Passage of the

Budget (Scotland) (No.3) Bill 2014

SPPB 198
Passage of the
Budget (Scotland) (No.3) Bill 2014

SP Bill 45 (Session 4), subsequently 2014 asp 6

SPPB 198
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You can also contact us by email sp.info@scottish.parliament.uk

We welcome written correspondence in any language.
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Foreword

Purpose of the series

The aim of this series is to bring together in a single place all the official Parliamentary documents relating to the passage of the Bill that becomes an Act of the Scottish Parliament (ASP). The list of documents included in any particular volume will depend on the nature of the Bill and the circumstances of its passage, but a typical volume will include:

- every print of the Bill (usually three – “As Introduced”, “As Amended at Stage 2” and “As Passed”);
- the accompanying documents published with the “As Introduced” print of the Bill (and any revised versions published at later Stages);
- every Marshalled List of amendments from Stages 2 and 3;
- every Groupings list from Stages 2 and 3;
- the lead Committee’s “Stage 1 report” (which itself includes reports of other committees involved in the Stage 1 process, relevant committee Minutes and extracts from the Official Report of Stage 1 proceedings);
- the Official Report of the Stage 1 and Stage 3 debates in the Parliament;
- the Official Report of Stage 2 committee consideration;
- the Minutes (or relevant extracts) of relevant Committee meetings and of the Parliament for Stages 1 and 3.

All documents included are re-printed in the original layout and format, but with minor typographical and layout errors corrected.

This volume includes web-links to documents not incorporated in this volume. These links have been checked and are correct at the time of publishing this volume. The Scottish Parliament is not responsible for the content of external Internet sites. The links in this volume will not be monitored after publication, and no guarantee can be given that all links will continue to be effective.

Documents in each volume are arranged in the order in which they relate to the passage of the Bill through its various stages, from introduction to passing. The Act itself is not included on the grounds that it is already generally available and is, in any case, not a Parliamentary publication.

Outline of the legislative process

Bills in the Scottish Parliament follow a three-stage process. The fundamentals of the process are laid down by section 36(1) of the Scotland Act 1998, and amplified by Chapter 9 of the Parliament’s Standing Orders. In outline, the process is as follows:

- Introduction, followed by publication of the Bill and its accompanying documents;
- Stage 1: the Bill is first referred to a relevant committee, which produces a report informed by evidence from interested parties, then the Parliament debates the Bill and decides whether to agree to its general principles;
Stage 2: the Bill returns to a committee for detailed consideration of amendments;
Stage 3: the Bill is considered by the Parliament, with consideration of further amendments followed by a debate and a decision on whether to pass the Bill.

After a Bill is passed, three law officers and the Secretary of State have a period of four weeks within which they may challenge the Bill under sections 33 and 35 of the Scotland Act respectively. The Bill may then be submitted for Royal Assent, at which point it becomes an Act.

Standing Orders allow for some variations from the above pattern in some cases. For example, Bills may be referred back to a committee during Stage 3 for further Stage 2 consideration. In addition, the procedures vary for certain categories of Bills, such as Committee Bills or Emergency Bills. For some volumes in the series, relevant proceedings prior to introduction (such as pre-legislative scrutiny of a draft Bill) may be included.

The reader who is unfamiliar with Bill procedures, or with the terminology of legislation more generally, is advised to consult in the first instance the Guidance on Public Bills published by the Parliament. That Guidance, and the Standing Orders, are available for sale from Stationery Office bookshops or free of charge on the Parliament’s website (www.scottish.parliament.uk).

The series is produced by the Legislation Team within the Parliament’s Chamber Office. Comments on this volume or on the series as a whole may be sent to the Legislation Team at the Scottish Parliament, Edinburgh EH99 1SP.

Notes on this volume

The Bill to which this volume relates was the third Budget Bill introduced in the fourth session of the Parliament.

Although this volume deals only with proceedings on the Bill, those proceedings should be seen in the context of the overall Budget scrutiny process. That process consists of three phases:

- the budget strategy phase, the aim of which is to allow the Parliament to scrutinise progress being made by the Scottish Government in delivering, through its spending priorities, its own targets and to take a strategic overview of the public finances. This phase takes place at least once per Parliamentary session;
- the draft budget phase, during which subject committees examine and report to the Finance Committee on the Scottish Government’s draft budget and the Parliament debates the Finance Committee’s report. This phase takes place annually; and
- the Budget Bill phase, which also takes place annually.

The budget process leading up to the introduction of the Bill to which this volume relates included both a budget strategy phase and a draft budget phase. Correspondence relating to the budget strategy phase can be found on the Scottish
Parliament website\(^1\). The Finance Committee reported on the draft budget phase on 9 December 2013 (10th Report, 2013 (Session 4) (SP Paper 431))\(^2\) and that report was debated by the Parliament on 19 December 2013\(^3\).

Once introduced, the Bill itself goes through the same three legislative stages as other Bills, but subject to special procedures under Rule 9.16 of the Parliament’s standing orders. In particular, no Explanatory Notes or Policy Memorandum are required\(^4\), there is an accelerated timescale, no Stage 1 report is required and only the Scottish Government may lodge amendments to the Bill.

In this case, the Bill was not amended at Stage 2 or Stage 3 and hence no “As Amended at Stage 2” or “As Passed” versions of the Bill were produced.

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4 Although the only accompanying documents formally required under the Parliament’s Standing Orders are those reproduced in this volume, the Scottish Government also publishes its own document providing more detail on the Budget Bill. For the supporting document to the Bill to which this volume relates see: [http://www.scotland.gov.uk/Publications/2014/01/6802](http://www.scotland.gov.uk/Publications/2014/01/6802)
Budget (Scotland) (No.3) Bill
[AS INTRODUCED]

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Schedule 1 — The Scottish Administration
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Schedule 3 — Borrowing by statutory bodies
Budget (Scotland) (No.3) Bill
[AS INTRODUCED]

An Act of the Scottish Parliament to make provision, for financial year 2014/15, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for the maximum amounts of borrowing by certain statutory bodies and for authorising the payment of sums out of the Fund; to make provision, for financial year 2015/16, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

PART 1

FINANCIAL YEAR 2014/15

Use of resources etc.

1 The Scottish Administration

(1) The Scottish Administration may use resources in financial year 2014/15 for the purposes specified in column 1 of schedule 1—

(a) in the case of resources other than accruing resources, up to the amounts specified in the corresponding entries in column 2 of that schedule,

(b) in the case of accruing resources, up to the amounts specified in the corresponding entries in column 3 of that schedule.

(2) Despite paragraphs (a) and (b) of subsection (1), the resources which may be used for a purpose specified in column 1 may exceed the amount specified in the corresponding entry in column 2 or (as the case may be) column 3 if—

(a) in the case of resources other than accruing resources, the first condition is met,

(b) in the case of accruing resources, the second condition is met.

(3) The first condition is that the total resources (other than accruing resources) used in financial year 2014/15 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 2.

(4) The second condition is that the total accruing resources used in financial year 2014/15 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 3.
Direct-funded bodies

1. A direct-funded body may use resources in financial year 2014/15 for the purposes specified in column 1 of schedule 2 in relation to the body.

2. Resources other than accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 2 of that schedule.

3. Accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 3 of that schedule.

Borrowing by statutory bodies

In schedule 3, the amounts set out in column 2 are the amounts specified for financial year 2014/15 for the purposes of the enactments listed in the corresponding entries in column 1 (which make provision as to the net borrowing of the statutory bodies mentioned in that column).

The Scottish Consolidated Fund

Overall cash authorisations

1. For the purposes of section 4(2) of the PFA Act 2000, the overall cash authorisations for financial year 2014/15 are as follows.

2. In relation to the Scottish Administration, £32,873,811,000.

3. In relation to the direct-funded bodies—
   (a) the Forestry Commissioners, £64,000,000,
   (b) the Food Standards Agency, £10,800,000,
   (c) the Scottish Parliamentary Corporate Body, £78,871,000,
   (d) Audit Scotland, £6,283,000.

