not yet been able to reopen—for example, beauticians and nail salons—will be able to reopen with enhanced hygiene measures in place.

Universities and colleges can implement a phased return to on-campus learning as part of a blended model with remote teaching. Motorcycle instruction and theory and hazard tests can also resume from that date. However, driving lessons

and tests in cars will, unfortunately, have to wait a bit longer.

Unfortunately, there are other activities that are included in phase 3 of the route map that we are not yet able to attach a firm and specific date to. However, although we will keep these under review and, as we have done with communal worship, will bring dates forward wherever possible, it should be assumed at this stage that those further activities will not restart before 31 July. Those activities include the reopening of non-essential offices and call centres, the resumption of outdoor live events and the reopening of indoor entertainment venues such as theatres, music venues and bingo halls. They also include the opening of indoor gyms and the resumption of non-professional adult outdoor contact sports.

We will continue to work closely with relevant sectors on the reopening of all those activities as soon as possible. For example, we will work with the outdoor events sector to review the range of events that could take place, as we recognise that a one-size-fits-all approach might not be appropriate. However, I hope that it will be appreciated—as difficult as it is—that a number of those activities present particular challenges. Although I know that it is difficult, it will take a bit more time to work through how those can be safely addressed.

I also want to indicate that our current expectation is that phase 3 may well last longer than three weeks. Given the scale of the changes that we are making in phase 3, it might be wise not to rush them or go into phase 4 too quickly. However, we will keep that under close review.

Let me reiterate that it is our ambition and intention that schools will return full time in August. That is dependent on the virus continuing to be suppressed to very low levels, and it is therefore one of the reasons that we are being so careful and cautious in everything else that we do right now.

There is no doubt that today's statement marks the most significant milestone yet in Scotland's emergence from lockdown, and I hope that the measures that we have announced or confirmed today are welcome. All of them depend on us keeping the virus under control. Eliminating it as far as we possibly can now, ahead of what I am afraid to say are the almost inevitable challenges that we will face come winter, remains our objective. We will not hesitate to reimpose restrictions if we consider it necessary to halt the spread of the virus and save lives. I will make a further statement to the Parliament on 30 July, and will deliver regular updates through the regular media briefings between now and then.

I end by stressing the point that I made at the outset, which is, perhaps, the most important one of all. This is undoubtedly a time for cautious hope and optimism. There is no doubt that Scotland, through our collective efforts, has made great progress in tackling Covid. We should all savour our first indoor meetings and meals with friends, our first pint in a pub or catch-up over coffee. I know that many of us are looking forward to our first non-amateur haircut in many months. There will be other milestones and reunions that we will enjoy during the next few weeks. They have all been hard earned by each and every one of us. However, I have a duty to be crystal clear with the country that this is also a time of real danger. Next week represents the most substantial easing of lockdown so far, and we know that meeting people indoors poses far greater risks than going to a park or to someone's garden.

We see signs of resurgence in many countries across the world and we must all be aware of that in everything that we do. We must remember that Covid, although at very low levels in Scotland, is still out there. Everything that we learn about this still new virus—its infectiousness, ability to kill and potential to do long-term damage to health—should warn us that we mess with it at our peril. Therefore, perhaps more than ever, now is a time for great caution. Remember that life should still not feel entirely normal and that at all times, especially when we are meeting indoors with people in other households, we must constantly be alert to the steps that we need to take to deny the virus the chance to spread.

That is why the most important things that everyone must remember and abide by are the FACTS. They are as follows.

Face coverings should be worn in enclosed spaces such as on public transport, in shops and anywhere else that physical distancing is more difficult.

Avoid, literally like the plague, crowded places indoors or outdoors.

Clean your hands regularly and thoroughly and clean hard surfaces after touching them.

Two-metre distancing remains the clear and important advice.

Self-isolate and book a test immediately if you have symptoms of Covid.

The symptoms to be aware of are a new cough, a fever, or a loss of or change in the senses of taste or smell. People can book a test at [nhsinform.scot](https://nhsinform.scot) or by phoning 0800 028 2816. I ask them, please, to act immediately and to err on the side of caution. If they have any reason at all to worry that they might have Covid symptoms, they should get tested straight away.



It is only because of our collective action—our love for and solidarity with each other—that we have made so much progress. Now is not the time to drop our guard. Let us all keep doing the right things to keep ourselves safe, protect others and save lives.

**The Presiding Officer:** There is already quite a lot of interest from members who wish to ask questions. I encourage all those who wish to do so to press their request-to-speak buttons.

**Jackson Carlaw (Eastwood) (Con):** I thank the First Minister for early sight of her statement. As we exit lockdown, I reiterate her call for all of us to follow the rules, which, so far, the vast majority of people across Scotland have done commendably. In particular, I welcome the fact that places of worship will soon be reopened, which is a sign that our communities are coming back to life.

Today's statement confirms that businesses and employees across many sectors can now plan to return to work. I therefore ask the First Minister about her decision to put on hold her commitment to expanding free childcare. Many returning employees are parents who have waited nearly five years for that policy to be enacted, as was promised, so its postponement will come as a deep disappointment to them. It comes at a time when we need to do all that we can to make it as easy as possible for parents to get back into the workplace, as we all seek to get Scotland back on its feet.

The First Minister has said that she will review the position in December, but that is still five months away. Could that review take place sooner, to give parents who are returning to work hope that the promised policy may yet be delivered before the end of the coming school year?

**The First Minister:** Our commitment to double the provision of state-funded childcare—one that has not been made by a Government anywhere else in the United Kingdom—is not on hold. Inevitably, its timescale has had to be re-evaluated because of the impact of Covid. We have seen an interruption to construction work, and local authorities, which lead on implementing and delivering the childcare policy, have been obliged to divert resources to tackling and dealing with the pressures created by the virus. We are simply being frank with people about the inevitable and unavoidable consequences of that.

As I said yesterday, we will of course keep the position under review and will look for all opportunities to accelerate progress. I want to see our commitment—which we might say is the Government's flagship commitment—delivered as quickly as possible. I know the benefits that it will deliver to young people as they go through their

school education and the rest of their lives. However, I also know the financial benefit that it will deliver to families at a time when that will be both necessary and welcome.

As I have done throughout the crisis, I have tried to be straight about the challenges that we face and to set out the reasons why some things that we would like to happen either cannot happen or cannot do so in a particular timescale. I will continue to keep the public updated in the same open and frank way. We will continue to be committed to delivering that policy. When we deliver it, I hope that Jackson Carlaw will be one of the first to welcome it.

**Jackson Carlaw:** I hope that that answer means that there is potential for the review date to be brought forward, even if by only a couple of months

I turn to the detail of the chancellor's summer statement, which he delivered yesterday. Scotland will benefit hugely from many of his actions, such as the job retention bonus, the VAT cut for the hospitality sector and the eat out to help out scheme. However, his decision to cancel stamp duty on the sale of homes valued at up to £500,000 will not benefit Scots, because it relates to a devolved matter. His plans are a welcome step not only for home buyers but for all the employed people whom we want to see getting back to work. I refer to self-employed tradespeople, such as joiners, plasterers and electricians, who will be hoping that as they come out of lockdown there will be work for them to do. They often rely upon there being an active housing market for such work. Will the Scottish Government match the chancellor's action?

**The First Minister:** This afternoon, the Cabinet Secretary for Finance will set out, in her own statement in the chamber, the Scottish Government's response to yesterday's statement from the chancellor, so I will leave it to her to do that.

As we did yesterday and as I have done throughout the crisis, we welcome the interventions that have been made, as far as they go—they are all important and welcome. Where there are consequential from those announcements, we will continue to deliver their benefits here in Scotland, as we have done throughout.

We will take account of the different structure of the housing market in Scotland as we make decisions on stamp duty—the land and buildings transactions tax, as it is in Scotland. I read some comment from the Institute for Fiscal Studies this morning about the need to be careful around the impact of such decisions on first-time buyers in particular, and we will be particularly mindful of

that. The finance secretary will address all those issues later.

Every penny of consequential is welcome, but the additional cash to be delivered to the Scottish Government, particularly in relation to the employment aspects of the chancellor's announcements yesterday, amounts to around £21 million, as the Fraser of Allander institute has confirmed. We will make sure that every penny of that benefits people in Scotland, but we want to consider what more we can do over and above that.

Over the course of this month, we will formulate a response to the economic recovery advisory group's report. One of the central recommendations in the report was for a job guarantee for younger people. Yesterday's announcement goes part of the way towards that, but of course we want to consider whether we can go further in Scotland and deliver something of scale and ambition that can avoid a legacy from Covid of increasing and substantial youth unemployment.

**Jackson Carlaw:** Yesterday, the First Minister decided to keep Spain off the list of quarantine-exempt countries. As the First Minister knows, the Scottish Tourism Alliance has described the decision as

"a blow to the aviation sector and our tourism industry".

The First Minister will know, because she expressed it yesterday, the disappointment felt by some 60 per cent of holidaymakers who would have had plans to visit Spain this summer. The decision extends to all Spanish destinations, including Gran Canaria, Lanzarote, Tenerife and La Gomera in the Canary Islands, and Majorca, Minorca and Ibiza in the Balearic Islands. All have a very low incidence of Covid—in some cases, significantly lower than Scotland has. Will she examine whether those popular destinations could be added to her list of quarantine-exempt countries now? Such a measure would be welcomed by many Scots, who understand the need to balance the actions that she took arising from the incidence of Covid in mainland Spain with the risk here just as much as we do.

**The First Minister:** I was starting to wonder whether Jackson Carlaw was outlining his own summer holiday plans.

I am particularly interested in what appeared to be a proposition from Jackson Carlaw that, when there are different prevalence rates within a country, different arrangements around travel should apply. Perhaps Jackson Carlaw may want to reflect on that in relation to different circumstances in future, recognising that, right now, the prevalence rate of the virus in Scotland is several times lower—five times lower, based on

the most recent data that we have—than it is the rest of the UK.

I will be very straight, as I was yesterday, on the decision about Spain. I understand how difficult that is for our aviation and tourism sectors, and indeed for those who might want to go overseas over the summer—although my advice to people in Scotland who want to go on holiday is to support the Scottish tourism industry by staying in Scotland to have a holiday, if they are able to. We do not yet have sufficient data broken down to subdivide Spain into different areas. I said yesterday that we want to work to develop that picture, so that we might be able to take a more targeted decision in the near future.

Yesterday, I had data that showed that the prevalence rate of the virus in Spain right now is more than 10 times higher than it is in Scotland. Jackson Carlaw may want to argue that that should be ignored and that we should cast that aside, but I point to what I said in my opening remarks: as we go from one phase of the route map into another, we assess ourselves against the WHO's six criteria. This week, the one that was most difficult for us to give that assessment on was that of guarding against the risk of importing infection from other countries. The decision yesterday was vital in giving us assurance to enable the move into phase 3 at this stage, but we will continue to assess that and seek as granular a picture of the situation in different countries as we can get. That is not just about prevalence because, as I am sure that Jackson Carlaw is aware, there are two factors at play here: prevalence and any particular circumstances around outbreaks or approaches in controlling the infection. Work is on-going among the four chief medical officers across the UK right now to allow us to make more targeted assessments on that basis.

**Jackson Carlaw:** That was a bit disappointing, because the prevalence in some of the Spanish islands is significantly less than it is here in Scotland. The difference, of course, between Spain and the islands is that there is 1,000 miles of water in that case, which there is not between Scotland and England, however much the Scottish National Party might wish it were otherwise.

What people will have noticed yesterday was the gap between the negative response from some SNP politicians to the chancellor's statement—particularly at Westminster—and the positive response from Scotland.

For example, the SNP described the kick-start employment programme as

"a kick in the teeth",

while Liz Cameron at Scottish Chambers of Commerce called it

“a practical step in the recovery”.

The SNP said that the hospitality and tourism VAT measure was “not enough”, while the Scottish Tourism Alliance called it

“a huge catalyst for the tourism economy and ... a huge relief”.

Further, on oil and gas, the SNP claimed that the chancellor’s statement was “a hammer blow” and “shameful”, but Oil and Gas UK said that the announcement provides

“welcome support for companies in the ... offshore oil and gas industry.”

What Scotland is looking for is prompt, radical and ambitious action from this Government to support our tourism industry, to keep young people in jobs and to rebuild our country. Therefore, when the Cabinet Secretary for Finance sets out her plans later, rather than complaining again about what she cannot do, will she set out what she can do and must do for Scotland?

**The First Minister:** The most important thing that this Government needs to do for our tourism sector, for our economy, for society in general and, frankly, for every individual in the country is to provide the most sustainable basis for the recovery from the Covid crisis.

I know that Jackson Carlaw will never accept that anything that this Government does is any good at all, but anybody who takes a step back from what is going on will see that, right now, Scotland is being successful in tackling and suppressing this virus—perhaps more than is the case elsewhere in the UK—and that we need to continue with the approach that has achieved that, so that we can build that sustainable basis for recovery. [*Interruption.*]

I think that I just heard Jackson Carlaw say from a sedentary position that I should have listened to what he said earlier. Perhaps he should have listened to what I said, which was that I welcomed the chancellor’s announcements yesterday, as far as they go. However, I reserve the right to point out, as my colleagues have, that if we compare the totality and the scale of the fiscal stimulus in terms of its proportion of gross domestic product with what is happening elsewhere, we can see that it falls short of what many other countries are doing. All of us have a duty to point that out. We want to ensure that there continues to be a response to the economic crisis from the chancellor—because he holds the borrowing powers and the vast bulk of the other financial levers right now—that is commensurate with the scale of the challenge that we face.

Here in Scotland, as we have done from day 1, we will apply whatever consequentials that there

are in a way that supports Scotland, the economy and other parts of the country, and we will look to see what more we can do to add to that response. That is very much the spirit in which the finance secretary will set out her statement this afternoon.

Whether in relation to the health crisis or the economic challenge and the many other aspects that flow from it, this Government is absolutely focused on getting the country through this as safely as possible, and I believe that the vast majority of people across Scotland support us in that endeavour. In fact, we would not be making the progress that we are making now without not just the support but the co-operation of everyone across Scotland, for which they all have my grateful thanks.