Contingency payments

1. This section applies where, in financial year 2014/15, it is proposed to pay out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998—
   (a) for or in connection with expenditure of the Scottish Administration, a sum which does not fall within the amount specified in section 4(2) in relation to it, or
   (b) for or in connection with expenditure of a direct-funded body, a sum which does not fall within the amount specified in section 4(3) in relation to the body.

2. The sum may be paid out of the Fund only if its payment is authorised by the Scottish Ministers.

3. The Scottish Ministers may authorise payment of the sum only if they consider that—
   (a) the payment is necessarily required in the public interest to meet urgent expenditure for a purpose falling within section 65(2) of the Scotland Act 1998, and
   (b) it is not reasonably practicable, for reasons of urgency, to amend the overall cash authorisation by an order under section 7.
(4) But the Scottish Ministers must not authorise payment of the sum if it would result in an excess of sums paid out of the Fund over sums paid into the Fund.

(5) The aggregate amount of the sums which the Scottish Ministers may authorise to be paid out of the Fund under this section must not exceed £50,000,000.

(6) Where the Scottish Ministers authorise a payment under this section they must, as soon as possible, lay before the Scottish Parliament a report setting out the circumstances of the authorisation and why they considered it to be necessary.

**Part 2**

**Financial year 2015/16**

**6 Emergency arrangements**

(1) This section applies if, at the beginning of financial year 2015/16, there is no overall cash authorisation for that year for the purposes of section 4(2) of the PFA Act 2000.

(2) Until there is in force a Budget Act providing such authorisation, there is to be taken to be an overall cash authorisation for each calendar month of that year in relation to each of—

(a) the Scottish Administration,

(b) the direct-funded bodies,

of an amount determined under subsection (3).

(3) That amount is whichever is the greater of—

(a) one-twelfth of the amount specified in section 4(2) or (3) in relation to the Scottish Administration or (as the case may be) the direct-funded body in question,

(b) the amount paid out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 in the corresponding calendar month of financial year 2014/15 for or in connection with expenditure of the Scottish Administration or (as the case may be) that direct-funded body.

(4) Section 4 of the PFA Act 2000 has effect accordingly.

(5) This section is subject to any provision made by a Budget Act for financial year 2015/16.

**Part 3**

**Miscellaneous**

**Amendment and repeal**

**7 Budget revision orders**

(1) The Scottish Ministers may by order amend—

(a) the amounts specified in section 4(2) and (3),

(b) schedules 1 to 3.

(2) An order under this section is subject to the affirmative procedure.
8 Repeal of spent provisions

Part 2 (financial year 2014/15) of the Budget (Scotland) Act 2013 is repealed.

Final provisions

9 Interpretation

(1) In this Act, the “PFA Act 2000” means the Public Finance and Accountability (Scotland) Act 2000.

(2) References in this Act to accruing resources in relation to the Scottish Administration or a direct-funded body are to such resources accruing to the Administration or (as the case may be) that body in financial year 2014/15.

(3) References in this Act to the direct-funded bodies are to the bodies listed in section 4(3) (and references to a direct-funded body are to any of those bodies).

(4) Except where otherwise expressly provided, expressions used in this Act and in the PFA Act 2000 have the same meanings in this Act as they have in that Act.

10 Commencement

This Act comes into force on the day after Royal Assent.

11 Short title

The short title of this Act is the Budget (Scotland) Act 2014.
SCHEDULE 1
(introduced by section 1)
The Scottish Administration

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Amount of resources (other than accruing resources) £</th>
<th>Amount of accruing resources £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Through their Culture and External Affairs portfolio, for use by the Scottish Ministers on: support for the arts, culture and creativity in Scotland; cultural organisations; the creative industries; Historic Scotland; central government grants to non-departmental public bodies, local authorities and other bodies and organisations; international relations; development assistance.</td>
<td>202,827,000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>2. Through their Finance, Employment and Sustainable Growth portfolio, for use by the Scottish Ministers on: the running and capital costs of the Scottish Public Pensions Agency; expenditure on committees, commissions and other portfolio services; expenditure and grant assistance in relation to public service reform and efficiency; funding of strategic contracts to increase the resilience and capacity of third sector organisations; planning; architecture; building standards; tourism; grant in aid for Scottish Enterprise and Highlands and Islands Enterprise; industry and technology grants; energy-related activities; central government grants to local authorities; sundry enterprise-related activities; the Accountant in Bankruptcy.</td>
<td>459,081,000</td>
<td>186,000,000</td>
</tr>
<tr>
<td>3. Through their Health and Wellbeing portfolio, for use by the Scottish Ministers on: hospital and community health services; family health services; community care; social care; welfare food (Healthy Start); payments to the Skipton Fund; other health services; sportscotland; delivery and legacy of the 2014 Commonwealth Games; expenditure relating to equality issues.</td>
<td>12,280,363,000</td>
<td>2,050,000,000</td>
</tr>
<tr>
<td>4. Through their Education and Lifelong Learning portfolio, for use by the Scottish Ministers on: schools; training and development of teachers; educational research, development and promotion; the Gaelic language; Bòrd na Gàidhlig; Gaelic Media Service (MG Alba); qualifications assessment and skills; funding of Education Scotland, Disclosure Scotland and Additional Support Needs Tribunals for Scotland; childcare, including care for vulnerable children; youth work, including youth justice and associated social work services; central government grants to local</td>
<td>3,025,805,000</td>
<td>179,000,000</td>
</tr>
<tr>
<td>Purposes</td>
<td>Amount of resources (other than accruing resources) £</td>
<td>Amount of accruing resources £</td>
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<tr>
<td>5. authorities; grant in aid for the Scottish Further and Higher Education Funding Council, Skills Development Scotland, Scottish Qualifications Authority, Children’s Hearings Scotland, Scottish Children’s Reporter Administration and Scottish Social Services Council; funding for the Student Awards Agency for Scotland and related costs, including the Student Loan Scheme; Enterprise in Education; funding activities for young people to develop skills in connection with training and work; activities associated with the Chief Scientific Adviser for Scotland; international and other educational services; the provision of Education Maintenance Allowances and funding for international college and university activities; sundry lifelong learning activities.</td>
<td>2,506,486,000</td>
<td>39,700,000</td>
</tr>
<tr>
<td>5. Through their Justice portfolio, for use by the Scottish Ministers on: legal aid, including the running costs of the Scottish Legal Aid Board; criminal injuries compensation (including administration); certain services relating to crime, including the Parole Board for Scotland; the Scottish Prison Service; the Scottish Criminal Cases Review Commission; the Risk Management Authority; the Scottish Police Authority and Police Investigations and Review Commissioners; additional police services; the Scottish Fire and Rescue Service; the payment of police and fire pensions; Scottish Resilience; central government grants to local authorities for Criminal Justice Social Work; measures to create safer and stronger communities; measures in relation to drug abuse and treatment; the Scottish Tribunal Service; miscellaneous services relating to the administration of justice; residential accommodation for children; community justice services; court services, including judicial pensions; certain legal services; costs and fees in connection with legal proceedings.</td>
<td>488,437,000</td>
<td>602,100,000</td>
</tr>
<tr>
<td>6. Through their Rural Affairs and the Environment portfolio, for use by the Scottish Ministers on: market support, including grants in relation to agriculture; support for agriculture in special areas, including grants for rural development; rural development generally; agri-environmental and farm woodland measures; compensation to sheep producers; animal health; agricultural education; advisory, research and development services; botanical and scientific services; assistance to production, marketing and processing; administration, land management and other agricultural services; core marine functions involving scientific research, compliance, policy and management of</td>
<td>488,437,000</td>
<td>602,100,000</td>
</tr>
<tr>
<td>Purposes</td>
<td>Amount of resources (other than accruing resources) £</td>
<td>Amount of accruing resources £</td>
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</tr>
<tr>
<td>5 Scotland’s seas, representing Scotland’s interests in relation to common fisheries policy, international fisheries negotiation and aquaculture and freshwater policy, administration of all marine consents required for depositing substances at sea, coastal protection and offshore renewables, grants and other assistance to the Scottish fisheries sector; natural heritage; environment protection; rural affairs; support for crofting communities, including the crofting environment; other environmental expenditure; flood prevention; coastal protection; air quality monitoring; climate change activities, including the Land Managers’ Renewables Fund; water grants, including funding for the Drinking Water Quality Regulator for Scotland; digital and broadband technology.</td>
<td>2,919,789,000</td>
<td>230,000,000</td>
</tr>
<tr>
<td>7. Through their Infrastructure, Investment and Cities portfolio, for use by the Scottish Ministers on: support for the running costs of Scottish Futures Trust Limited; support for passenger rail services, rail infrastructure and associated rail services; support for the development and delivery of concessionary travel schemes; funding for major public transport projects; the running costs of Transport Scotland; funding for the Strategic Transport Projects Programme; funding for travel information services; the maintenance and enhancement of the trunk road infrastructure; support for ferry services, loans and grants relating to vessel construction, grants for pier and other infrastructure and funding for road equivalent tariff fares; support for Highlands and Islands Airports Limited; support for air services and funding for the Air Discount Scheme; support for the bus industry; support for the Forth Estuary Transport Authority and Tay Road Bridge Joint Board; support for the freight industry; support for Scottish Canals; funding to promote sustainable and active travel; contributing to the running costs of Regional Transport Partnerships and other bodies associated with the transport sector; funding for road safety; costs in relation to funding the office of the Scottish Road Works Commissioner; loans to Scottish Water and Scottish Water Business Stream Holdings Limited; water grants, including to the Water Industry Commission for Scotland; housing subsidies and guarantees; Energy Assistance Package; Home Insulation Schemes; repayment of debt and any associated costs; other expenditure, contributions and grants relating to housing; activities relating to homelessness; research and publicity and other portfolio services; grants to local authorities and registered social landlords; loans to...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purposes</td>
<td>Amount of resources (other than accruing resources)</td>
<td>Amount of accruing resources</td>
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<td>-----------------------------------------------------</td>
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</tbody>
</table>
| 5  
individuals; community engagement; regeneration programmes; grants for Vacant and Derelict Land Fund; loans to organisations; telecommunications infrastructure; European Structural Fund grants to the Enterprise Networks, local authorities, further and higher education institutions, third sector bodies and other eligible bodies and organisations; costs of delivery and evaluation of European Structural Fund; expenditure on corporate and central services; expenditure in relation to the running costs of Her Majesty’s Chief Inspector of Prosecution in Scotland, the Office of the Chief Economic Adviser and the Office of the Chief Statistician; expenditure on Protocol; costs associated with referendums; expenditure on strategic communications with various audiences; funding of payments for welfare purposes; provision for devolved taxes specified in Part 4A of the Scotland Act 1998, including collection and management. | 10,310,217,000                                       | Nil                        |
| 8. Through their Local Government portfolio, for use by the Scottish Ministers on: revenue support grants and payment to local authorities of non-domestic rates in Scotland; other local authority grants and special grants relating to council tax and spend-to-save scheme; housing support grant; other services, including payments under the Bellwin scheme covering floods, storms and other emergencies. | 2,687,341,000                                       | 1,675,000,000              |
| 9. For use by the Scottish Ministers on: pensions, allowances, gratuities etc. payable in respect of the teachers’ and national health service pension schemes.                                                                                                                                                                                                                                                                                                                  | 197,967,000                                           | 18,100,000                 |
| 10. For use by the Scottish Ministers on: operational and administrative costs; costs of providing services to the Scottish Parliament; costs associated with the functions of the Queen’s Printer for Scotland.                                                                                                                                                                                                                                                                                         | 9,790,000                                             | 9,800,000                  |
| 11. Through the National Records of Scotland, for use by the Scottish Ministers, the Registrar General of Births, Deaths and Marriages for Scotland and the Keeper of the Records of Scotland on: operational and administrative costs (including costs associated with running the ScotlandsPeople Centre).                                                                                                                                                                                                                       | 108,700,000                                           | 2,000,000                  |
| 12. For use by the Lord Advocate, through the Crown Office and Procurator Fiscal Service (and the office of Queen’s and Lord Treasurer’s Remembrancer), on:                                                                                                                                                                                                                                                                                                               | 108,700,000                                           | 2,000,000                  |
### Schedule 2—Direct-funded bodies