**Richard Leonard (Central Scotland) (Lab):** I thank the First Minister for advance sight of her statement, and I remind members of my entry in the register of members’ interests.

In June, the Scottish Government announced that it was establishing a Rolls-Royce working group to protect jobs under threat at Inchinnan in Renfrewshire. Further, on 3 June, the First Minister told Parliament that she would

“work very closely with trade unions”

and spoke of

“a team Scotland approach”.—[*Official Report*, 3 June; c 19.]

I am sure that the First Minister believed what she said at the time, but she was wrong. The Scottish Government’s Rolls-Royce working group does not include one Rolls-Royce trade union representative. If it was a team, it was a team that did not include the players.

This is not just about the future of a site; it is about the future of jobs, at a time when Scotland is on the precipice of a major unemployment crisis. It is about the future of work in Scotland and the future of workers in Scotland.

Rolls-Royce workers are lobbying Parliament today. Just a few minutes ago, I spoke to Tam Mitchell, who is Unite the union’s convener. He has worked for Rolls-Royce for nearly 35 years. He asked me to directly ask the First Minister this question:

“We face the loss of 550 jobs and a business closure in a matter of weeks. Can you NOW share with the workforce what has been done to secure their jobs?”

**The First Minister:** First of all, if there is a concern about the membership of the task force, I will take that away and we will look to address it. The Scottish Government has no interest in not having everyone involved in a collective effort to do everything that we can to secure jobs and, if it

is at all possible, to secure Rolls-Royce's presence in Scotland.

On what has been done, I spoke to the chief executive of Rolls-Royce a few weeks ago. We have established a working group with the company, which is looking at a number of matters. First, it is considering what the Scottish Government can do in the short term to try to protect jobs. Globally, Rolls-Royce faces huge challenges, given the fall in demand for its products, and I cannot stand here and pretend otherwise. We cannot magic that away, unfortunately, but we have committed to look at what can be done in the short term.

Importantly, the working group is looking at the medium to long term and whether the Rolls-Royce presence in Scotland can be repurposed into, for example, electric provision and technology in future and at what we may be able to do together to provide a bridge between the short term and the medium to longer term. That work is on-going, and, of course, the task force will have a role to play in feeding into that.

We should not see this as the point of tension between us, particularly not between Richard Leonard and me. We are, I hope, absolutely on the same side on the issue.

As we have done in the past with other major parts of our industry that have been under threat, the Scottish Government will leave no stone unturned and will do everything that we can to protect jobs and to retain as many as we feasibly can. However, neither Richard Leonard nor I do anyone any favours if we underplay the particular challenges in the aviation sector right now.

I hope that we are able to work together. As I said at the outset, if there are genuine concerns that we have not got some things right along the way, particularly when it comes to the membership of the task force, I am happy to address that quickly.

**Richard Leonard:** Tam Mitchell also said to me that he had been told officially by the company that maintenance, repair and overhaul—MRO—is not even on the agenda of the working group's meetings, because the First Minister's office was told by Warren East, the chief executive officer of Rolls-Royce, that "those jobs are gone". A Scottish Government and Rolls-Royce working group to protect jobs at Rolls-Royce should not have written off 700 Rolls-Royce jobs.

Today, Parliament is also being lobbied about jobs by aviation workers from Scotland's airports, organised by the GMB trade union. Some of them are employed by Menzies Aviation. That company continues to claim 100 per cent rates relief from the Scottish Government while attempting to fire

and rehire its workers with their terms and conditions slashed by almost half.

Pamela Ritchie, who is demonstrating outside, has worked at Glasgow airport for 15 years. She works for Swissport. Some 800 out of 1,000 Swissport jobs in Scotland are at risk. She told me:

"Everyone understands how difficult the situation is for air travel, but to be losing so many airport jobs without any action from the Scottish Government to help us just feels like we are the collateral damage in the coronavirus crisis."

We cannot continue to see more workers feel like they are "collateral damage" during the pandemic. Will the First Minister work with the aviation trade unions and not just the airport owners and operators? Will she make 100 per cent business rates relief conditional on good employment practices? Will she listen to and meet those workers before more jobs are lost?

**The First Minister:** I do not know where Richard Leonard has been this week, but I am not sure that I am the most popular person in Scotland with the airport owners either. That is the nature of the difficult decisions that we have to take.

Before coming on to aviation, I want to round off on the subject of Rolls-Royce. What Richard Leonard quoted at me from Warren East, the chief executive, to whom I spoke a few weeks ago, relates to the fact that the demand for MRO services has plummeted. That is part of the challenge.

We want to work to ensure that, if there are things that can be done to protect jobs in the short term, we do them. There is an even more important responsibility to work with the company to repurpose the facility for the longer term, so that we can secure that presence, not just in the short term but for some time to come. We will continue to examine every option there. However, I am not going to stand here and pretend to anybody that the challenges are easy to overcome, given the global circumstances that are contributing to them.

A similar point has to be made with aviation. For reasons on which we have just been reflecting, there has been a collapse in demand for international air travel. I hope to see that recover as we come out of the Covid crisis, although we also have climate change responsibilities that we need to meet. The recovery element is the most important. We will work with all companies to do everything that we can to protect jobs, but we cannot just snap our fingers and take away the global reasons why these challenges exist. I will listen to any practical suggestions that anybody wants to make about the things that the Scottish Government can and should be doing.

On the issue of business rates relief, there are always difficult decisions to make. We want to

support as many companies through this time as we can. We have been very clear about this. Indeed, Fiona Hyslop and the Scottish Trades Union Congress agreed fair work principles at the start of this period. We are absolutely clear that any company that is in receipt of public funding—not just through this crisis but generally—should have fair work practices embedded in what they do. We will continue to send that message loudly and clearly to all companies, both during and after the crisis.

**Richard Leonard:** Let me turn to another aspect of jobs, referring to yesterday's statement by the Chancellor of the Exchequer, who announced the UK Government's new kick-start jobs scheme. Does the First Minister share my concerns that it will deliver low-paid, part-time employment for just six months, using a scheme that cuts off everyone over the age of 24, when what we need is jobs for good and a quality jobs guarantee?

Last week, the First Minister announced that Sandy Begbie would draw up an implementation plan for the jobs guarantee scheme recommended by the Scottish Government's advisory group on economic recovery. Can the First Minister assure us right now that the jobs and training that are delivered by that scheme will last longer than six months, that those on it will be paid the living wage or the union-negotiated rate for the job, and that they will be offered full-time employment or training? With unemployment in Scotland now above the UK average, will the First Minister roll out such a quality jobs guarantee scheme as a matter of great urgency?

**The First Minister:** The principles that Richard Leonard outlines are principles that we seek to apply across all our interventions on skills and youth employment—not just a potential jobs guarantee but our interventions through colleges and universities. That is important to us; it always has been, and it always will be.

I share some of the concerns that Richard Leonard has expressed about the chancellor's announcement yesterday. Hopefully, the announcement can play a part in a more comprehensive jobs guarantee scheme, which is why we are now doing work to respond. On the point of urgency, we will respond to Benny Higgins's report, which includes a recommendation of a jobs guarantee, before the end of this month, but when it comes to the implementation work, we want the jobs guarantee to be more comprehensive than what was outlined yesterday.

There is one point that I am not sure about—I have perhaps misunderstood what Richard Leonard said. Of course, we do not want unemployment to rise for any section of the

population but, on the point about age that Richard Leonard made, it is important to have a particular focus on younger people, because the challenge of youth unemployment is likely to be even greater than unemployment generally. As I am sure is the case for Richard Leonard, I remember only too well from the time of my youth the scarring effect of youth unemployment, and we must do everything that we can to avoid that, so I am not sure that I agree with his criticism regarding the age of 24.

Again, while scrutiny and parliamentary debate have an important role to play, I hope that there will be lots more that unites me and Richard Leonard and his colleagues on such issues than ever divides us. We are on the same side here. We might have slightly different views sometimes on how we go about it, but we all want to ensure that the present generation of young people do not pay the long-term price for a crisis that is not of their making.

**Alison Johnstone (Lothian) (Green):** I am sure that the Parliament will wish to send its sincerest sympathies to the family and friends of three-year-old Xander Irvine, whose funeral took place in Edinburgh this morning. The huge number of people who turned out on Morningside Road to pay their respects is testament to the love that the community has for Xander and his family. He will never be forgotten.

Yesterday, the Minister for Children and Young People tweeted:

"Children aren't able yet to attend blended placements unless essential to support critical childcare."

I warmly welcome the First Minister's confirmation in her statement that the childcare sector can fully reopen from next Wednesday. Can the First Minister confirm that the reopening means that it will be possible to move from one childcare setting to another? The Scottish Childminding Association, its members and parents urgently need clarity on that.

**The First Minister:** First, I associate myself completely with Alison Johnstone's comments about the tragic death of little Xander Irvine. None of us in the chamber can come close to understanding the heartbreak and devastation that his parents are suffering right now. I saw on social media the pictures of people lining the streets for his funeral this morning, and I think that all of us would struggle to find the words to convey the sense of sympathy that we feel for everybody who loved the little boy. I am sure that the thoughts of everybody in the chamber are with his family today and will be for a long time to come.

Alison Johnstone's substantive point is important. We absolutely hear and understand the

concerns that have been expressed by the Childminding Association.

We are not immediately changing the rule on blended spaces, but it is one that we are reviewing and we are taking scientific advice as we do so. I hope that over the next couple of weeks we will move to change that rule so that children are able to go from one childcare setting to another. However, I hope that Alison Johnstone will understand that, notwithstanding the very real and understandable views that childminders have expressed, we have to do that carefully and on the basis of the best possible evidence.

From memory—I am looking at him to check whether this is correct—in two weeks' time, the Deputy First Minister will make a statement in the Parliament on education and that will be one of the many matters on which he will update the chamber.

**Alison Johnstone:** I appreciate the First Minister's comments, but the lack of clarity on childminding is threatening the viability of many businesses and their opportunities.

For the past three months, residents of tenements across Scotland have had a welcome respite from commercial short-term lets operating in their stairs. My colleague Andy Wightman wrote to the First Minister yesterday highlighting testimony from residents who share their stairs with short-term lets and who described antisocial behaviour including fighting, spitting in stairwells and threatening messages.

Today's announcement means that all holiday accommodation will be open next week. Will the First Minister share the scientific advice confirming that it is safe to open up residential buildings where elderly and vulnerable residents are still shielding to unregulated and out-of-control businesses operating in them? Does the First Minister really think that that is safe?

**The First Minister:** I hope that Alison Johnstone will accept that the Government and I are taking great care in all the decisions that we are taking. None of them is easy or straightforward. If at any stage there is a view that we have not got some of them quite right, we are always willing to listen and to review that.

Before I come to the substantial question, I will close off the point about clarity. This is not about somehow refusing to give clarity—the advice up until now has been that it is not safe. Alison Johnstone is saying that safety should be the key consideration, and the advice on childcare up until now has been that it is not safe for children to move from one place to another. If we are going to change that advice, we need to make sure that we are doing it on the basis of the best possible

evidence. That is why it is taking a little bit longer to do it.

What Alison Johnstone has outlined in terms of Airbnb properties or accommodation that is let out and that shares facilities, such as accommodation in tenements, is not acceptable behaviour during this crisis or at any time. That behaviour must be tackled by the relevant authorities.

Anybody who is using an Airbnb property has to comply with the rules that I have set out today and that are clearly set out in our guidance, just as anybody else does. If concerns are raised about the operation of any of the changes that we announce today, including that there is a risk of a resurgence of the virus, we will act on those concerns. Part of the difficulty for businesses and individuals around the country is that none of what I have said today can be set in stone, as it all depends on our continued assurance that we are driving the virus to the lowest levels possible.

**Willie Rennie (North East Fife) (LD):** For weeks, I have been making a positive and constructive case for a joined-up approach on childcare. Thousands of parents have been asked to go back to work without childcare arrangements being in place, so I am relieved that we might finally have something that might work. If physical distancing indoors for under 12s has gone and childcare fully reopens next Wednesday, that might allow parents to get back to work.

However, the advice on childminding needs to keep pace with the education advice, because the risk to the childminding sector is clear. More than 80 per cent of childminders fear for their future, which is serious. I hope that the First Minister will respond to that.

The First Minister knows that I am an advocate for good early learning and childcare and that I support the expansion to 1,140 hours of provision. I understood that many of the nurseries could not be built or refurbished in time for the expansion in August because the construction industry had to shut, but I was surprised to learn that the nursery expansion has been delayed for a year. Why does a three-month lockdown result in a 12-month delay for parents, carers and children around the country?

**The First Minister:** I substantively addressed the point about childminders in response to Alison Johnstone, so I will not repeat everything that I said.

I do not want any childminder fearing for the future of their business; indeed, I do not want anybody fearing for the future of their business when we can do something to avoid that. However, equally, I do not want parents fearing for the health and safety of their children, and it is really important that, as we take these decisions,

we take them on the basis of the best possible evidence. That is why some decisions have taken longer than any of us would have liked—it is unavoidable. We are looking carefully at this decision, but we must ensure that the safety of children is central to everything that we do. I am sure that Willie Rennie agrees with that.

I addressed the point about the expansion of childcare earlier. There is not a uniform position; some local authorities will deliver the commitment more quickly than others and much closer to the original timescale. Beyond that, we will take every opportunity to accelerate the roll-out where we can. We cannot magic away the inevitable impact that Covid has had on the timescales, but nobody—certainly nobody in Government—is keener than I and the Deputy First Minister to see the commitment delivered as quickly as possible. We will work with local authorities to ensure that that happens.

**Willie Rennie:** Families are banking on the expansion of provision to enable them to get back to work. Children have already missed out on nursery education because of the months-long lockdown. The inequality gap continues to grow and the price of delaying the roll-out will be paid by families and children around the country through lost opportunities.

The First Minister says that she wants to support an economic recovery, but there is no way to a strong recovery that does not include strong and growing childcare provision. This week, her minister signed off a statement saying that there would be no review until December and that, for six months, the position would not change. A few minutes ago, the First Minister said that that was not fixed. I want some clarity: if it is not fixed, have the December review date and the six months' notice period also gone?