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Amount of resources (other than accruing resources) £</th>
<th>Amount of accruing resources £</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>operational and administrative costs; fees paid to temporary procurators fiscal; witness expenses; victim expenses where applicable; other costs associated with Crown prosecutions and cases brought under the Proceeds of Crime Act 2002; special payments made in relation to intestate estates which fall to the Crown as ultimate heir.</td>
<td></td>
</tr>
<tr>
<td>13. For use by the Scottish Court Service on: operational and administrative costs.</td>
<td>72,349,000</td>
<td>35,000,000</td>
</tr>
<tr>
<td>14. For use by the Office of the Scottish Charity Regulator on: operational and administrative costs.</td>
<td>3,000,000</td>
<td>Nil</td>
</tr>
<tr>
<td>15. For use by the Scottish Housing Regulator on: operational and administrative costs.</td>
<td>4,000,000</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Total of amounts of resources:</strong></td>
<td><strong>35,286,152,000</strong></td>
<td><strong>5,066,700,000</strong></td>
</tr>
</tbody>
</table>

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### SCHEDULE 2
*(introduced by section 2)*

**DIRECT-FUNDED BODIES**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount of resources other than accruing resources £</th>
<th>Amount of accruing resources £</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>1. For use by the Forestry Commissioners in or as regards Scotland on: the promotion of forestry in Scotland, including advising on the development and delivery of forestry policy, regulating the forestry sector and supporting it through grants; managing the national forest estate in Scotland; administrative costs.</td>
<td>64,100,000</td>
</tr>
<tr>
<td>30</td>
<td>2. For use by the Food Standards Agency in or as regards Scotland on: operational and administrative costs, including research, monitoring and surveillance and public information and awareness relating to food safety and standards.</td>
<td>10,900,000</td>
</tr>
<tr>
<td>35</td>
<td>3. For use by the Scottish Parliamentary Corporate Body on: operational and administrative costs of the Scottish Parliament; payments in respect of the Commissioner for Ethical Standards in Public Life in</td>
<td>90,835,000</td>
</tr>
<tr>
<td>Purpose</td>
<td>£</td>
<td>Amount of accruing resources £</td>
</tr>
<tr>
<td>---------</td>
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<td>-------------------------------</td>
</tr>
<tr>
<td>Scotland, the Standards Commission for Scotland, the Scottish Public Services Ombudsman, the Scottish Information Commissioner, the Scottish Commission for Human Rights and the Commissioner for Children and Young People in Scotland; payments to the Electoral Commission for costs associated with the Scottish independence referendum in 2014; any other payments relating to the Scottish Parliament.</td>
<td>6,601,000</td>
<td>22,000,000</td>
</tr>
<tr>
<td>For use by Audit Scotland on: the exercise of its functions, including assistance and support to the Auditor General for Scotland and the Accounts Commission for Scotland; other audit work for public bodies; payment of pension to the former Auditor General for Scotland; payment of pensions to former Local Government Ombudsmen and their staff.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SCHEDULE 3
*(introduced by section 3)*

**BORROWING BY STATUTORY BODIES**

<table>
<thead>
<tr>
<th>Enactment</th>
<th>Amount £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Section 25 of the Enterprise and New Towns (Scotland) Act 1990 (Scottish Enterprise).</td>
<td>10,000,000</td>
</tr>
<tr>
<td>2. Section 26 of that Act (Highlands and Islands Enterprise).</td>
<td>1,000,000</td>
</tr>
<tr>
<td>4. Section 42 of the Water Industry (Scotland) Act 2002 (Scottish Water).</td>
<td>150,000,000</td>
</tr>
<tr>
<td>5. Section 14 of the Water Services etc. (Scotland) Act 2005 (Scottish Water Business Stream Holdings Limited).</td>
<td>Nil</td>
</tr>
</tbody>
</table>
Budget (Scotland) (No.3) Bill
[AS INTRODUCED]

An Act of the Scottish Parliament to make provision, for financial year 2014/15, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for the maximum amounts of borrowing by certain statutory bodies and for authorising the payment of sums out of the Fund; to make provision, for financial year 2015/16, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

Introduced by: John Swinney
Supported by: Alex Salmond, Joe FitzPatrick
On: 16 January 2014
Bill type: Budget Bill
These documents relate to the Budget (Scotland) (No.3) Bill (SP Bill 45) as introduced in the Scottish Parliament on 16 January 2014

BUDGET (SCOTLAND) (No.3) BILL

ACCOMPANYING DOCUMENTS

SCOTTISH GOVERNMENT STATEMENT ON LEGISLATIVE COMPETENCE

On 16 January 2014, the Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.3) Bill would be within the legislative competence of the Scottish Parliament.”

PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE

On 16 January 2014, the Presiding Officer (Rt Hon Tricia Marwick MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.3) Bill would be within the legislative competence of the Scottish Parliament.”
Purpose

1. This memorandum has been prepared by the Scottish Government in accordance with Rule 9.4A of the Parliament’s Standing Orders, in relation to the Budget (Scotland) (No.3) Bill. It describes the purpose of the subordinate legislation provision in the Bill and outlines the reasons for seeking the proposed power.

2. The contents of this Memorandum are entirely the responsibility of the Scottish Government and have not been endorsed by the Scottish Parliament.

Outline of Bill provisions

3. The Budget Bill is the vehicle through which the Scottish Government seeks Parliamentary approval of its spending plans for the coming financial year (in this case, 2014-2015), since all spending – both in terms of overall amounts and the purpose for which resources are to be used – must be subject to prior Parliamentary authorisation.

Reasons for subordinate legislation

4. The Bill contains one subordinate legislation power. This is contained in section 7.

Delegated power

Section 7 – Amendment of this Act

Power conferred on:  the Scottish Ministers
Power exercisable by: order made by Scottish statutory instrument
Parliamentary procedure: affirmative procedure

5. It is inevitable that the Government’s spending plans will be subject to change during the financial year to which the Bill applies. Such changes might be, for example, to reflect—

(a) transfers of resources within the Scottish Government, and with Whitehall;

(b) changes in accounting and classification guidelines; or
6. There is therefore a need for a mechanism to allow Scottish Ministers to seek authorisation for such changes. The use of affirmative statutory instruments for this purpose was originally introduced to implement the pre-devolution Financial Issues Advisory Group’s (FIAG’s) recommendations for the process (paragraph 3.40 of their Final Report), and is also covered in the Agreement on the Budget Process between the Parliament and the Scottish Government.

7. Since devolution, the Budget Revision process through the use of secondary legislation has become a regular part of the annual Budget process. All of the annual Budget Acts have been subject to at least one revision by secondary legislation – colloquially known as the Summer, Autumn or Spring Budget Revisions. The Budget Act and subsequent revisions roughly mirror the UK Parliament’s process (since Scotland’s drawdown from the UK consolidated fund must also be approved by the UK Parliament) through Main and Supplementary Estimates.
Budget (Scotland) (No.3) Bill: The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney) moved S4M-08794—That the Parliament agrees to the general principles of the Budget (Scotland) (No.3) Bill.

After debate, the motion was agreed to ((DT) by division: For 90, Against 13, Abstentions 2).
The next item of business is a debate on motion S4M-08794, in the name of John Swinney, on the Budget (Scotland) (No 3) Bill.

14:40

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Last week, I introduced the Budget (Scotland) (No 3) Bill for 2014-15, which will give effect to the draft budget that I set out in September last year and the subsequent provisions that we have made in the intervening period.

I express my thanks to all those who have contributed to the budget process so far, particularly members of the Finance Committee, whose report I have responded to today, and the subject committees for their comprehensive scrutiny of the Government’s spending plans.

As I have looked to do in each and every year, I am committed to working constructively with all parties in the Parliament to build agreement on the bill’s contents. I have met all parties and am aware of the issues that they raised in those discussions. I commit to working over the next two weeks to try to address those issues. I am willing to consider alternative spending proposals from all parties provided that they identify the source from which the necessary resources would be drawn to afford any changes to the Government’s fully-funded plans that are before us for consideration.

The spending plans that this Government has set out will support Scotland’s economy, help some of the most vulnerable in our society and deliver the high-quality public services that people in Scotland have a right to expect. Our plans meet the challenges of the times. We need: strong support for economic recovery; to deal with the impact of Westminster austerity and cuts in welfare support; and to protect public services in Scotland. That must all be achieved within the legal and financial limits placed on us as a devolved Administration.

As a result of Westminster’s approach to public finances, the Scottish Government’s fiscal departmental expenditure limit budget is being cut by 11.1 per cent in real terms between 2010-11 and 2015-16. That has reduced our discretionary spending power by £3.4 billion in real terms.

Gavin Brown (Lothian) (Con): In cash terms, has total Scottish Government spend ever been higher?
through 2013 and Scotland has now seen its sixth consecutive quarter of growth. The recent growth performance has moved Scotland’s economy closer to 2008 levels, so that Scotland is now only 0.9 per cent below our pre-recession peak in output, whereas the United Kingdom is 1.9 per cent below that level.

Statistics that came out this morning highlight that Scotland continues to be the best performing of the four nations in the UK on employment and unemployment. Consistent increases in employment levels show that the policies of the Scottish Government to create jobs and boost the economy are making progress, but we know that the recovery is fragile and needs continual support.

We have consistently recognised the importance of infrastructure investment by the public and private sectors in increasing the momentum of the recovery. The budget confirms that we will secure more than £8 billion of investment in Scotland’s infrastructure over the next two years, which will be used to build homes, schools, colleges, hospitals and transport links. As part of that, investment to support sustainable and active travel will be increased to around £60 million over the period of the spending announcements.

On Monday, I was privileged to see the construction that is under way of the new Inverness College, and yesterday I saw the progress that is being made on City of Glasgow College, where £228 million of investment will create 170 jobs over the life of the contract and will deliver a centre of excellence for skills development in the city for many years to come.

We will continue to fund a record number of modern apprenticeships, including 40 at City of Glasgow College, which I visited yesterday, and will maintain our commitment to opportunities for all, which guarantees that those who are aged between 16 and 19 and who are not in work can obtain the support that they need to progress their journey back into employment.

Although this morning’s statistics confirm that the youth labour market in Scotland is performing strongly—we have a higher youth employment rate, a lower unemployment rate and a lower economic inactivity rate than the UK does—we are considering closely the recommendations of the Wood review on developing Scotland’s young workforce to ensure that our education system continues to deliver the skills that employers need.

The draft budget delivered the most generous package of business rates relief in the UK, which was worth more than £570 million a year at the time and included support for more than 92,000 business properties through the small business bonus scheme. In December, I announced that we would allocate £38.5 million in both 2014-15 and 2015-16 to cap the business rate poundage at 2 per cent and to extend eligibility for the small business bonus scheme. That will extend the benefit of the scheme to 4,000 additional properties, leave an eligible Scottish business up to £3,080 better off than its competitors in England and ensure that Scotland continues to be the most competitive place in the UK to do business. That measure has been included in the Budget (Scotland) (No 3) Bill and the Parliament will vote on it today as part of the bill’s provisions.

In addition, we are acting to protect and reform our public services. We value a national health service that is publicly owned and a local government that is properly funded, which is why the budget again delivers on our commitment to pass on the full Barnett consequentials to the NHS in Scotland and continues to prioritise local government funding, in contrast to the approach that the UK Government has adopted.