**The First Minister:** Willie Rennie has been constructive throughout the Covid crisis, so I do not want to turn this into an adversarial exchange. Please accept that. However, the reality for almost every aspect of life right now is that nothing is fixed, which is really difficult.

Willie Rennie talked about timescales. Given that we have inevitably and unavoidably lost time in the delivery of the provision over the Covid crisis period, we are trying not to raise the expectations of parents before we know that we can deliver. This will probably happen in a range of ways. We will build a bit more time into things than we genuinely hope might be necessary. We are trying to strike a balance. We will do everything here—as well as across the whole range of our other responsibilities—to accelerate things as much as possible. There are significant uncertainties around how plans can be recast and

accelerated as quickly as possible and around what we face with the virus.

Our key challenge over the next few weeks is to ensure that we do not allow the easing of the lockdown to lead to a resurgence of the virus, because that will set everything back even more. We will then go into a winter period in which the risks of a genuine second wave are significant.

Believe me, given the uncertainty of the past four months, I would love nothing more than to be able to give people in every sector cast-iron certainty about the future, but it would be irresponsible of me to do that. We try to build the most realistic timescale that we can, on the basis that we will bring it forward where that proves at all possible. That will be the case with childcare and everything else that we are dealing with.

**The Presiding Officer:** A large number of members wish to ask questions. I urge everyone to be succinct.

**Annabelle Ewing (Cowdenbeath) (SNP):** On the important issue of face coverings, with reports from the World Health Organization that the virus might in fact remain in the air for longer than previously thought, would the First Minister encourage people to wear face coverings in any location where they feel unsafe, as well as, of course, when on public transport and in shops?

**The First Minister:** Yes, I would.

The statement that the WHO made two nights ago that it is looking further into the issue of possible airborne transmission—it is not yet a definitive statement; it was in response to an opinion from a large number of scientists—is of serious and significant concern. I hope that this does not happen, but if at any stage the WHO's view is that the virus can be transmitted through the air, that would pose significant challenges for us in managing the situation. Our current understanding is that if somebody sneezes, anybody who is not far enough away can be infected immediately by droplets and that the droplets can rest on a surface, so if somebody touches it, they can get infected. If it turns out that the virus can be airborne, that means that, if somebody sneezes, the droplets can stay in the air for quite some time and then somebody coming into the same room, perhaps a couple of hours later, is still at risk. I just want to put it on Parliament's radar that that issue is now under active consideration by the scientific community.

Annabelle Ewing is right that the issue underlines the importance of wearing face coverings in enclosed spaces. I reiterate to people that that will be law as of tomorrow in shops, as it already is on public transport, but you should not do it just because it is the law or because it can be enforced and you can be fined by the police if you

do not do it. You should do it because it is the right thing to do. If you wear a face covering in an enclosed space—that could be any enclosed space where you feel a bit uncomfortable or where physical distancing is difficult—that protects other people from you passing the virus to them and, if other people wear face coverings, that protects you. So, please wear face coverings in enclosed spaces, because that is collectively helping us to protect everybody.

**Liam Kerr (North East Scotland) (Con):** On Monday, the First Minister confirmed that not a single follow-up check had been conducted on international arrivals coming into Scotland. Two weeks ago, her Cabinet Secretary for Justice told the Health and Sport Committee that quarantine checks had taken place on

“approximately 20 per cent of travellers”.—[*Official Report, Health and Sport Committee*, 23 June 2020; c 3.]

Instead of taking responsibility and apologising, he has blamed his officials and even Police Scotland for those inaccurate statements. Will the First Minister promise to publish in full the advice that the justice secretary was given from his officials and from Police Scotland so that we can establish precisely the truth of the matter?

**The First Minister:** The matter is as was set out by the justice secretary. What he said was what he believed was going to be the case—that the checks were starting on that day or, in fact, had started the day before. As I have narrated publicly on more than one occasion in the past few days, we now know that it took longer than we had thought that it would take to agree the memorandum of understanding with the Home Office that allows those checks to be carried out. Humza Yousaf has set that out. Also, when he spoke to the committee, there had been no referrals to the police for non-compliance with the regulations.

More importantly, the member might be interested to know that, as at 10.15 today, 94 checks had been made since they started earlier this week, and 72 were in progress. The case reports indicate that contacts are aware that they should self-isolate and that there is high compliance with that. I know that the Conservatives do not like good news on these matters, but that is some good news for them to enjoy today.

I come back to a central point. If the Conservatives' proposition is that everything that the Scottish Government is doing is somehow not good enough, the question that they have to answer is this: how is it that prevalence of the virus in Scotland is five times lower than it is in England?

**Monica Lennon (Central Scotland) (Lab):** An investigation by *The Courier* has today revealed that senior health officials regularly raised concerns about personal protective equipment stocks before coronavirus hit Scotland. We still do not have firm dates for the full remobilisation of all NHS services, and concerns are growing about non-Covid health risks, including excess cancer deaths and a mental health time bomb.

Will the First Minister advise whether PPE stock levels are a barrier to restarting NHS services and whether we will have enough PPE to cope with winter pressures and a possible second wave? Will she also advise when face-to-face mental health services will return?

**The First Minister:** The health secretary will keep the chamber updated on the remobilisation of the NHS and the resumption of routine health appointments. However, my response to the direct question is no, lack of PPE is not a reason for not resuming services.

I remind Monica Lennon—and, indeed, the whole chamber—that at no point during this crisis has Scotland run out of any aspect of PPE. We have worked hard to make sure that the supplies are there, overcoming the challenges that we readily acknowledge we have faced along the way to make sure that the distribution is getting to where it needs to. Where we have had to make changes, we have made those changes. Along the way, that has involved the revalidation of some items of PPE that were date expired. We have done all of that and made sure that the staff working in our NHS have the PPE that they need. We will continue to take that responsibility very seriously.

**Bruce Crawford (Stirling) (SNP):** The First Minister might be aware that last weekend, more than 20 people were charged with irresponsible camping and environmental damage in the areas of Loch Earn, Loch Venachar and Loch Ard, which are all in my constituency. Not only was there large-scale littering, with the discarding of tents, sleeping bags and camping seats, but fire damage was caused to trees. Does the First Minister agree that although individuals might have wanted to let off a bit of steam following the easing of lockdown, such behaviour—at any time—is totally unacceptable and will not be tolerated, and that, if the individuals involved are found guilty, the full weight of the law should come down on them?

**The First Minister:** I agree. The behaviour that Bruce Crawford outlined is not acceptable at any time and, where it happens, it should be dealt with seriously. I make the point that, if any of us is behaving in that way or in any way that is not in compliance with either the normal rules and laws or the public health guidance that is in place right



now, we are—I am not exaggerating here—potentially putting other people’s lives at risk.

All of us have an individual duty and responsibility to make sure that we are not doing that and that we are thinking very carefully about how we are behaving in relation to the application of public health measures. If every single one of us does that, we will continue to reduce and minimise the risk of the virus spreading out of control again.

I cannot emphasise enough that that risk is very real. Anyone who doubts that need only look at large numbers of states in America, at Melbourne, at parts of Spain and at Serbia—Belgrade in particular. A growing number of parts of the world are experiencing resurgences of the virus. Those resurgences are not second waves—that danger will be there for us in winter—but are happening because, as lockdown eases, people’s behaviour is meaning that the virus is finding it too easy to spread. We must all be conscious of that in every decision that we make right now.

**Jamie Halcro Johnston (Highlands and Islands) (Con):** We know that more than 4,000 people in Scotland have lost their lives to Covid-19, and we know that 2,000 lives have been lost in our care homes alone. What we do not know is how many Scots have had the virus. Will the First Minister advise what programme of antibody testing is being undertaken in our care homes and among the general population? Given that we are now more than three months into the crisis, if there is not a programme, what plans are there to introduce one?

**The First Minister:** We are doing antibody testing for surveillance purposes. The advice that we have is that that is the useful way of using it right now. Although tests have become more reliable, they are not yet reliable enough for it to be reasonable for us to use them among the wider population to tell individuals whether they have had the virus and—crucially—whether they are immune to Covid. In fact, a letter was written last week or the week before by a significant number of clinicians in support of the approach that we are taking in Scotland, which I have just outlined.

We have to be really careful about this, because even if we get to the point—and from my layperson’s understanding, I think that we are getting closer to the point—at which a test can tell an individual whether they have antibodies to Covid, we do not yet understand what that means. We do not understand whether that gives a person immunity for a week, a month, a year, five years, or indeed at all. Therefore, we have to be very careful about raising the public’s expectations of what antibody testing of individuals can do.

However, we are using antibody testing for surveillance and we will continue to extend that programme as the science tells us that it is useful and effective.

**Neil Bibby (West Scotland) (Lab):** The First Minister announced air bridges, but thousands of airport workers face losing their jobs. Two weeks ago, following my question to her, I wrote to the First Minister to ask her urgently to meet the airport unions GMB and Unite. I have still not received a reply.

Menzies Aviation is putting Scotland to shame by its practices and Swissport workers are so dismayed that they came to stand outside the Parliament and demand action.

The Renfrewshire and west of Scotland economy simply cannot sustain airport job losses and Rolls-Royce job losses on the scale that we are seeing. We are one of the areas that has been worst hit by the virus, and many constituents are asking why we have to pay the economic price, too.

There are global challenges, of course, but right now there is no task force or plan for Scotland’s airports. The First Minister said that she is open to suggestions; will she, at the very least, personally meet airport union representatives to hear theirs?

**The First Minister:** If this has not yet been conveyed, I am sure that it is about to be: I think that Jamie Hepburn is planning to meet the unions. I am willing to meet unions; I meet all sorts of people and do so happily, but of course I have a team of ministers, because the Government has a lot of work to do and we want to be able to do all of it.

I understand acutely the severity of the challenges that face the aviation sector. To be frank with Neil Bibby, simply to refer to global conditions as if they are some kind of incidental matter does not do justice to the issue.

Yesterday’s decision on air bridges, albeit that it perhaps does not sound like a difficult one, was one of the most difficult decisions that the Government has had to take in all this so far, because public health considerations tell us that the risk of importing the virus is possibly the biggest health risk that we face, and yet we understand the importance to the aviation sector of allowing international travel to start to resume. Therefore, we had to make that balanced decision. Getting people able to travel again is one of the most important things that we can do to help companies such as Swissport and Menzies, and airports and airlines.

These are not easy challenges, but we will continue to try to do everything that we can and we will work with trade unions and others to deal

with some of the longer-term implications of the situation. Anyone in my position in any country in the world who stands up and blithely says that we can wave a magic wand and take these challenges away is not doing justice to the issue. Just as we have worked day and night for the past three months to tackle the virus, we will work day and night to do everything that we can to mitigate and deal with its economic impact.

**Shona Robison (Dundee City East) (SNP):** As the First Minister said, the chancellor's announcement of a kick-start job creation scheme is a welcome start. However, given the disproportionate longer-term impact that Covid will have on young people, does she agree that young people in Scotland need and deserve more certainty than a six-month programme?

**The First Minister:** Yes, I agree with that. Although I repeat, as Shona Robison did, my welcome for the chancellor's announcement yesterday, right now in Scotland we are looking at what we can do to build on it, to give greater certainty and perhaps a longer-term commitment to young people.

As I have said before, including in my earlier response to Richard Leonard, all the economic aspects of this situation are important and must be addressed, but probably none is more important than the need to avoid the scarring effect of a significant rise in youth unemployment. We are very focused on trying to make sure that we deliver an intervention that is capable of avoiding that effect.

**Graham Simpson (Central Scotland) (Con):** Driving lessons and tests in cars restarted in England on 4 July. The First Minister said that in Scotland we will have to wait longer, but she did not say why. Will she explain why and tell us what needs to happen to get things restarted?

**The First Minister:** This virus spreads between people who are in close proximity to each other. Therefore—with respect—I thought that the reasons might have been obvious in relation to people who are from different households being in a car together. I do not underestimate the importance of that—*[Interruption.]* The member asked why it is happening in England and not here. Let me turn that question around and ask why the prevalence of the virus is five times lower in Scotland than it is in England.

It is for the UK Government to take the decisions that it does, and I have been at pains all along to say that I will not criticise it for those decisions. However, I will not simply follow those decisions if I do not think that they are right for the objective that we have set, which is to drive the virus to the lowest possible levels. Therefore, if we are going a bit slower on some things it is because

we think that the risk of going faster is too great and will compromise what we are trying to do.

I have said this a couple of times, but I want to say it again to be absolutely blunt with people: if we do not get this virus to the lowest possible level now, then the situation that we will face in winter—which, for all countries, might be significant regardless of what we do now—will be even more difficult to address and hopefully overcome. Therefore, we will continue to do things at a pace that is consistent with trying to eliminate the virus.

Other Governments are perfectly entitled to take different decisions. However, I would rather be standing here today announcing that, thankfully, nobody died yesterday from this virus than announcing that more than 10 people have died from it, as I would be if the figures were proportionate to England's. I will continue to take decisions that I think are right for Scotland and that protect the maximum number of lives.

**Pauline McNeill (Glasgow) (Lab):** According to the Joseph Rowntree Foundation, almost 45 per cent of those who rent their homes in the private rented sector have seen a drop in their income since March, and almost 60 per cent have had to borrow or use up savings to pay rent. That is the highest proportion of any housing tenure, and those people are already in arrears with other bills.

Last week, the Local Government and Communities Committee said that it did not have enough time to take my proposed fair rents bill through the parliamentary process. That legislation is needed now more than ever. I hope that the First Minister will at least accept that rent pressure zones have been a failure and that we need something else.

In view of that, will the First Minister consider adopting my bill, and give stronger protection to renters? I accept that she cannot give me an answer now. However, could she tell me that she will have a discussion with the housing minister, and, if not, tell me what action the Scottish Government will take to prevent renters in the private rented sector from high rents at this important time?

**The First Minister:** That is an important issue. I am acutely aware of it in general across Scotland and, given the nature of my constituency, I know how important it is.

During the past few years, we have taken a number of measures to try to better protect those in the private rented sector. We will continue to look at what more we can do. During this crisis, we have also increased the Scottish welfare fund and other sources of support for people who have financial difficulties, which is also important.