We have also ensured, through our reform of the fire and police services, that we will maintain 1,000 additional police on the streets, and from 2015-16, the Public Bodies (Joint Working) (Scotland) Bill will drive the delivery of joined-up, high-quality and sustainable health and social care provision in Scotland.

With that in mind, the budget maintains our commitment to the three change funds in 2014-15 and will allocate funding of £120 million in 2015-16 to support national health service boards, local authorities, the third sector and other partners in delivering better integrated health and social care provision and to fund national initiatives into the bargain.

Investing in and improving crucial public services can bring significant benefits to our economy. The draft budget in September provided more than £190 million of investment over the next two years to increase early learning and childcare provision to 600 hours a year for three and four-year-olds and the most vulnerable two-year-olds, saving families around £700 a year. That investment will fund the commitment in the Children and Young People (Scotland) Bill and increase available childcare from the 412 hours a year that we inherited in 2007. High-quality childcare can make a huge difference to outcomes, both in the life of a young child and in their parents’ ability to participate fully in the economy through work or training. That is why when the financial opportunity to extend the provision became available the First Minister announced plans to extend the provision to two-year-olds in households where parents are looking for work.
To maintain the quality of childcare, we are also investing £3.5 million in supporting around 2,000 new jobs and enhancing the skills of our childcare workforce. The bill allocates the funding for that expansion.

**Willie Rennie (Mid Scotland and Fife) (LD):** As the cabinet secretary knows, we welcome the investment in two-year-olds as well as three and four-year-olds. I know that he has plans for the following financial year, but will he give a commitment that if finance becomes available and opportunities arise to extend the scheme even further he will continue to expand the scheme to more two-year-olds?

**John Swinney:** The Government has made absolutely clear its commitment to expanding the availability of childcare. In “Scotland’s Future”, we set out an ambition that it is essential to realise for Scotland, but only when we have the resources available to us. We believe that the type of transformational resources we need to take forward these issues will come when we have the normal powers of an independent country.

Alongside increasing childcare provision, we are continuing to place the delivery of better outcomes at the heart of the budget through our social contract with the people of Scotland. As I set out in September, the budget continues our work with our partners in local government to deliver a council tax freeze that will save the average household £1,200 by the end of this parliamentary session. It provides support to our students through our commitment to free higher education and a minimum income; maintains free personal care and support for concessionary travel and free prescriptions; and embeds the Scottish living wage in our public sector pay policy.

Moreover, earlier this month, we confirmed our intention to fund free school meals for all schoolchildren in primaries 1 to 3 from next January, which will be worth £330 a year for each child to families throughout the country. That investment, which will help to tackle poverty amongst our youngest children and ensure that every child has access to a hot meal every day, has been included in today’s budget bill and I hope that members will show their support for it in this evening’s vote.

This Government is delivering real support to deliver better outcomes for our people and to tackle some of the difficult issues that have arisen from the cuts to welfare provision. Alongside local government, we are again investing £40 million in the council tax reduction scheme, which has helped some 550,000 people who would otherwise have seen their bills increase and would have faced the risk of falling into arrears. We have allocated £33 million to the Scottish welfare fund and in September I confirmed £20 million of funding to help reduce the impact of the disastrous bedroom tax on the most vulnerable in our communities. As figures published yesterday show, more and more people affected by the bedroom tax are turning to local authorities for discretionary housing payments and our £20 million funding ensures that local authorities can pay the maximum allowable within the law to protect some of the most vulnerable in our society. This budget confirms that we will make that support available in 2014-15.

Although welfare policy and its funding are reserved to Westminster and although it is not an area in which we have legislative competence or for which we receive consequentials, I point out that, in order to mitigate the worst of Westminster’s cuts, our spending plans will take our investment in dealing with the implications of welfare reform to more than £244 million during the period 2013-14 to 2015-16.

Although there have been challenges in setting this year’s budget as a consequence of the macroeconomic failures of the UK Government and the budget cuts that it has imposed, it comes at a particularly exciting time for our nation, when the eyes of the world will be on Scotland. We will welcome visitors from across the globe to enjoy the Commonwealth games and the Ryder cup; we will have an opportunity to showcase Scotland to the world in the second year of homecoming; and, of course, on 18 September, the people of Scotland will have the opportunity to vote on our country’s future.

I have set out the principles of the Budget (Scotland) (No 3) Bill. The budget is based on the Government’s vision of a nation that is founded on the principles of fairness and prosperity and which demonstrates the benefits to it of decisions being taken in Scotland by those who care most about it: the people who live and work here.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.3) Bill.

**Iain Gray (East Lothian) (Lab):** Our criticism of the budget that is before us, ever since it was published in draft, has been consistently less about what can be seen in it and more about what cannot. Our criticism is simply that, when the budget is compared with the Government’s stated objectives—many of which are very creditable and many of which are inarguable—at best, no connection can be found between them and, at worst, budget decisions seem to reflect different priorities altogether.

There is no discernible long-term plan or strategy in the budget to create jobs and growth,
reduce inequality, eradicate poverty, address climate change, or move definitively to preventative spending. That was the theme of almost every committee report on the budget this year, and it was reiterated by almost every expert witness whom those committees heard. The Finance Committee report summed it up bluntly. It said that there is “no link between the Government’s spending plans ... and the intended impact”.

The Health and Sport Committee, the Infrastructure and Capital Investment Committee, and the Rural Affairs, Climate Change and Environment Committee all echoed that.

When we last debated the budget, just before Christmas, Mr Swinney suggested that when indicators move in the right direction, that in and of itself is the proof that he has a plan and it is working. To a degree, he did that again today with regard to the employment figures, which is not surprising following today’s welcome improvement in the unemployment and employment figures. However, I presume that, when we see more families resorting to food banks, falling into fuel poverty or rent arrears, more in homeless accommodation, increasing numbers of our young people not in employment, education or training, a 37 per cent drop in college admissions, or our carbon emission indicators going in the wrong direction, that means that he has no plan or that the plan is not working.

That is not a new feature of this year’s budget; rather, it is a pattern over time. Take the challenge of eradicating poverty. What could be more important or desirable? In 2007, Mr Swinney inherited a budget in which £1.5 billion-worth of anti-poverty spending could be readily identified; indeed, he badged £160 million of it as the fairer Scotland fund. Seven years on, £1 billion of that, including the fairer Scotland fund, has disappeared.

The budget fails to rise to the challenges that Scotland faces. It is a steady-as-she-goes budget that changes little and risks less to get the Government past its only real objective: the referendum in September. Indeed, when the draft budget did change with a consequential increase from the autumn statement, the Government could have brought forward much more of its own childcare plan and started it now to help many families—especially women—back into work right now, but it chose instead to continue with the argument that it first needs independence to deliver that.

**John Swinney:** Would Iain Gray accept that if I had followed the approach that he is talking about, I would have had to allow business rates in Scotland to increase and free school meals to be denied to children in primary 1 to 3?

**Iain Gray:** We certainly argued that, given the choice between two good things—the free school meals and the increase in childcare—we would have preferred to prioritise childcare. However, there is one improvement to the budget that we have consistently advocated since its introduction, which is to fully mitigate the impact of the bedroom tax, thus to all intents and purposes abolishing it in Scotland. We should not kid ourselves, because that tax is not the biggest coalition welfare cut. However, it is big enough, with 80,000 households affected, and it is one of the most iniquitous, because it cannot work. Even if tenants could move to smaller houses, there are none for them to go to. The alternative that they face is debt and possibly losing their home. The tax is iniquitous because it attacks those who need space for the equipment that they need to live, carers who need the respite of a spare room and divorcees trying to be, usually, a father to their children.

**John Swinney:** I agree with Mr Gray about the iniquity of the bedroom tax, but why is he in cahoots with the Conservatives and the Liberals in the better together campaign, enabling the bedroom tax to be enforced in Scotland by the power of the Westminster Government?

**Iain Gray:** Let me come to agreement and disagreement across the chamber on that.

Protecting tenants would be a start, which is why Jackie Baillie has a bill before the Parliament to stop them being evicted. However, it would be so much better to find the resource so that they can avoid arrears in the first place.