The Local Government and Communities Committee took a decision and I cannot interfere with that decision. However, I will consider any reasonable suggestion that is made and will ask the housing minister to have a conversation with Pauline McNeill about whether anything is possible.

I have to be frank and say that parliamentary time between now and the dissolution of Parliament is very limited, and there are particular pieces of legislation—not least the incorporation of the United Nations Convention on the Rights of the Child into domestic law—that we want to prioritise before the end of the session. However, we will look at what is possible and, if something is possible, we will certainly give it serious consideration.

**Sandra White (Glasgow Kelvin) (SNP):** I thank the First Minister for her statement and for the mention of music venues in particular. I also welcome the earlier commitment of £10 million and a further commitment of £90 million to the arts, culture and creative industries. However, music venues, of which there are many in my constituency, will be one of the last types of business to reopen. Can the First Minister confirm that support will be made available for them?

**The First Minister:** It is undoubtedly the case that further support will be needed for music venues, because the impact of the pandemic has been devastating on not only venues but the music industry more widely.

People in the sector have, of course, benefited from some of the funding packages that were announced at the outset, such as the pivotal enterprise resilience fund; the creative, tourism and hospitality enterprises hardship fund; and Creative Scotland's bridging bursaries. We want to do more and we are already in close contact with representatives of the industry to understand its specific needs in order that we can tailor further financial support. There is no doubt that further financial support will be necessary.

**Mark McDonald (Aberdeen Donside) (Ind):** The lifting of restrictions is welcome, because it demonstrates the progress that is being made, particularly around households being able to meet indoors. However, for individuals who have family members in care homes, there remain challenges and difficulties, understandable as they may be.

I have a constituent whose mother is in a care home and nearing the end of her life. As is the situation in care homes, she is unable to meet anyone outdoors and can have only one member of the family to visit her, although there are other family members—including siblings—who would like to see her as she approaches the end of her life. Given the restrictions around face coverings

and so on, will the First Minister give consideration to what flexibility care homes might be able to offer families who are in the position that my constituent's family find themselves in?

**The First Minister:** The situation around visiting and care homes is a difficult one. The relaxation that the Cabinet Secretary for Health and Sport announced last week is important, but I know that we want to go further than that as soon as it is safe to do so.

I remind Mark McDonald that, all along, there has been flexibility around end-of-life visiting. If he wants to pass the details of the particular case that he mentioned to the health secretary, we can see why that flexibility has not been accommodated in this instance and how it can be in future. I repeat that end-of-life visits have always been recognised as being necessary, and flexibility has always been available in that regard.

**Kenneth Gibson (Cunninghame North) (SNP):** Last weekend, pubs in England opened, bizarrely, from 6 am. Within 24 hours, at least three establishments were forced to close again due to customers testing positive for coronavirus. The chair of the Police Federation of England and Wales, John Apter, said that it is "crystal clear" that drunk people will not socially distance, adding that officers in some areas had been assaulted.

Although most pubs will, no doubt, reopen safely and responsibly, how closely will they be monitored to ensure that we see no repeat of the scenes that we witnessed down south?

**The First Minister:** As I said a moment ago, it is for each of the Governments across the UK to take decisions that they think are right. However, with regard to our opening of hospitality, we have chosen to do that during the week—Monday this week for outdoors hospitality and Wednesday next week for indoors hospitality—because that is one thing that we can do to ensure that the transition into that situation is as safe as possible.

I urge everyone to behave responsibly. Many people will be looking forward to going to a pub for the first time in a long time. However, they should behave responsibly because, particularly if they are doing that indoors, they are taking and posing a greater risk than has been the case for almost four months. People must comply with all the measures that staff ask them to comply with and should remember to take care with their own personal hygiene and other measures.

Of course, the police—as they always do in relation to hospitality—will take enforcement action where necessary and will police our pubs and clubs in a way that is appropriate. They do that at all times, but it is particularly important over this period that they do so in the sensitive and appropriate way that they always do.

**Jamie Greene (West Scotland) (Con):** It is more than two weeks since the Deputy First Minister announced that schools should plan to reopen fully on 11 August, but we already know that at least one council will not be opening its schools fully on that date. Why has no detailed guidance on how schools can open safely and fully been issued since that announcement? How many more councils might also not be opening their schools fully on 11 August? More important, what advice does the First Minister have for parents who had planned to return to work that day but who now cannot?

**The First Minister:** The answer to the question about why there is no guidance yet is that we are working on it. Through the education recovery group, the Deputy First Minister is working on the guidance to ensure that we take account of all relevant scientific advice. It is important that we do that in a careful and considered way. Some local authorities might well decide to have a situation in which younger people have a softer start into full-time education, because they have been away from school for four months. However, the absolute intention is that schools will open full time from August.

The final point that I will make on this, which is probably the most important one, is that the ability of schools to reopen full time from August is dependent on our continuing to suppress the virus. The thing that would put that most at risk is if I were to give in to some of the requests I get—not exclusively from those on the Conservative benches, but mainly from them—to speed up the exit from lockdown. That would jeopardise our suppression of the virus and would do more than anything else to compromise our chances of getting education back full time.

If anyone is feeling frustrated about the pace of exit from lockdown, they should remember that the prize that we are aiming for is getting our children back into full-time education in August, so let us stick with it.

**Neil Findlay (Lothian) (Lab):** Scottish mesh survivors are one group of patients who are desperate to know what the reopening of full NHS services means for their health and wellbeing.

Yesterday's very good report by Baroness Cumberlege should have made uncomfortable reading for surgeons, medical profession regulators, Government ministers, manufacturers and the medical establishment, who have collectively failed women across Scotland, the UK and, indeed, the world.

The report includes a list of recommendations for the NHS in England, much of which could be implemented in Scotland, too. Will the First Minister now take responsibility and urgently look

at how we can implement the recommendations of the report in Scotland? Will she ensure that there is a debate in Government time on the report immediately after recess? Will she commit to the NHS paying for women to travel abroad for full mesh removal, as the Canadian Government has done?

**The First Minister:** Yesterday, the health secretary confirmed that we would consider the recommendations in the Cumberlege report for their applicability to Scotland and that we will respond in full to the report.

I understand that the health secretary will soon have a meeting with certain members, including, I think, Neil Findlay, to discuss issues around mesh. We will also continue to consider how we support women to get the treatment that they understandably and rightly feel that they need. That will be part of that consideration.

We have recently announced the establishment of a support fund to help women with some of the other costs associated with the difficulties to do with their mesh treatment. The health secretary will be able to give a fuller update to the members whom she meets next week.

Although it would be for the Parliamentary Bureau to decide, I am happy to give an undertaking that, as soon as possible after the end of recess, there should be a parliamentary debate when that is appropriate and we have had a chance to consider the recommendations in full. I think that we could all support that.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** I ask this question on behalf of our shielded group. Most of that group have been isolating since March and they will be pleased to learn of the latest relaxations that were announced yesterday. However, could more be done with the tourism and hospitality sectors to set aside safe zones or safe spaces for our shielders, so that they might also be able to enjoy many of the facilities that the rest of us will shortly start to enjoy once again?

**The First Minister:** We will certainly take up that good and reasonable suggestion with different sectors. Willie Coffey is right about how difficult it has been, and continues to be, for those in the shielded category. The changes that have been announced that will take effect from tomorrow are important, and I hope that they will make a real difference to the quality of life of those who are shielding.

Although they will be looking forward to greater interaction, many in the shielded category will also be anxious and nervous about that. We have produced and will continue to produce guidance in that regard. We have also produced guidance for the hospitality industry, which includes the taking

of precautions such as regular disinfection of objects and surfaces that are touched regularly.

I think that I said this in my statement, but in case I did not, I remind anyone watching who is in the shielded category that they will find more detail on the Government website. That detail is not just about the changes that will take effect from tomorrow, but the further changes that we hope that we will be able to announce between now and the end of July, when it is still our hope that the shielding advice can be paused.

**Jeremy Balfour (Lothian) (Con):** The First Minister will be aware that all deaf people, including those who use sign language, need to be able to see people's faces. Will she ensure that all transport providers and shop owners are aware that they should not wear a face mask when dealing with someone who has a hearing issue, so that they can communicate clearly with them? Will she make sure that all NHS care workers have clear face masks, to enable easy lip reading?

**The First Minister:** Yes, I think that that is extremely important. The member's points are well made, and I give him an undertaking that I will make sure that we act on all those issues and that the right guidance and support are available, as he has set out. I am happy to ask the health secretary to write to him with more detail of that when we have done that.

**Jackie Baillie (Dumbarton) (Lab):** I am sure that the First Minister will agree that hospices have done a tremendous job during the pandemic, as they do all year round. They were promised additional resources—£19 million in Barnett consequentials—in April. Why have some hospices not yet received that money? Will she ensure that the funding is released immediately?

**The First Minister:** I will check this, but the Cabinet Secretary for Health and Sport is indicating to me that it has already been agreed with the hospice sector that that money will be made available. However, since Jackie Baillie seems to have different information, it is probably better that we go away and check the position. The intention to ensure that the money is available, released and distributed as appropriate is absolute.

**The Presiding Officer:** I am afraid that that is all that we have time for. My apologies to members who did not have the chance to ask their question.

I suspend the meeting; we will resume at 2.30.

13:45

*Meeting suspended.*

14:30

*On resuming—*

## **Chancellor of the Exchequer's Economic Update**

**The Deputy Presiding Officer (Linda Fabiani):** Good afternoon, everyone. I remind members that social distancing measures are in place in the chamber and across the parliamentary campus. Please take care to observe those measures, including when entering and exiting the chamber.

The next item of business is a statement by Kate Forbes in response to the Chancellor of the Exchequer's summer economic update.

**The Cabinet Secretary for Finance (Kate Forbes):** I welcome this opportunity to provide an initial response to the Chancellor of the Exchequer's economic update yesterday. I will start by saying something positive: I welcome elements of the chancellor's statement. Last week, I called for an £80 billion stimulus package from the United Kingdom Government to build a strong, green and inclusive economic recovery. That would be around 4 per cent of gross domestic product, matching the scale of Germany's plan, and more in line with the Prime Minister's rhetoric referring to Franklin D Roosevelt.

Although I support certain measures, not least the reduced rate of VAT for tourism and hospitality, which I had called for, much of the rest falls short of delivering what I believe is needed to boost the economy and protect jobs. For example, there is no extension to the furlough scheme for hard-hit sectors, there is no further support for households in financial difficulty and, despite us now being into July, there is silence on the question of reasonable fiscal flexibilities for this Government to allow it to respond appropriately to the pandemic.

Many of the initiatives are short lived. Rather than providing long-term certainty for businesses or households, they simply push the problems back towards the turn of the year, when we will also have to contend with the end of the transition period with the European Union.

The chancellor's jobs plan may have a headline value of up to £30 billion, but we should be clear that that figure is contingent on demand, while some of the measures may prove to be poorly targeted. The figure also comprises the Prime Minister's investment package that was outlined last week, which we know extends to future years and does not add new money this year. I say all that merely to clarify the facts and the context. I am sure that we can all agree that accuracy is important.

Another fact is that the chancellor's jobs plan itself generated only £21 million for the Scottish budget, a position that was confirmed today by the Fraser of Allander institute. I appreciate that many of the measures are UK wide, and that the England-only spend is mostly recycled from existing budgets, but that disappointing figure is at odds with those that were being quoted by some parties yesterday. We cannot have both a UK-wide package and significant consequentials.

Granted, there was further detail published yesterday, separate from the jobs plan, albeit nearly all of it concerned previously trailed measures, such as Monday's culture announcement and—belatedly—some of the long-promised funding for personal protective equipment. Those and other previously known measures that were separate from the chancellor's statement were reflected in a figure of £800 million of consequential uplift, which was also quoted by some people yesterday. Although that is welcome, it includes only £27 million that we were not aware of beforehand. It is helpful to be clear about what the various funding amounts relate to.

For the record, the currently notified estimate of Covid-related consequentials for the 2020-21 Scottish budget is £4.6 billion. That is all resource, except for £10 million of capital and financial transactions. I reiterate that that is welcome. However, even with some simple analysis of the scale of the support that is needed, whether for businesses, communities or public services, it is clear that that is not enough to fund the recovery sufficiently and to balance the budget. That is why, together with devolved Government counterparts, I continue to have constructive dialogue with the Treasury. My expectation and my hope is that further information is yet to come on the consequentials position. I will of course continue to keep Parliament updated.

I stress that it is not only the funding amounts and the lack of flexibilities that matter here—the timeline and the process are crucial, too. It is intensely problematic for Scotland's recovery that again we have had to await the culmination of the UK Government policy process and respond to announcements in this way, as our funding position is drip fed to us with limited engagement in advance on policies that interact with our devolved responsibilities. I was fully transparent with Parliament in the debate on 16 June when I said that this year's resource budget was facing

“a shortfall of hundreds of millions of pounds.”—[*Official Report*, 16 June 2020; c 30.]

As time passes without the requisite certainty or flexibility from the Treasury, we now face the possibility of having to take some critical decisions at fiscal risk. I say that in the spirit of openness and working with the Parliament, as our collective

efforts to budget more responsively and strategically are hampered without the prospect either of funding certainty or of any relaxations to the fiscal framework's limitations.

I now turn from the fiscal position to the specific measures. In advance of yesterday's update, I have been working since early spring to ensure that the UK Government is fully aware of our concerns and Scotland's needs. Last week, I published a report on the UK fiscal path, which pressed the UK Government to avoid a return to austerity and adopt more flexible fiscal rules. Growing the economy and reducing inequality should take priority over deficit reduction until the economy has fully recovered. As I alluded to earlier, the report calls for a UK-wide fiscal stimulus package worth £80 billion. Such a package would generate funds to enable Scotland to shape its own investment response to the pandemic, as would temporarily loosening Scotland's fiscal flexibilities and providing a guarantee against negative Barnett consequentials being applied to the Scottish budget in the current financial year.

I also wrote to the chancellor on Saturday with some further specific points. We need a national debt plan that promotes fairness as well as economic recovery in response to the significant and widespread increase in debt as a result of Covid-19, which affects all parts of society. For households, that means working with lenders to ensure that loan, mortgage and rent holidays can be extended to those experiencing financial hardship. For businesses, that could mean scrapping interest charges or converting loans to equity, managed by public policy banks such as the Scottish National Investment Bank. Young people have been particularly affected by the pandemic as they are more likely to work in industries that are affected by closure and less likely to be able to work from home. I recommended a jobs guarantee for young people to ensure that they have access to work, an apprenticeship or training that helps prevent the damaging effects of being out of the labour market at the beginning of their working lives, building on the success of the Edinburgh guarantee programme. To support consumer confidence, we recommended a temporary reduction in the standard rate of VAT to 15 per cent, coupled with targeted additional measures for vulnerable areas such as hospitality and construction to support businesses and boost consumer spending. That would help Scottish households and provide a stimulus to support business.

The different devolved Administrations share similar views on the general funding position and the need for fiscal flexibilities, and we have worked closely together for weeks to make a clear and consistent case to the UK Government. I have

also worked with parties across the chamber to build consensus on the principle of further fiscal flexibility, as reflected in the Parliament's resolution on 16 June.

To set the context I will quickly recap on measures the Scottish Government had already taken ahead of the chancellor's statement. Colleagues will know that we have already committed a business support package that is worth over £2.3 billion, which includes reliefs that will continue over the course of the coming year. We have already moved to implement the £230 million investment package that was announced last month to help stimulate Scotland's economy, which will create jobs in construction, low-carbon initiatives, digitisation and business support by providing a pipeline of work for business. We have also acted to support the oil and gas industry, which is a critical component of our economy and has a crucial role to play in the transition to net zero—specifically, we recently established the £62 million energy transition fund, which will support our energy sector and help us make significant progress as we move toward a net zero society. We also recognise the importance of boosting employability and have acted in response. We have already confirmed an initial £33 million for employability in 2020-21, to flex and enhance existing services so that support is aligned to the challenges that we face. We have also committed a range of support beyond our communities fund, including £30 million to provide laptops for disadvantaged children and young people so that they can study online.

The advisory group on economic recovery set out in its recommendations a proposal for a Scottish jobs guarantee for young people. We have acted at speed to address that. Last Friday, Sandy Begbie was appointed to lead on the implementation plan for that work, and he will report by the end of July. The group's recommendation also set out the importance of industry leadership. Through our developing the young workforce programme, we have a network of industry-led groups that are well positioned to support the implementation of any guarantee.

We are clear that such jobs must be meaningful and must allow young people to develop skills that reflect the emerging opportunities. We must ensure that our young people are supported to make the best of such opportunities. We are clear that abiding by the principles of fair work and payment of the real living wage will be essential.

Given that much of the content of the chancellor's jobs plan is new to us, my ministerial colleagues and I are still assessing its detail, but I will offer some initial thoughts on it. The incentive payment for employers to bring employees back from furlough is welcome for those that it supports,

but the benefit could vary depending on different businesses' prospects for a return to full operation, which might risk the scheme's missing its target level of support.

On tax, I welcome the temporary cut in VAT for the tourism and hospitality sector. We have argued for that not just for weeks but for years, and I am pleased that the chancellor has heeded our calls. However, the statement missed the opportunity to cut taxes for employers. We argued that the stimulus package should finance a 2p cut in employers' national insurance contributions to reduce the cost to businesses of hiring staff, but the chancellor has not taken action on that.

I turn to the chancellor's announcement yesterday on stamp duty land tax. I have heard calls for me to replicate that change in Scotland, under land and buildings transaction tax. We have a strong track record on LBTT. Due to the reforms that we have previously carried out, our higher starting threshold of £145,000 in Scotland has meant that around half of all such transactions have resulted in the payment of no tax. We continue to focus support on first-time buyers and on assisting people as they progress through the property market.

I have listened to calls for me to raise the starting threshold for LBTT to help to stimulate housing market activity and the economy. It is important, though, that any change that is made in Scotland is focused directly on the particular needs of the Scottish economy. I therefore announce that I will increase the starting threshold for residential LBTT from £145,000 to £250,000. Because of the time required to prepare legislation and for Revenue Scotland to be ready to collect and manage the tax, the change will not come into force immediately, but I will work to enable it to be introduced as soon as possible. The rates for the additional dwelling supplement and non-residential LBTT will remain unchanged. That approach means that eight out of 10 people purchasing a property in Scotland will be taken out of LBTT—excluding the additional dwelling supplement—and that every home mover who purchases a property valued at above £250,000 will be £2,100 better off.

Although changes to LBTT offer support to all those purchasing a home, making them is a blanket measure that might not help first-time buyers. I am also heeding this morning's warning from the Institute for Fiscal Studies that first-time buyers are

"a group that might actually be made worse off by the policy".

Therefore, I am pleased also to announce further targeted support for those who may be most concerned about making such an investment at this time.

The Scottish Government's first home fund was launched in December 2019. Even prior to the outbreak of Covid, it had been welcomed by stakeholders and take-up of it had been high. As a result of pent-up demand having been released following the end of stay-at-home measures, and reflecting the more limited availability of higher loan-to-value mortgages in the market, demand for support is likely to outstrip current funding. In this financial year, I will therefore provide an additional £50 million directly to support first-time buyers with their deposits, recycling underspend in the Scottish Government's financial transactions budget. That will support an estimated additional 2,000 first-time buyers' purchases and lift the total funding for that targeted measure to £200 million.

By taking a distinctive approach in Scotland to raising the starting threshold under LBTT, I am able to target further support elsewhere, and to do so where the UK Government has failed to provide funding to devolved Administrations.

The chancellor's announcement yesterday of support for the economy and jobs resulted in just £21 million of consequential for the Scottish Government. Although, clearly, UK-wide schemes will apply in Scotland, our assessment is that much more support is required for the labour market.

That is why I am today committing to make available an additional £100 million for targeted employment support and training this year, in order to help keep people in work or to help them retrain. Even alongside the chancellor's youth employment scheme, that is unlikely to be all that we will need to do to support employment and skills over the next year, but it is a first step. The Cabinet Secretary for Economy, Fair Work and Culture will set out the policy details to Parliament soon.

Beyond those initial actions, we will consider the UK Government's announcements and their impact on Scotland more closely and respond more fully. I welcome contributions on the detail from across the chamber.

I continue to seek to engage Parliament at every step of our fiscal response to Covid-19, reflecting the Government's route map and the evolving challenges for businesses, communities and public services. Following the summer budget revision, which set out more than £4 billion of spending to address Covid, I will continue with the collaborative approach in looking ahead to the autumn budget revision and, of course, the 2021-22 budget process.

The chancellor's economic update provided an opportunity for the UK Government to explain how it will support the Scottish economy, along with the rest of the UK economy, to recover from the

impact of the Covid-19 outbreak. Although the update showed that the UK Government is willing to act, we will continue to press for action that better meets the needs of Scotland in the areas in which the Scottish Parliament does not have the power to act.

The Scottish Government's ambition is to work towards the elimination of Covid-19 in Scotland, and for the Scottish economy to return to delivering prosperity and growth. In order to achieve that, I have set out to the UK Government the additional focused, limited and temporary fiscal flexibilities that we seek. We will continue to liaise constructively and in the hope that it will heed those calls.

As I said, under the current arrangements, our budgeting approach and timetable in response to the crisis continue to be heavily contingent on those of the UK Government. The fiscal powers that we are seeking would enable the Scottish Government to respond to Covid-19 more effectively and to reboot our economy. They are relatively limited powers—I am still not quite sure why we are debating them—but they would ease some of the immense pressures on our budget and give us more tools to kick-start our recovery.

It is also essential that the UK Government provides early clarity on its plans for the spending review and the budget this autumn in order to enable us to plan and contribute. Yesterday, the chancellor outlined measures worth up to £30 billion, but most of that bypasses devolution and does not provide the Scottish Government with the funding that we need to enable us to tailor an economic response that meets Scotland's needs.

Like all Governments, we are facing huge spending pressures, but we do not have the tools that others have to meet them. Along with the Governments of Wales and Northern Ireland, we have set out a reasonable and proportionate set of new financial powers that would enable the Scottish Government to respond more effectively. This Parliament has voiced its support for that principle, and I dearly hope that the UK Government will listen and act.

**The Deputy Presiding Officer:** The cabinet secretary will now take questions on the issues raised in her statement, for which I will allow around 40 minutes. It would be helpful if members who wish to ask a question could press their request-to-speak buttons.

**Donald Cameron (Highlands and Islands) (Con):** I thank the cabinet secretary for prior sight of her statement. The truth is that, yesterday, Rishi Sunak announced an ambitious plan for the whole of the UK, incentivising employment with a job retention bonus scheme and cutting tax for hard-pressed sectors such as hospitality. Those



measures will directly benefit Scottish workers and businesses. Far from bypassing devolution, that is devolution working, with the UK Government continuing to inject unprecedented funds directly into the Scottish economy.

It is, of course, still not enough for the Scottish National Party Government—even though yesterday's announcement was warmly welcomed by the Federation of Small Businesses, Scottish Chambers of Commerce and the Scottish Tourism Alliance, to name but a few.

Rishi Sunak's cut to stamp duty plainly does not apply to Scotland. Although the cabinet secretary just announced a tax break for LBTT, taking the threshold up to £250,000, there remains a significant disparity between Scotland and the rest of the UK. Will the cabinet secretary explain why she is not committing to a fully equivalent cut for LBTT and why the change cannot be made immediately, given that there will now be a massive incentive to delay, thus causing disruption to the market in that bracket?

**Kate Forbes:** Rather than talk about the wonderful benefits of the union, I point out that, for devolution to work properly, we need adequate funding. The Tories regularly stand up in the chamber making demands of the Scottish Government to act further and to put in place our own economic stimulus—indeed, Donald Cameron has just done that. However, the Scottish Tories cannot make such demands if they deny us the powers and funding that we need to do what they demand. The UK Government's announcements yesterday are welcome. I have put on record my welcome for the VAT cut and the wider support for businesses. However, there is no getting round the fact that that bypasses devolution.

Donald Cameron asked two questions about land and buildings transaction tax. On the first, the answer is that eight out of 10 buyers in Scotland will be taken out of paying LBTT. As he knows full well, the Scottish housing market is slightly—actually, a lot—different from the market in the rest of the UK. Tax devolution is about having separate policies for Scotland rather than just matching the policies in the rest of the UK. He will also know full well that the block grant adjustment, which has not been confirmed by the UK Government, does not allow us to fully replicate decisions that are made elsewhere.

Donald Cameron also asked why we cannot implement the change immediately. We will respond as quickly as we can in the circumstances. I had no advance warning of the intention to make a change to SDLT, which was announced yesterday—I heard when everybody else did. I have made it clear that time is required to prepare legislation and for Revenue Scotland to be ready to collect and manage the tax, but we will

move quickly. The alternative would be to say nothing and create even more uncertainty in the market, so I have chosen to give that clarity, understanding fully the limits of the legislative process and the challenge for Revenue Scotland.

**Jackie Baillie (Dumbarton) (Lab):** I welcome the package of measures from the UK Government, but it can be viewed only as a first step in tackling the economic crisis. On the scale of the economic stimulus, given that France has a package of €15 billion and Germany has a package of €14 billion, it seems that the £3 billion from the UK Government is much less than required. What proportion of the Scottish budget can the cabinet secretary set aside to deal with the economic recovery?

I welcome the cabinet secretary's announcement about LBTT, but she will be aware that any delay in implementation causes postponement in house sales and purchases, which is unhelpful to the housing market. Can the cabinet secretary tell us how quickly she will move to put in place legislation? What is the time delay?

I welcome the £100 million that the cabinet secretary announced for youth unemployment. However, given that she has received only £21 million in consequentials, can she set out where that money will come from?

**Kate Forbes:** On the money that we have set aside for economic recovery, we have already taken the early steps that I set out in my statement to ensure that any capital underspend is recycled in order to provide jobs. As Jackie Baillie will know, there is already significant investment through our budget, with £2.3 billion for the initial response for businesses.

However, the challenge, and the reason why yesterday was incredibly frustrating, is that, as Jackie Baillie knows full well, in order to provide additional support, the primary source of additional finance for the Scottish Government is through UK Government consequentials. For all the talk of £800 million, which is warmly welcomed, it is largely for personal protective equipment and funding announcements that have already been made. There is only £21 million of additional resource from the economic stimulus package. We will use every penny of that to continue to invest in the economy but, until there is additional support, it will be difficult to do that, and we will have one hand tied behind our back. Of course, if we had more significant borrowing powers, that would be much easier.

On LBTT, we will move incredibly fast. It is not a problem with the Scottish ministers—we will move quickly. However, there is a legislative process to go through, and Revenue Scotland needs to be ready so that the change can be introduced

effectively and efficiently. We will move very quickly. I cannot give a precise date just now, and I do not think that it would be particularly helpful to do so, given the issues of uncertainty in the market.

On youth unemployment, we are aware that we will need to do far more. Next week, the Cabinet Secretary for Economy, Fair Work and Culture will set out a far more comprehensive and detailed package of policies to protect jobs and support people to get back into work. There will be significant detail in there.

I agree with Jackie Baillie that much more is needed. As I look across the budget, the challenge is to ensure that we free up any headroom that is available—there is not much—to have that singular focus on protecting and creating jobs.

**Patrick Harvie (Glasgow) (Green):** In relation to the measures on hospitality, I am looking forward to getting back to the pub as much as anyone, but I want to do that when it is safe. I also want to do it when I know that the people who are working there are being treated decently.

The announcements from the UK Government come in the same week in which we heard that G1 Group in Glasgow, one of our biggest hospitality employers, is announcing another wave of redundancies—doing so, it seems, well in advance of the end of the furlough scheme, which could keep those jobs going for a bit longer. Union organisers in Unite hospitality tell me that the staff who are affected were not consulted in advance in the way in which they were supposed to be and that younger workers with less than two years' service are being targeted, because they do not have the same employment rights as others have. There is also genuine concern that the employer is using furlough money—

**The Deputy Presiding Officer:** Will you come to your question, please?

**Patrick Harvie:** There is genuine concern that the employer is using furlough money to pay people's wages in lieu—an approach that even the UK Treasury wants to rule out.