The bedroom tax does wider damage, too.

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** Will the member give way?

**Iain Gray:** No, I am sorry.

Local authorities have seen rent arrears soar, which means cuts elsewhere in already stretched services. The consequences for housing associations are worse, because soaring arrears compromise their income stream and undermine their ability to borrow, and they cannot build new houses. Indeed, the Scottish Government’s housing budget—the welcome increase from the massive cuts in this budget—will mean little if housing associations cannot borrow the balance of funding that they need to use the housing grant to build. It is no wonder that housing associations asked this morning that the Scottish Government amend its budget to fully mitigate the impact of the bedroom tax. They calculate that that needs
around £25 million more per year. We have consistently suggested a figure of £50 million a year, based on research that was commissioned by the Welfare Reform Committee. We acknowledge that the cabinet secretary has found £20 million.

**Kevin Stewart (Aberdeen Central) (SNP):** Will Mr Swinney give way?

**Iain Gray:** No, I am sorry. I need to get on to the point that Mr Swinney raised. I will get to it.

However, at least half of the households affected are getting no help and arrears are rising. The figure of £30 million is not a trivial amount, but it is a small fraction of 1 per cent of the Scottish Government’s budget. It is well within the margins of end-year flexibility, even in Mr Swinney’s tightly managed budget.

**John Swinney:** Can Mr Gray take this opportunity to explain to the Parliament the mechanism that would allow us to pay that additional resource to the individuals to remove their arrears?

**Iain Gray:** I will come to that.

We believe that Mr Swinney could do more. In December and again today Mr Swinney argued that he has gone as far as he can under UK legislation to provide for payments to tenants, but we believe that he could do more to mitigate the impact of the bedroom tax, perhaps through his responsibilities to prevent homelessness and to support housing associations and perhaps through local authorities’ power of general wellbeing. On this matter we believe that there is a will, we can find a way—and we should.

**Kevin Stewart:** Will the member give way?

**Iain Gray:** No, I am sorry.

We even have the Under-Secretary of State for Scotland assuring us publicly that the Scottish Government can fully mitigate the impact of the bedroom tax if it wishes—[**Interruption.**]

**John Swinney:** Oh, well. There we are, then.

**The Deputy Presiding Officer:** Order, please.

**Kevin Stewart (Aberdeen Central) (SNP):** The figure of £30 million is not a trivial amount, but it is a small fraction of 1 per cent of the Scottish Government’s budget. It is well within the margins of end-year flexibility, even in Mr Swinney’s tightly managed budget.

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**John Swinney:** Oh, well. There we are, then.

**The Deputy Presiding Officer:** Order, please.

**Iain Gray:** We should do that, because the truth is that the Labour benches and the Government benches agree on the matter. We agree that the bedroom tax is iniquitous. Albeit for different reasons, we even agree that it is temporary. We expect to see the bedroom tax abolished next year by a Labour Government; the Scottish National Party says that it will abolish it in an independent Scotland in 2016. Either way, its days are numbered, but those days will be dark for the tenants affected by the tax. Mr Swinney was courteous enough to invite us to meet him to discuss the budget and we were clear that we want to see that change. He agreed to work with us to find a legal way to do it, and those meetings have started. I believe that they have been constructive and I hope that he does, too. I want them to bear fruit. We can set our differences aside and do this thing on which we agree.

On that basis, we are willing to support the budget bill this evening, in spite of the weaknesses that we believe it embodies, so that it can come back at stage 3 enhanced by measures and funds that in effect consign the bedroom tax to history in Scotland right here and right now.

15:05

**Gavin Brown (Lothian) (Con):** It is often worth looking at what happened in the equivalent debate a year ago, so yesterday I looked at the stage 1 debate on last year’s budget bill. The Scottish Government’s central plank at that time was that the UK Government’s economic approach was not working. Mr Swinney said:

“The UK Government’s approach to public spending does not effectively support the need to strengthen economic recovery.”

Later in his speech, he said:

“a different strategy is required from that of the UK Government”.—[**Official Report, 22 January 2013; c 15721-2.**]

How different things look 12 months on from last year’s stage 1 budget debate: growth has returned and unemployment is down. Some very encouraging figures for both Scotland and the rest of the UK came out just today. Employment is up, confidence is growing and the growth projections from the International Monetary Fund, which came out yesterday, have gone up once again. I and members in this part of the chamber are glad that the Chancellor of the Exchequer stuck to the path and did not follow the Scottish Government’s advice in the budget process last year.

**John Swinney:** What Mr Brown has to do to complete his explanation of what happened is to refer to the fact that the amount of borrowing that the UK Government is having to undertake to support its economic strategy is £197 billion more than the chancellor expected in 2010. Furthermore, the chancellor did not stick to plan A: he changed his plan at the instigation of the Deputy Prime Minister, who said that capital expenditure had been cut too quickly. That is exactly what we have said throughout the period since 2010.

**Gavin Brown:** I am not sure that Mr Swinney added much to the Scottish Government’s case with that particular speech. On the point about borrowing, he completely ignores the entire effect...
of the eurozone crisis and a continent almost in meltdown with six uninterrupted quarters of contraction. On the economic case that he seeks to build, Mr Swinney genuinely seems to put forward the case that all the growth in the economy across the United Kingdom is down to the policies of the Scottish Government. Macroeconomic policy is decided at a UK level, and it is about time that he gave the UK Government just a little slice of credit for the path that it has taken and the results that we have seen.

Let us look at the public finances. My colleague Mr Fraser will look at them in greater detail, but the point is this.

The First Minister (Alex Salmond): Will the member take an intervention?

Gavin Brown: I will in a minute.

In 2008-09, according to the Scottish Government’s own budget—I say to Mr Swinney that it is on page 189—it had £31.9 billion to spend. In the next financial year, the figure for total Government spend will be £35.3 billion. Yes, overall, in real terms that is a small decrease, but in cash terms it is a £3.5 billion increase. To put the record straight—because ministers talk about savage cuts—I note that the First Minister has £3.5 billion more to spend now than he had when he first became First Minister of Scotland.

I said that I would take the First Minister’s intervention, and I am happy to do so now.

The First Minister: I admire Mr Brown for wishing away inflation, which he constantly does to try to make his point.

I will pursue Mr Swinney’s point about whether the UK Government’s approach has changed. This time last year, the Deputy Prime Minister said:

“If I’m going to be sort of self-critical, there was this reduction in capital spending when we came into the Coalition Government ... But I think we’ve all realised that you actually need, in order to foster a recovery, to try and mobilise as much public and private” investment

“as possible.”

If the Deputy Prime Minister says that there was a change of course—three years after coming into government, admittedly—why does Mr Brown not acknowledge the wisdom of his coalition allies?

Gavin Brown: I know that the First Minister likes to filibuster during First Minister’s question time, but now he is filibustering during Opposition speeches—good grief. He cannot stand anybody else getting to speak in the chamber— [ Interruption.]

The Deputy Presiding Officer: Could we have a little bit of order, please?

Gavin Brown: The First Minister has the audacity to say that I wish away inflation. When he talks about his public sector pay policy, he talks about a 1 per cent increase and a pay freeze, not a real-terms cut in public sector pay. Yesterday, he said that he did not want to debate with the Secretary of State for Scotland and that he wanted to start at the top of the UK Government and work his way down. If Alex Salmond’s intervention shows the quality of the contribution that he can make, he should start at the bottom of the UK Government and work his way up if he is good enough.

This is not a budget for the economy. The Scottish Government no longer even pretends to talk a good game on the economy, which is not front and centre. The budget is all about the referendum. The Government is doing little on business rates, apart from what the chancellor forced it to do. It is not bringing in a retail rebate like the one that we will get south of the border. It is doing nothing about a town centre regeneration fund. It is doing less than nothing about its non-profit-distributing programme, which seems to be stuck in the mud again. It is doing even worse with its so-called business rates incentivisation scheme.

This is a weak budget that does not put the economy front and centre. That is why we will not support it at decision time.

15:12

Kenneth Gibson (Cunninghame North) (SNP): I congratulate the finance secretary on again putting together a budget to bolster the recovery that Scotland is experiencing, to protect our public services, to help families who are struggling with the cost of living and to make Scotland a fairer and more equitable society.

Scotland is outperforming the UK on a number of key economic indicators. Scotland continues to punch above its weight on foreign direct investment and, outwith London, it was the top-performing area of the UK last year. This morning’s heartening figures show that, although the UK unemployment rate stands at 7.1 per cent, the unemployment rate in Scotland stands at 6.4 per cent—its lowest level since the first quarter of 2009—and the divergence is growing. The chief economist’s most recent report predicts that, in 2014, Scotland’s economy will at last move beyond 2008’s pre-recession output levels.

All that is encouraging and has been achieved despite—not because of—the UK Government’s discredited austerity measures. It should be remembered that the Scottish Government called
for years for a boost in capital spending to grow the economy and create employment, to which the chancellor is only a belated convert.

It is undoubtedly the result of the UK Government’s commitment to austerity that virtually every forecast that the Office for Budget Responsibility has made for UK growth has had to be revised downwards. On new year’s day, Jonathan Portes of the Financial Times said:

“This remains the weakest recovery in recorded UK economic history. In June 2010 ... the Office for Budget Responsibility predicted that by now, the economy would be about 7 per cent larger.”

It is clear that the Scottish Government’s decision to switch resource spending to capital projects was wise and has contributed to the considerably lower levels of unemployment in Scotland as opposed to the UK as a whole. I am pleased that the budget recognises that link and maintains a strong commitment to capital investment.

As Mr Swinney said, the Scottish Government is to invest more than £8 billion in Scotland’s infrastructure over the next two years. That will improve the transport network, the college estate, our national health service and schools; aid the delivery of public services; and ensure that Scotland is a more attractive place to live, work and invest in. As members know, it is estimated that every additional £100 million of capital spending creates or supports about 1,400 jobs in the Scottish economy.

On 19 December, Gavin Brown tried to pull the wool over our eyes by pretending that a cash increase in annually managed expenditure from 2012-13 to 2015-16 does not represent a real-terms cut in the Scottish Government’s budget, despite the rate of inflation that we have experienced over the past two years and anticipate over the next two years. Today he repeated that mantra.

I point out to Mr Brown that a true measure of available resource is its real rather than its notional value. Indeed, is it not Conservative policy to reduce Scotland’s budget in real terms? If so, why does Mr Brown hide behind cash figures year on year, whether he is talking about departmental expenditure limits or annually managed expenditure? Given the arguments that Mr Brown has been making, it seems that, if he had been the finance minister in the Weimar republic, he would have been arguing that the increase in budget every year represented good husbandry.

Gavin Brown: For clarity, I acknowledged that there is a real-terms cut. Does the member acknowledge that there is the highest cash-terms total Government spend ever?

Kenneth Gibson: Mr Brown makes the same intervention every time we debate the matter, and I always respond that, as the First Minister and Mr Swinney said, what matters are the real-terms figures—what we can actually do with the money and spend it on—and not the cash numbers behind them.

On 11 December, Mr Brown said, somewhat triumphantly:

“Our economy is now growing faster than any other major economy in the industrialised world, apart from that of the United States of America.” — [Official Report, 11 December 2013; c25581]

Mr Brown will recall—painfully, I have no doubt—that I had to point out to him that growth in the UK is sluggish in comparison with growth in dozens of other nations across the globe, and that the UK ranked 28th in terms of growth rates, according to that week’s edition of The Economist. Six weeks later, The Economist is pointing out that the UK is now in 27th place. Things are not moving as fast as they would have done if we had had an effective economic policy. There is a long way to go.

I am pleased to note that the budget ensures that Scotland will continue to maintain its place as the most progressive nation in these islands, preserving our proud commitment to universal services such as free personal care for the elderly, the free bus pass, free prescriptions and access to university tuition that is based on the ability to learn and not the ability to pay—or, as some call it, the “something-for-nothing society”.

Not only has the Scottish Government protected those policies but it will enhance social provision through the introduction of universal free school meals for all children in primary 1 to 3. The policy, which will cost £55 million over two years, will remove the perceived stigma of free school meals and ensure that children from all backgrounds are properly nourished, alert and ready to learn. For that reason, the policy has been welcomed by the Educational Institute of Scotland, the Scottish Trades Union Congress, Unison, Save the Children and the Child Poverty Action Group. To their shame, Labour members voted against the move.

Iain Gray: Will the member give way?

Kenneth Gibson: I am in my last minute, sadly.

To judge by the farcical bickering on the Labour benches at decision time that day, it is obvious that many Labour members fully supported the idea but voted against the policy because it was proposed by the SNP, proving again that Labour remains unfit not only for office but for opposition. Indeed, when a Daily Record editorial criticises the Labour Party, Labour knows that it is in trouble.
Although our progressive policy, along with a substantial extension of childcare provision, will improve the lives of families and children, it is evident that only independence will release the resources that are necessary if we are to introduce the transformational policies on learning, childhood development and childcare that Scotland needs. The benefits of such policies, which have been implemented by our Nordic and Scandinavian neighbours, are manifest.

We have heard that the changes that we want to bring about could be achieved under devolution, but that ignores the reality that the maintenance of such radical policies requires funds and access to the increased tax revenue that would accrue.

By the end of this parliamentary session, the Scottish Government will have spent £224 million of our devolved budget in an effort to mitigate some of the UK Government’s Dickensian welfare policies.

The Deputy Presiding Officer (Elaine Smith): You must conclude, please.

Kenneth Gibson: The cabinet secretary’s budget does much, with the resources that are available to this Parliament, to build on the economic and social progress that we have made in recent years. I urge all members to support it at decision time.

The Deputy Presiding Officer: We must have speeches of six minutes, please.

15:18

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): Labour’s objective, at budget time and throughout the year, is to achieve gains for the people and causes that we came to the Parliament to represent.

I could give many examples. After Ed Miliband’s speech on energy, the UK Government and the Scottish Government were suddenly forced to make statements about the actions that they want to take in the area. After the great campaigns of Stella Creasy at UK level and Kezia Dugdale here, we saw action on payday loans from the UK Government and the Scottish Government.

Two weeks ago, the real significance of the first budget debate that we had—this year’s budget is really in two parts—was that the Scottish Government was forced, by the Labour Party’s active and vigorous campaigning on childcare, to allocate a reasonably significant sum of money to childcare for two-year-olds. No one can doubt that, if Labour had not made the issue its number 1 budget priority, the Scottish Government would never have announced the policy on budget day.

That was the significance of what happened two weeks ago. Today, however, members on the SNP benches have repeated—to my great disappointment, because Kenneth Gibson is very sensible when he wears his Finance Committee convener’s hat but today he reverted to party-political mode—the sustained nonsense that we have seen in the chamber, the newspapers and social media about Labour’s vote two weeks ago.

The absolute final proof that we could not vote for that motion because it was about independence is the vote of the Liberal Democrats. Nobody in this chamber or this country doubts that the reason why we have free school meals here is the instigation of the Liberal Democrats at UK level—let us congratulate them on that. However, two weeks ago today the Liberal Democrats voted against the Government’s motion. That is the final proof that the SNP has been talking absolute nonsense about our vote on free school meals.

John Swinney said today that he hoped that members will show support for free school meals. We will, and we will vote for the budget, but the SNP and the Scottish Government should listen carefully to the reason that Iain Gray gave for that. It is connected to our single most important objective as we debate the budget at this stage: to achieve gains in relation to the bedroom tax.

We can already claim some advances on that. Members will remember that it was Labour that first advocated the allocation of money to alleviate the consequences of the unjust bedroom tax, and the Scottish Government announced the £20 million in response to Labour’s demand. Our simple priority and objective over the next two weeks is to ensure that the £20 million sum is significantly increased.