What can the Scottish Government do to ensure that employers do not abuse the measures that have been put in place, that recovery does not become another race to the bottom on wages and employment standards, and that a sector that has endemic problems of poverty pay changes and starts to look after the people who do the work that earns it its profits?

**Kate Forbes:** My first point is that employers are starting to make decisions about redundancies in part because they know that the furlough scheme is coming to an end and that there is a cliff edge in October. There was an option for the

chancellor yesterday to extend the furlough scheme, albeit on a sectoral and phased basis, as France has done, for up to two years, which I think would avert a rapid increase in redundancies, particularly in the hospitality sector.

The member's point about ensuring that fair work practices are in place is important. I assure him that all our support for employability, skills and retraining and for businesses to keep people in work will have fair work at its heart. As I said, Fiona Hyslop will set out the details soon, and I give an assurance that we want to ensure that individuals—particularly young people—who find themselves in one of the most challenging job markets in a generation are supported not just to be in work but to have fair wages and meaningful contracts.

**Willie Rennie (North East Fife) (LD):** I thank the finance secretary for advance sight of her statement—even if it was titled as from the First Minister; I am not sure whether she had a hand in that.

I hope that the finance secretary is aware of the work of my colleague Jamie Stone MP on financial support for the excluded. He is standing up for the self-employed, the freelancers and others who have been left behind. In her discussions with the chancellor, will she raise that important issue? Will she also commit her Government to supporting those people?

**Kate Forbes:** The short answer is yes. I have already raised the point a number of times, particularly in my quad calls with the UK Government and Welsh Government and Northern Ireland Executive representatives. I will continue to raise the issue.

We will make sure that funding that we put in place tries to catch everyone. The member knows that in our initial response we moved further, for example to ensure that the newly self-employed got support. We cannot do that for everybody, but we have moved further where we could.

Of course, the two things that are hindering us are access to funding and relaxed fiscal powers: if we had both of those, we would be able to go even further.

**Bruce Crawford (Stirling) (SNP):** Many of us in Holyrood welcome much of what the chancellor announced yesterday to protect jobs and the economy. However, does the cabinet secretary agree that it is equally true to say that it was what was missing from the announcement that caused the most concern?

Prior to the announcement, the finance ministers from all three devolved nations reasonably asked the chancellor to ease current financial restrictions on devolved Governments,

which would have enabled each nation to kick-start their own recoveries. Is it not deeply disappointing that the Tory Government has ignored those calls?

**Kate Forbes:** It is disappointing. We made those calls in good faith. We have been reasonable. We have set out the bare minimum of what is required in order to reboot the economy and to give us as much flexibility as possible to use our budget effectively. That does not cost the UK Government anything, but it would make an enormous difference to Wales, Northern Ireland and Scotland. We have made those calls for weeks and, for all that the chancellor may have said yesterday about the union, the one thing that he could do in that regard would be to make devolution work better by listening to our reasonable calls and acting.

This is not about technical powers, divorced from reality; this is about us being able to invest in the economy, support communities and protect jobs.

**Maurice Golden (West Scotland) (Con):** Yesterday, the British Government gave Scotland's tourism and hospitality sector a massive boost by reducing VAT to just 5 per cent. The chancellor is doing whatever it takes to directly help individuals and businesses in Scotland, unlike the SNP, which is interested only in playing tribal, constitutional politics. *[Interruption.]* Will the finance secretary now play her part in helping Scotland by extending the current business rates holiday for as long as is needed?

**Kate Forbes:** I am sorry, but I did not hear the end of that.

**The Deputy Presiding Officer:** I also found it difficult to hear the end of the question. I would very much like to hear it again—not the whole thing, just the last bit.

**Maurice Golden:** Will the finance secretary now play her part in helping Scotland by extending the current business rates holiday for as long as is needed?

**Kate Forbes:** I put on record that I will do whatever it takes. I have said that we will use all of the resources and fiscal levers that are at our disposal to protect jobs and reboot the economy. The point that I am making is that, if the Scottish Tories stand up and make demands, they must tell us where the funding will come from or give us the powers to do it ourselves.

With regard to non-domestic rates, that is an obvious example of another request that has not come with consequential funding attached. Therefore, although I am sympathetic to the argument, I would like to know what part of the

budget that money should come from, because we cannot borrow revenue in order to extend those grants, and I cannot recycle money from one part of my budget to the other, because of arcane fiscal rules.

That is the problem here. For all the demands that the Scottish Tories make, they must give us the powers or the funding to do what they ask.

**Kenneth Gibson (Cunninghame North) (SNP):** Last year, UK GDP was £2.21 trillion. The chancellor's economic boost, announced to great fanfare, amounts to barely 1.3 per cent of that, despite the UK economy shrinking by more than 20 per cent in April alone.

Does the cabinet secretary agree that, with the Confederation of British Industry predicting a further 5.3 per cent contraction in the economy next year as a direct result of Brexit, much more needs to be done, including rebalancing taxes that are paid by high-street retailers with those that are paid by online businesses, if our town centres are not to suffer continuing decline and further job losses—another 5,300 have been announced by Boots and John Lewis only today?

**Kate Forbes:** The scale of the economic challenge that we are facing requires an ambitious and practical response. It is highly likely that the chancellor will have to come back with more, and I think that he has delayed a lot of the more significant announcements to the autumn.

On yesterday's announcement, we know that there has been and will continue to be a contraction in the economy. We know from our Scottish Government analysis that the recovery is unlikely to be V-shaped and will, instead, be more protracted. That is why we need to look not just to the short term but to the long term. We know that a lot of the welcome initiatives that were announced yesterday have a short shelf life. VAT reduction will come to an end in January—the middle of winter and the hardest point for the tourism industry. We know that the support for wages and jobs will also come to an end in that time period. Looking further ahead, we need to ensure that support is in place for the Scottish economy, in particular.

**Alex Rowley (Mid Scotland and Fife) (Lab):** It is deeply disappointing that the chancellor completely ignored the calls from devolved Administrations for greater flexibility and borrowing powers. Labour will continue to work with the Scottish Government to push on those issues.

The cabinet secretary talked about LBTT, house building and support for buyers of new houses. This is an opportunity for us to look at housing as a whole and consider the types of ambitious national housing programmes that could join all the bits together.

The cabinet secretary will have seen the calls from Shelter Scotland for an extension of the no- eviction policy for people who are struggling to pay their rent.

Does she agree that we need a national house building programme for Scotland that will bring about sustainable jobs, training opportunities and apprenticeships? Will she agree to consider introducing such a programme and to look at housing as a whole, rather than in parts?

**Kate Forbes:** Alex Rowley's offer at the outset to work with us on fiscal flexibilities is helpful. As I said, it has cross-Government and cross-party support and a lot of independent think tanks and commentators have also expressed their support for something that does not cost the UK Government anything, but supports the Scottish economy.

Alex Rowley will know about our ambition for housing to date, with our target of 50,000 new homes by the end of this parliamentary session and the work that has gone into investing in new homes. We want that level of ambition to be continued.

On the extension of no- eviction policies, one of the comments that I made on fiscal pathways was on the national debt plan, recognising that those who are already in debt are most likely to go after high-cost credit and to face challenges such as eviction. As we come through recovery and start to ease lockdown, such pressures will not disappear, so there is a case to be made for looking at how we support households with their household finances.

**Emma Harper (South Scotland) (SNP):** How will money announced by the UK chancellor, along with support that the Scottish Government has already put in place, assist cultural organisations, including those in Dumfries and Galloway such as the Big Burns Supper, the Stranraer Oyster Festival and the Kirkcudbright arts festival? Will she provide assurances that any money that is ring fenced for such organisations will go to the sector?

**Kate Forbes:** Again, in a positive spirit, I welcomed the UK Government's announcement last week of its investment in culture, because it recognises the severe impact of the pandemic on that sector in particular. We hope that the UK Government acts swiftly to share information on how the grants and loans will work, following which we will establish the best means to provide additional support to those organisations that are devastated by Covid-19.

As Emma Harper would expect, we are continually in discussions with Creative Scotland, and we will consider how to ensure that the £10 million that we have already made available for

performing arts venues gets out of the door as quickly as possible to those who need it most.

**Alexander Burnett (Aberdeenshire West) (Con):** I refer members to my entry in the register of members' interests.

We all welcome business support grants and the finance secretary's initial confirmation that the deadline would be 31 March 2021. We were disappointed by but understood the change of plan to close the scheme early so that the remaining money could be repurposed, as Kate Forbes repeated just now. However, the scheme closes tomorrow and there is no replacement for it. Businesses—including those in events management and catering, which have received nothing so far—have been waiting to hear about the replacement scheme today. When will the cabinet secretary repurpose the funds or provide additional funds for businesses?

**Kate Forbes:** We keep our funding under review at all times. I am not aware of having promised to replace the scheme with a new one, but we will ensure that funding continues to be made available to the businesses that need it most.

To ensure that our funding goes even further, as Alexander Burnett will know, some of the remaining money has already been repurposed through the pivotal enterprise resilience fund and the hardship scheme, neither of which exist south of the border and neither of which receive consequentials to make them happen.

We will keep the funding under review and hope to continue to work with business organisations to identify the businesses that need funding the most.

**George Adam (Paisley) (SNP):** Does the cabinet secretary agree that although the chancellor's announcement of a £30 billion package of support for jobs is welcome, the UK Government has yet again bypassed devolution? As a result, the Scottish Government will receive only £21 million to support jobs and the economy. Surely that is a missed opportunity to ensure that we have an approach to jobs that is tailored for Scotland's economy.

**Kate Forbes:** The incredible arguments that were made yesterday about this being both a UK-wide initiative and also generating consequentials cannot be true; both of those facts cannot exist together.

I hope that I laid out in my statement where the different elements come in to the overall package. Although the overall package is very welcome in parts—particularly the cut in VAT—it is a missed opportunity and does not give us the funding that we need to tailor our response to Scotland's

economy. We will continue to work with industry and engage with the UK Government to ensure that the Scottish Government has the resources that it needs.

**Sarah Boyack (Lothian) (Lab):** Will the cabinet secretary commit to forwarding on, without delay, all the new consequentials to local government from last week's announcement by Robert Jenrick as well as the remaining business grants that are not yet used?

Will she act now to give local government financial flexibility by changing primary legislation urgently so that councils do not have to produce balanced budgets, given the crisis? That would mean that they could reprofile their deficits to meet the urgent challenges that they face in trying to reopen services safely, retain jobs and support our local economies through investment.

**Kate Forbes:** I will give two brief answers to that. The first is that we are already working with local government to consider financial flexibilities and we will continue to do that. Most of the asks are about reserved legislation, but we are working closely with COSLA and I speak to Gail Macgregor regularly on what those flexibilities would be.

Secondly, the UK Government announced last week that there would be a further £500 million of funding and a scheme to reimburse lost income. We are working with COSLA and we are pressing the UK Government to provide further detail urgently on how the fiscal flexibilities can be applied for local authorities in Scotland. As yet, we do not have full certainty and transparency on how that will work.

**Sandra White (Glasgow Kelvin) (SNP):** I understand why there has been a lot of talk about fiscal stimulus and flexibilities but, as others have mentioned, and as I am sure the cabinet secretary will agree, what is needed is the transfer of borrowing powers. That is important. We have heard about moneys being "given" from Westminster to Scotland. Will the cabinet secretary please let it be known that those moneys are not given; they are moneys that we pay taxes toward?

**Kate Forbes:** Absolutely. They are not gifts; the Scottish taxpayer pays for them and will contribute to the bill at the end. The UK Government has funded most of the interventions through borrowing at record low interest rates, which is welcome.

The borrowing powers that we have are all well and good in normal times. However, during an extraordinary crisis such as the one that we are in now, they do not work. The very simple requests that we have made about repurposing the borrowing powers would make all the difference and would allow us to be flexible in our response

and ensure that hard-pressed households and budgets across the country have the support that they need.

**Mark McDonald (Aberdeen Donside) (Ind):** I fully support the cabinet secretary's calls for greater flexibility and powers to enable Scotland-specific solutions. However, I want to ask her about potential flexibility that she could look to introduce. A person in my constituency has received their rates bill and an increase of 10 per cent is to be applied, despite their income currently being down by 75 per cent. Can the cabinet secretary have a look at how that system operates?

When she looks at further business support, as she alluded to in response to Alexander Burnett's question, will she consider whether some flexibility might be accorded to areas such as Aberdeen, where rateable values are high due to historical economic buoyancy and where many businesses of comparable sizes to those elsewhere in Scotland often miss out on support because of their rateable value?

**Kate Forbes:** The challenge around paying rates is the very reason why we have introduced such wide-ranging rates relief. We have said from the beginning that, if a business does not meet the criteria for rates relief and considers itself unable to pay the rates, it should speak to its local authority in the first instance about what could be done to support it.

On rateable values, many businesses will be getting 100 per cent rates relief right now—businesses in the leisure, retail, hospitality and aviation sectors are not paying any rates currently. However, looking beyond the end of this year, we will take decisions about any extension to the scheme as part of the budget process.

**Ruth Maguire (Cunninghame South) (SNP):** North Ayrshire is at risk of being particularly hard hit by any economic harms. The Ayrshire growth deal could be part of the solution to that. It is crucial that the deal is signed and that money is released so that work can begin and the potential benefits to my Ayrshire constituents can be realised. Will the cabinet secretary commit to that and urge her UK Government counterparts to do the same?

**Kate Forbes:** We are very much committed to signing a deal for Ayrshire as soon as possible, and Michael Matheson made that point clear to UK Government colleagues last week on a call with Iain Stewart, a minister at the Scotland Office. We will continue to press the UK Government on the matter so that communities in Ayrshire can start to benefit from a growth deal investment without further delay.

**Dean Lockhart (Mid Scotland and Fife) (Con):** Instead of the finance secretary just asking for more money from the UK Government, people want to know how the Scottish Government is using its budget. For example, the Scottish National Investment Bank has a budget of £500 million, which comes from financial transactions money from the UK Treasury. Will the finance secretary give a commitment that all that budget will be used to save existing viable businesses in Scotland, rather than being wasted on speculative projects, which resulted in a loss of £150 million last year alone?

**Kate Forbes:** Instead of asking for more funding, perhaps the Tories could give me the means by which to raise that funding in the first place.

We are using all our budget—every line in it—to respond to Covid and reboot the economy. I do not know what “speculative projects” Dean Lockhart is talking about, but it would be wise for him to consider the fact that the rules right now prohibit me from using money that is saved from projects that do not go ahead in other parts of the budget. That is one of the arcane rules, and he has made the point for me as to why those rules need to be relaxed.

**Neil Findlay (Lothian) (Lab):** I must say that this is a depressing session of Parliament. People’s jobs are at risk, and if all we get are infantile contributions from the Tories, we will see jobs going down the tubes and nothing happening on the ground.

A report last week by the Social Market Foundation identified that West Lothian is likely to be the worst hit area of this recession. What targeted support will go to my West Lothian area to prevent a repeat of the 1980s, when unemployment was at 23 per cent and, in some council schemes, youth unemployment was at 77 per cent?

**Kate Forbes:** That is precisely what we want to prevent a repeat of. The detailed policies on what will be done to support people with the funding that is being made available today will be outlined next week.

Currently, where businesses and organisations have indicated that they will have to make redundancies, we are willing to step in and provide as much support as possible. The bottom line is that we want to ensure that people stay in work and that we create new jobs for those who have already been made redundant.

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** A key principle of fair work is fair pay. Does the cabinet secretary agree that the UK Government should ensure that young people who

use the kick-start job creation scheme are paid at least the real living wage?

**Kate Forbes:** Absolutely. We welcome support for young people, but the UK Government made its announcement without any consultation with the Scottish Government, and the Cabinet Secretary for Economy, Fair Work and Culture will be writing to the UK Government to express concern on the matter. We are clear that those jobs must be meaningful and must allow young people to develop skills that reflect the emerging opportunities. We need to ensure that our young people are supported to make the best of the opportunities. That approach must have the principles of fair work and payment of the real living wage at its heart.

**Michelle Ballantyne (South Scotland) (Con):** David Phillips, associate director of the Institute for Fiscal Studies, has said today that the cabinet secretary’s claim that the Scottish Government will receive only £21 million is not true. I therefore ask: is the cabinet secretary’s figure clever political spin? In light of her response to Sandra White, can the cabinet secretary confirm whether she believes that the total budget that is coming to Scotland this year is less than, equal to or more than the fiscal framework—rather, if the fiscal framework provides that—in relation to the amount of tax that is—*[Interruption.]* If members wish me to repeat the question, that is fine. Does the cabinet secretary believe that Scotland gets more money through the fiscal framework than it takes in taxes in Scotland? Do we benefit as a union together?

**Kate Forbes:** That question perhaps suggests that Michelle Ballantyne missed the detail in my statement, in which I made it very clear that, of the £30 billion of economic stimulus money, only £21 million is coming to the Scottish Government. That figure was reinforced by the Fraser of Allander institute this morning.

I did not quite follow the rest of Michelle Ballantyne’s argument or statement, but I would make the point that the cost of responding to Covid far outstrips the consequentialities that we have received. Unless and until we are given additional powers to raise that money ourselves, I will continue to press the UK Government to provide adequate funding for the response that we need to make.

**Graham Simpson (Central Scotland) (Con):** The change to the starting rate on LBTT is to be welcomed as far as it goes. However, delaying the implementation of the change means that people will not buy and sell houses until it comes in. Can the cabinet secretary at least give an indication of when the change will come in? Will it be this month, next month or the month after? The market needs to know.

**Kate Forbes:** I respectfully point out that, by making the announcement yesterday without any consultation with the Scottish Government, the UK Government has already stalled the housing market in Scotland, because people will be waiting for confirmation. That is why I have provided clarity today, and it is why I have committed to ensuring that the legislative process and Revenue Scotland can work as quickly as possible to put the measures in place. That is better than introducing even more uncertainty by delaying any announcements. When UK Government tax decisions have an impact on Scotland and we get no advance notice of them, we have to make do with what we have.

## Further and Higher Education

**The Deputy Presiding Officer (Christine Grahame):** The next item of business is a statement by Richard Lochhead on supporting further and higher education. The minister will take questions at the end of his statement, so there should be no interventions or interruptions.

15:25

**The Minister for Further Education, Higher Education and Science (Richard Lochhead):** In the midst of this global health crisis, I start by paying tribute to our world-leading universities and colleges in Scotland. The pandemic has placed unprecedented demands on the sector, yet the response of our colleges and universities has—as I am sure we all agree—been quite remarkable, given how quickly they have had to adapt to a new set of very challenging circumstances that they could never have imagined. They have risen to those challenges and we thank them for it.

I also put on record the significant work that is under way in the community learning and development sector to support some of Scotland's most vulnerable adults and young people. That sector continues to deliver essential support despite the challenges of Covid-19. I want all the people who work in that sector to know that their efforts have been recognised and are very much appreciated by the Scottish Government and, indeed, this Parliament.

We know that the pandemic is an unprecedented external shock, and it requires Government and institutions to work very closely together. That is why I set up a leadership group as early as March, when the impact first began to emerge. The group brings together senior leaders from across post-16 education—from principals to union leaders and student representatives—and we get round a virtual table regularly to discuss how best to respond to this significant crisis. It is overseeing our work on a wide range of issues, including financial sustainability and digital poverty. I thank all members of the group for their tireless efforts.

The fact remains that Covid-19 is having a massive impact on our further and higher education sectors. Factors including international student mobility and a drop in commercial income and charitable and industry research income all combine to pose a potentially huge challenge to the sector, albeit that we do not and will not know the full extent of that challenge for some time. Of course, this is not simply a Scottish or United Kingdom problem, but a global problem.

Today, I published a summary of our immediate support for our institutions and how we are looking

towards what might be needed in the future. Our further and higher education sustainability plan includes additional resources. We have now provided £75 million to protect world-leading research in our institutions, £10 million for estates development, an international student action plan, an additional £5 million across further and higher education for student support, and early access to £11.4 million of HE hardship funds. Importantly, our universities will also have access to the grants and substantial long-term, low-interest loans related to research that the UK Government announced on 27 June.

It is important that we are clear about one critical point, which is that our colleges and universities absolutely deserve the utmost support, because they are vital to the solution that Scotland needs to get through and out of this crisis. That fact was recognised in Bernard Higgins's recently published report, "Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery", which is one of the key reasons why I asked the Scottish Funding Council to lead a review of provision and financial sustainability to ensure that colleges and universities are able to play that role. Its work will shape an important part of the Government's thinking on our future strategy for tertiary education in Scotland.

Institutional health is one aspect of our plan and support for students is another. Online learning, in particular, has arrived with a bang for much of the sector, and so have some of the subsequent challenges of that, such as some learners being unable to enjoy the full benefits of connectivity. On digital support, the Scottish Government has already invested more than £40 million in supporting access to digital technology. Today, I announce that we will go further and invest an additional £5 million to help bridge the digital divide for students in Scotland. That will see investment in adaptive technologies for students with disabilities, increased online support and, for the most disadvantaged, provision of the devices that they need to access learning.

I am pleased to say that our colleges and universities will be open for business after the summer. Students from Scotland, the rest of the UK and overseas can be confident of receiving the benefits of an excellent Scottish education. As the First Minister said in her message to international students just a few days ago, our prime focus will also be their safety.

From Monday 13 July, time-sensitive mandatory or regulated skills assessments that are essential to the completion of modern apprenticeship qualifications or to comply with a legal obligation may resume in our colleges.

From 22 July, colleges and universities can begin a phased return to on-campus learning as part of a blended model with remote teaching. Appropriate safety measures, including physical distancing, will of course be in place; 2m physical distancing remains the default and institutions should continue to plan for the new term on that basis. However, as we enter phase 3 of the route map and move forward, exemptions will be considered for specific sectors and settings where agreed additional mitigations must be put in place. That would allow organisations in relevant sectors, if they choose, to operate with a 1m distance, on the condition that agreed mitigations, fully recorded in risk assessments, are implemented. We are now looking at whether such exemptions might be applied to colleges and universities in certain circumstances. We will provide an update on that work as soon as we can.

Our approach throughout this crisis has been to ensure the continued safety of staff and students, and I want to be clear that that remains our absolute priority. I know that for prospective and continuing students this has been a worrying and uncertain time, but our institutions remain world class, welcoming and open, and, with the measures set out in our guidance, they will remain safe. Today's new Universities and Colleges Admissions Service figures show a 16 per cent increase in the number of non-European Union applications to our universities—the highest in the UK—which an encouraging sign that the message is getting through.

As if the monumental challenge of Covid-19 was not enough, the challenge of Brexit is about to become very real. Covid coincides with Brexit, presenting a double whammy for our universities and colleges. Let me remind the chamber that it is the UK Government that turned its back on Europe, not Scotland, and now its chaotic handling of the entire Brexit process jeopardises the future success of our colleges and universities. Those institutions, our students and young people and our research excellence have all disproportionately benefited from EU membership compared to their UK counterparts, and they will now be disproportionately harmed.

The Scottish Government has always been clear that its overwhelming priority is for Scotland to remain a part of Erasmus+ and horizon 2020 for their unparalleled educational, cultural and economic benefits. Scotland gains a huge amount from those programmes and we secure proportionally more funding under both than any other part of the UK does.

We were told by UK Government that we would be "co-creators" in building the UK's future relationship with international mobility. No one in the chamber will be surprised to hear that, instead,



negotiations have been frustrating and the tendency to consult us on decisions after they are taken continues, such as in relation to the recent decision that any UK alternative to Erasmus+ would not subsidise inward mobility. We will continue to be open and constructive, but the clock is ticking and I am afraid that the signals on Erasmus+ point towards a poorer outcome for young Scots compared to the advantages that previous generations enjoyed. Equally, there is no good Brexit for university research and we are still not any clearer about the future of horizon 2020. Members should remember that Audit Scotland warned of a Brexit cost of £211 million to our universities. I will keep Parliament up to date with any progress in those areas.

Even though the full impact of Brexit is yet to be seen, I must now set out its effect on EU tuition fees. As a result of EU law, since the Scottish Government abolished tuition fees, we have treated EU students in the same way that we treat students from Scotland: they do not pay tuition fees. It is only as a result of EU law applying in Scotland that that has been possible—indeed, it has been mandatory. Our EU law obligations cease at the end of the transition period in a few months, and continuing with that arrangement from 2021-22 would significantly increase the risk of any legal challenge.

Following the UK's vote to leave the EU, I announced that the 2020-21 academic year was a transition year for the policy, and it is with a heavy heart that we have taken the difficult decision to end free education for new EU students from the academic year 2021-22 onwards, as a direct consequence of Brexit. However, EU students who have already started their studies or who start this autumn will not be affected and will still be tuition free for the entirety of their course. That is the stark reality of Brexit and a painful reminder that our country's decisions are affected by UK policies that we did not support or vote for.

Our internationalism remains a key strength of higher education in Scotland, so we will discuss with the sector an ambitious scholarship programme to ensure that the ancient European nation of Scotland continues to attract significant numbers of European students to study here.

As a consequence of the decision that we have taken on EU students, we must also decide what happens to the funding that currently supports those places. I can confirm that we will not remove the funding that we currently devote to paying EU student fees from the overall funding for the sector. Under current trends, following further analysis, we estimate that that could be up to £19 million for 2021-22 alone.

As a result of that decision, that new flexibility for the sector should lead to an increase in the

number of students from Scotland getting a place at university at a time when our young people face the economic impact of Covid-19. No doubt that will provide some significant support at an important time.

As we respond to Covid-19 and Brexit, I want to emphasise to the chamber that the continued success of our colleges and universities is crucial to our economic prosperity and to our future social wellbeing and it must be central to this county's recovery, which we must now build. Our colleges and universities provide our people with life chances and skills and are the engines that power our society. They are a source of strength for our nation and we must protect them. This Government will stand by them to meet the challenges and grasp the exciting opportunities that lie ahead, and I hope that Parliament will support us as we do that.

**The Deputy Presiding Officer:** The minister will now take questions on the issues that were raised in his statement. We have about 20 minutes for questions, after which we will conclude. It would be helpful if members who wish to ask a question could press their request-to-speak buttons.

**Jamie Greene (West Scotland) (Con):** I thank the minister for advance sight of his statement and I pay tribute to those in our colleges and universities, especially the staff, who have been faced with unprecedented challenges in these past few difficult months.

Like others, I welcome those who come to Scotland to study. They enrich our campuses and universities. Equally, however, we have a duty to deliver fairness for Scottish students. The cessation of the Government's policy of offering free university education to European Union students in Scotland must come with an upside for Scottish students. Now that there is no longer an obligation to fund EU students, it is only right that those funds are used to support Scottish students to go to Scottish universities. To do that, the Scottish Government can start by lifting the unfair cap on Scotland-domiciled students, which we know denies 15,000 Scots a place at university every year in this country. It is a reality—an appalling one—that Scottish students with as many as eight A grades in their highers are rejected by universities, such are the current funding structures. Surely that cannot be allowed to continue.

The truth is that today's announcement barely scratches the surface of the deep-cutting financial problems that the sector faces. Way before the Covid crisis, the sector faced an estimated black hole of around £500 million, and the stark reality is that the sector has faced dire financial outcomes for many years under its current structures.

Everybody knows that and today's announcement will not change it.

**The Deputy Presiding Officer:** Please get to the question, Mr Greene.

**Jamie Greene:** I will ask the minister a specific question. Will the £97 million that we currently spend on funding EU undergraduates stay in the higher education sector in its entirety, and in what capacity? How will the savings go towards lifting that cap on places for Scottish students? How many places does he think will be freed up?

**The Deputy Presiding Officer:** You must conclude now; you have gone well over your time.

**Jamie Greene:** Given the—

**The Deputy Presiding Officer:** I said that you must conclude. Please sit down.

**Richard Lochhead:** I thank Mr Greene for his opening comments, but he paints an inaccurate picture of what is happening in higher education. Over the past couple of years, record numbers of Scottish students have attended Scottish universities and there has been a growing economic contribution from our universities and higher education institutions. The sector is in a healthy state. It is true that we face the twin challenges of Covid-19 and Brexit, yet it is Jamie Greene's party that is foisting Brexit on the sector—Brexit being the only threat that the sector faced before Covid.

Today, the new UCAS figures show an overall 3 per cent increase in the number of applications to Scottish universities. As I said in my statement, that includes a 16 per cent increase in applications from non-EU overseas students. That tells me that our sector is performing wonderfully well and is selling well its message to the rest of the world about coming here for quality education in a safe environment, and I congratulate it on that.

To answer Jamie Greene's key point, as I said in my statement, the money that is currently devoted to EU students will remain in the higher education budget. Therefore, at a time when, given the potential significant economic downturn, young people will be looking for options, that is good news for the number of Scottish students who can attend our universities.

**Iain Gray (East Lothian) (Lab):** I thank the minister for early sight of his statement. I certainly agree with him that our tertiary education sector will be critical to rebuilding a modern, high-skilled economy that is driven by research and innovation, so our universities and colleges must be protected. However, prior to the pandemic, they already faced an uncertain financial future. Audit Scotland repeatedly warned us about the financial fragility of colleges, and university funding has been cut by more than 11 per cent in recent years.

The UCAS figures that show that applications are holding up are welcome, but universities still fear that many of those international students will not in fact arrive in September, which will have serious financial consequences. Does the minister have a contingency plan for our universities, or is he just crossing his fingers that those students will appear?

Secondly, there is no additional financial support for colleges. Will the minister at least guarantee the FE settlement in the 2020-21 budget, even if outcomes are disrupted in that sector?

Finally, colleges and universities are planning now for their new term activities in September. If pubs, restaurants and public transport can be told now to plan for 1m social distancing, why cannot colleges and universities?

**Richard Lochhead:** Our universities and colleges are national assets and we should be very proud of them. We have seen an increasing number of students and international students recently, and we are seeing research success after research success, so we should not be painting pictures of doom and gloom.

Yes, there are financial challenges, and now we see the twin challenges of Covid-19 and Brexit. I have asked the Scottish Funding Council to look at many of the points that Iain Gray legitimately raises about the sector's future finances, how it is funded and how the funding is used in the sector to ensure that we are fleet of foot and agile as a country. There are lots of international competitors out there doing really good things, so we cannot stand still. I absolutely accept that, which is why we have commissioned the Scottish Funding Council to look at those points.

On resources, many of the budgets that I mentioned in my statement apply to colleges, where further and higher education is provided. Higher education is provided by colleges as well as universities, so those funds benefit colleges to a significant degree, albeit that the £75 million for research is for universities—I accept that.

If we are to devote more money to colleges and universities, Iain Gray has to tell us where that should come from. As Kate Forbes said in her statement, we are limited in terms of how we can borrow and therefore we rely on consequentials from the UK Government. We have not yet had consequentials to help us give further support to our colleges and universities, so I urge members from all parties to put pressure on the UK Government to allow us to do more to help our universities and colleges.

**The Deputy Presiding Officer:** Eleven members have questions. I would like short questions and answers if possible, please.

**Clare Adamson (Motherwell and Wishaw) (SNP):** Many of my Motherwell and Wishaw constituents benefit from universities' widening access agendas. Covid has compounded retention problems for some of those students. They are not able to claim universal credit over the summer and jobs are limited, so there are financial strains, and general societal problems, such as mental health issues, will affect many of them at this time.

What conversations has the minister had with colleges and universities to ensure that one of the unintended consequences is not the widening of social inequality?

**Richard Lochhead:** Clare Adamson raises a very important point. The Deputy First Minister and I have been discussing regularly what more we can do in the times ahead to support those who will bear the brunt of the impact of the Covid-19 crisis in Scotland and who could be even further away from education as a result. That is why the community learning and development sector, as well as our colleges and universities, has a big role to play.

At the recent leadership group meeting that I mentioned, the commissioner for widening access gave us advice on what we can do to make sure that, in the economic crisis that we are potentially facing, the impact on widening access is not too detrimental.

I assure Clare Adamson that we are giving due attention to issues of student hardship and the impact of the economic crisis on those who are further away from education.

**Jamie Halcro Johnston (Highlands and Islands) (Con):** I know that further and higher education institutions stand ready to assist in skills support, which will be vital, as the minister said, as we emerge from the coronavirus outbreak.

The First Minister welcomed the proposal in the Higgins report for a jobs guarantee scheme. Will the minister clarify whether he envisages that education will form part of the scheme, through colleges and universities? What part can such institutions play?

**Richard Lochhead:** That is a good question from Jamie Halcro Johnston. There is no doubt that our colleges, in particular, will have a big role to play in taking forward some of these policies. As he can imagine, the detail will be worked out in the coming weeks. We are in regular discussion with the Scottish Funding Council and the further and higher education sectors about the role that they will play in ensuring that Scotland has the skills pipeline that it needs for the post-Covid-19 economy. That is a really important issue, which is wrapped up in all the issues to do with apprenticeships and so on. It is an important debate, and I will keep the Parliament updated.

**Keith Brown (Clackmannanshire and Dunblane) (SNP):** The minister is an alumnus of the University of Stirling, in my constituency, so he will know that the university has a reputation for world-class research and teaching and is attractive to international students. The university has been working hard to ensure that it is ready for the coming academic year and ready to again welcome students from around the world.

I note what the minister said about the increase in applications from overseas, which is welcome. Will he say what the Scottish Government is doing to support the University of Stirling and universities throughout Scotland, to reassure international students that our universities are a safe environment in which to undertake their studies?

**Richard Lochhead:** I thank Keith Brown for mentioning the University of Stirling, for which I have a soft spot for the reason that he gave—as do other members who are in the chamber. I take the opportunity to congratulate Gerry McCormac, the university's principal, who has taken over as chair of Universities Scotland—my interaction with the University of Stirling is likely to be heightened over the coming weeks and months.

I assure Keith Brown that the University of Stirling and all Scottish universities are represented on the leadership group and will make their views extremely well known on the way forward for the whole sector and for Scotland. I am sure that the University of Stirling will benefit from measures that we implement across the board.

**Daniel Johnson (Edinburgh Southern) (Lab):** The fact that applications from international students are up is no guarantee that those places will be taken up. Fees worth some £700 million are still at risk. There is growing concern that, in the absence of additional Scottish Government financial support, higher education institutions will seek to claw back shortfalls through non-tuition-related fees and charges, such as accommodation charges. What steps will the minister take to ensure that no such additional charges are imposed, given the impact on student hardship that such an approach would have?

**Richard Lochhead:** I expect all institutions in Scotland to be sensitive to the financial situation that existing and prospective students face at the current time.

The member paints an inaccurate picture. The Scottish Government allocated a one-off payment of £75 million for university research early on in the crisis, which the sector warmly welcomed. Some principals told me that that was a lot more than the UK Government had done for the sector, even though Scotland has a population of only 5.4 million.

I accept that there is more to be done and I assure Daniel Johnson that we are having intense conversations with the UK Government, because many issues in this context relate to the Treasury and reserved issues, such as the main part of research funding. We are seeking further help for the sector and we are helping as much as we can do within our powers. A welcome package has been announced by the UK Government, but we are waiting for the detail of that. We hope that it will deliver consequential to Scotland so that we can provide the help that Daniel Johnson wants us to provide.

**Kenneth Gibson (Cunninghame North) (SNP):** I called on the Scottish Government to cease paying the tuition fees of European Union students, so I welcome the decision in that regard, which I think should apply from this autumn. Will the minister explain why new EU students who start courses this year will not have to pay tuition fees at any time during their courses? Would the resources that are used in that way not be better spent on Scottish students?

**Richard Lochhead:** I hope that Kenny Gibson agrees that the presence of European students on Scottish campuses has been very much valued over many years. One of the reasons for Scotland's incredible reputation throughout the world on education is the internationalism of our campuses and the strength of the educational experience that students get in our country. That benefits our students too, not just other students.

That is why I have always been a firm supporter of membership of the European Union, our participation in Erasmus+ and horizon 2020 and our meeting our obligations to deliver home-fee status for European students who study in this country. We will stick to our commitment and the contract that we have with existing EU students, who will receive funding for the remainder of their courses. Last year, we announced that this academic year would be a transition year while we waited to see what happened with Brexit.

**Mark Ruskell (Mid Scotland and Fife) (Green):** Despite the financial crisis at Perth College UHI, the institution has continued to fill management posts during lockdown, which has concerned lecturers and students with regard to the pressure that it is under to cut 21 teaching posts. Given that the University of the Highlands and Islands is the only publicly funded higher or further education institution that lacks a collective bargaining agreement for all staff, does the minister agree that it should develop one urgently in order to meet the Government's fair work agenda?

**Richard Lochhead:** As Mark Ruskell will know, our colleges and universities have a responsibility to cut their cloth, ensure that their books balance

and run their institutions with the funds that are made available to them by the Scottish Funding Council or that come from other sources. The matter that Mark Ruskell highlights is therefore a matter for Perth College and UHI.

However, I note that, given the pressures that people are facing in their personal lives due to Covid-19 and their concerns about job security at this sensitive time, all our institutions should be sensitive to the needs of their employees. I am confident that that is the case, but I will keep reiterating that message. We have a fair work agenda, which should always be respected by our colleges and universities.

**Liz Smith (Mid Scotland and Fife) (Con):** Does Richard Lochhead agree with Universities Scotland's analysis, which claims that there is now £127.6 million less invested each year into Scottish universities than in 2014-15? That means that there was almost £700 less Government funding for every Scottish student at university last year. Is it not due to Scottish Government policy that those cuts have happened?

**Richard Lochhead:** Liz Smith is quoting figures from Universities Scotland, but she might also want to look at the financial situations that some colleges and universities in England are currently facing.

We have had 10 years of austerity since the Conservative Party took office in 2010. We would have loved to have been in the position to allocate even more resources—we have managed to protect resources for our colleges and universities very well and increase them from time to time—but the 10 years of austerity have not always made that possible.

To help us to cope with the Covid-19 crisis, we look now to the UK Government, which also has a moral obligation to help us to cope with the £211 million cost that Audit Scotland says is just around the corner as we head towards a hard Brexit.

**Beatrice Wishart (Shetland Islands) (LD):** Universities Scotland says that digital poverty will reinforce disadvantage. We know about the delays in delivering the reaching 100 per cent—R100—programme in the Highlands and Islands, which is well behind schedule. If online learning is to be a feature of higher and further education, what can be done for those students in rural, remote and island areas with internet speeds that cannot cope with online lectures and learning?

**Richard Lochhead:** That important point has featured in all our conversations with the sector throughout the Covid-19 crisis during this remarkable shift to online learning. Many institutions—UHI, in particular, as it happens—were already there, but others had to shift quite quickly.

We are conscious that there are many people who, for financial, rurality or other reasons, are unable to have the same connectivity as their peers. That is why I announced in today's statement the £5 million that we are providing to address such issues in further and higher education. Those funds will be targeted towards vulnerable families and some of the people whom Beatrice Wishart mentioned.

I have instigated conversations with telecommunication providers to see what we can do to get their support in providing free online access for learners in Scotland.

**Bob Doris (Glasgow Maryhill and Springburn) (SNP):** Following the impact of Covid-19, Glasgow Kelvin College and others are up for the challenge of adapting apprenticeship provision to be flexible and responsive, and to include the possibility of pathway apprenticeships. Will the Scottish Government say more about the vital on-going role of colleges in that area? What assurances can the minister give that the changing landscape of apprenticeships will not impact on FE colleges, which rely on income from foundation and modern apprenticeships?

**Richard Lochhead:** As Bob Doris will know, as we move forward towards economic recovery, the Benny Higgins report and other reports have said that institutions across further and higher education, and our colleges in particular, will have a big role in reskilling, upskilling and developing short, sharp courses to help retrain the workforce, who may be looking for different employment opportunities, and to help businesses cope with the post-Covid-19 economy. Our colleges will be at the heart of that, and the Minister for Business, Fair Work and Skills, Jamie Hepburn, is taking forward much of that work directly with the colleges as we speak.

**Sarah Boyack (Lothian) (Lab):** How many fully funded places for Scottish students will be delivered from the £19 million that is predicted to come from next year's EU student fees allocation? Can the cabinet secretary outline the role of universities in the jobs guarantee scheme?

**Richard Lochhead:** Colleges and universities are likely to play a role in the jobs guarantee scheme, but it is early days, as we have just had the announcements very recently. With the colleges and universities, we are turning our minds to economic recovery and the role that they can play, as I said in my previous answer to Bob Doris.

As regards the number of Scottish places that would be funded by the £19 million that will be available as a result of not funding EU places, my comment is that funding university places is a complex matter and we cannot quickly work that out. It depends how many applications there are

and how many places the universities decide to create with the money that is allocated to them by the Scottish Government. We allocate the money and they can decide how to use it across courses and across places. As I said in my statement, there will now be £19 million in the system that is available for Scottish places. The universities are expected to take up that offer, which will hopefully lead to more Scots going to university.

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** A strong and flourishing higher and further education sector is vital for not only those studying at the institutions but our wider economic recovery from the pandemic. The cabinet secretary will be aware of the Institute for Fiscal Studies report that finds that 13 universities across the UK may be at risk of insolvency, particularly due to the loss of international students. What risk assessments and contingency planning are being undertaken in Scottish universities to cope with those pressures?

**Richard Lochhead:** I assure the Parliament that the Scottish Funding Council is working closely with all our colleges and universities to ensure that they survive and get through this situation. The council will carry out the review that it has been asked to undertake regarding the future financing of the sector and its sustainability, and we will wait and see what comes out of that debate.

The analysis from the Scottish Funding Council so far has said that, for this academic year, the Scottish universities face a potential loss of £72 million, and between £384 million and £651 million thereafter if there is a decline in the number of international students, as some people are predicting there might be.

We have to wait and see what happens, but we will stand by our universities and colleges.

**Decision Time***Meeting closed at 15:58.*

15:58

**The Deputy Presiding Officer (Christine Grahame):** There are no questions to be put as a result of today's business.

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