Members on the SNP benches were laughing in a disrespectful way when David Mundell was mentioned, but they cannot lightly dismiss the words of a UK Government minister in that way. Members on the SNP benches and indeed members on my side of the chamber might not like the words of a UK Government minister, but they cannot be dismissed as irrelevant to this discussion.


“Once you have met your authority’s overall cash limit you cannot award any more DHPs. By cash limit we mean two and a half times your government contribution. If you award above this limit, you are breaking the law.”

What is the mechanism to get round that, irrespective of what David Mundell has or has not said?
Malcolm Chisholm: There are several suggestions for that, which should be the subject of discussions between the cabinet secretary and my colleagues over the next two weeks. I am sure that Jackie Baillie and perhaps others will go into the various options. With only two minutes left, I do not have time.

One obvious way to proceed—albeit not the most desirable—would be to allocate money for housing to housing associations or councils to make up for any shortfall. In the first instance, explanations should be made of whether and how the money can be targeted at individuals. There is no doubt that a way can be found. That is our objective in the budget process.

I do not have much time to deal with the rest. We have had the Government’s response to the Finance Committee’s report, which bears scrutiny. Iain Gray started his speech by reminding us that the Finance Committee made the central point—which Kenneth Gibson would have made today, had he been in Finance Committee convener mode—of the failure to link spending with the intended impact of policies in the budget. We had quite an interesting discussion about that in December, and the point still stands.

The cabinet secretary came back by saying that we should judge the budget by the outcomes, and we heard of economic indicators again today. Two points must be made in response to that. First, people can debate how good or bad the economic indicators are. I accept some of the figures that have been given, but I also note an employment drop of 37,000 among 16 to 64-year-olds over the past year. It is a rather grey area. In its own report, the Government showed concern about the drop. In its other report, the Government showed concern about the increase in the number of 16 to 19-year-olds not in employment, education or training. There is a mixed picture.

The other point—and this is a pattern—is that the Scottish Government will always claim credit when there is some progress, but if the figures are going in the opposite direction, it will blame the UK Government. It is an easy strategy for the Scottish Government to adopt.

I have lots more to say, but I have only 10 seconds, so let us keep it simple this year. Let us have more on the bedroom tax and we will continue to support the budget.

The Deputy Presiding Officer: I apologise that time is quite tight this afternoon.

15:24

John Mason (Glasgow Shettleston) (SNP): I welcome the opportunity to take part in the debate.

There are a number of measures that we can all be positive about, especially the emphasis on childcare and free school meals, which ties in with briefings that we have received from Save the Children and Children in Scotland.

Malcolm Chisholm slightly overstates the influence of the Labour Party in all that. Usually he is quite balanced, but he went a bit off balance in his speech. If we were asked which member has been going on more than most about childcare, we would probably say Willie Rennie. The third sector and a number of my colleagues have been pushing on the issue, and I think that we would say that the Labour Party has been a poor third when it comes to campaigning.

I was particularly struck by one of the questions that Save the Children asked in its briefing for the debate:

“How has Scottish Government ensured that funding is adequate to achieve its policy aims”?

In many ways, that is a key question—in fact, in many ways, it is the key question—because the answer to it is that the funds that are available to the Scottish Government are not adequate to do all that we want to do, so the budget is very much about choosing how to use limited resources to have the maximum positive effect.

It is worth re-emphasising why we need wider powers, especially over taxation. At present, if we spend more on childcare or boost the economy in any other way, the pay-as-you-earn, the national insurance, the extra VAT and the extra corporation tax all go to Westminster. It is not that we are mean or begrudge Westminster a few extra pounds here or there, but we need to get that tax money back to continue to finance the policy.

That point seems to have been missed by some of the speakers in previous debates on the subject. We can afford to pay for more childcare only if the resulting tax is recycled into the system. Otherwise, it is like paddling a leaky boat so that, however much effort we put into paddling hard and well, our efforts are counteracted by the water leaking in or, in the case of the economy, the money leaking out.

Another example of what we have to do with our limited resources is the bedroom tax, which has already been mentioned. I very much welcome the £20 million to mitigate those welfare cuts, but that is £20 million that could have been used to improve other things. In fact, Mr Swinney mentioned £244 million as the total amount that is going on countering some of the welfare cuts.

Iain Gray said that those cuts, specifically the bedroom tax, are iniquitous. Most of us agree that the bedroom tax is iniquitous but, sadly, it is not the only iniquitous thing that is happening. In some ways, the sanctions on peoples’ benefits are more iniquitous. I have constituents turning up at
surgeries whose bedroom tax arrears may be piling up in the background but whose issue when I meet them is that, for no apparent reason or because they were meant to be in two places at one time, their benefits have been sanctioned and they have no money for heating, food or their phone.

I do not know whether Mr Gray is suggesting that we could compensate for all the sanctions as well as the bedroom tax, but it is clear that choices have to be made. The money that we have to put into compensating for Westminster cuts could be put into health, housing or colleges rather than just cancelling out the attack on some of our poorest folk. In fact, it could be said that our efforts to improve things in Scotland are being put on pause while Westminster messes us around.

Do we want Scotland to be put on pause every time there is a Tory Government at Westminster? I presume that the Labour members accept that, for roughly 50 per cent of the time in the future, there will be a Tory Government at Westminster. Therefore, for 50 per cent of the time, Scotland will be on hold while we try to deal with that. Whoever is in power at Holyrood cannot implement progressive policies during those periods.

Do we want a system that allows Labour and the SNP Government to tackle poverty? Of course we do—and although we will not have enough funds to do everything that we want to do straight away, we could have a situation in which we are much more the masters of our own destiny.

The national performance framework has been mentioned. We spent a lot of time considering it at the Finance Committee, and it featured in the committee debate before Christmas. However, it is worth referring to it again, not least because it is still not as well known as it could be and one way that we can make it better known is by talking about it in the chamber, especially in supporting the scrutiny of the budget.

A key strength of the national performance framework is that it goes beyond gross domestic product. I suspect that GDP will continue to be a central measure in this country and beyond for some considerable time, but I think that most of us agree that it is not enough just to measure GDP.

Of course, the national performance framework can always be improved on, not least because what the public is looking for and the specific challenges that we face this year and next year will change over time. Therefore, the detail will need to change. However, I come back to the fact that some extremely positive comments were made about the framework at committee. Frankly, I think that some of us were surprised at how positive some of the witnesses were about Scotland’s position on the NPF and Scotland performs. That should encourage us to talk about the framework more, use it more and build on it.

As mentioned earlier, the key point for the Finance Committee is that we could not always see the link between the NPF and some of the spending in the budget, but I do not think that we were questioning the fact that a link exists.

We once again face a budget that has been severely curtailed by the failure of the United Kingdom over many years. I support the budget as proposed but I hope that, in the future, the Parliament will be able to make a much wider range of decisions that could make things much better for all the people of Scotland.

15:31

Willie Rennie (Mid Scotland and Fife) (LD): I am normally very impressed by Gavin Brown’s forensic approach to the budget process but I think that he let himself down today. He is probably one of the few members who has not stood up for the Liberal Democrats in the chamber. As he is a fellow coalition member, I am very disappointed with his behaviour—I will be speaking to his business manager later.

I think that we have disappeared into some kind of vortex when the First Minister says that he agrees with Nick Clegg’s wise words about the economy, particularly given that, only a year ago, the First Minister condemned the Deputy Prime Minister’s strategy on the economy, saying that it would not work. However, today we have seen yet again significant improvements in the economy, with unemployment in Scotland dropping down by 25,000 to 176,000 and employment going up by a further 10,000—it has gone up by 120,000 since 2010. We should remind ourselves that this is a plan that Labour and the SNP said would not work, would not be successful and would not help the economy turn the corner.

We have a long way to go—we should not be complacent—but the economy is on the right track, and it would be nice if, on occasion, the Government and the Labour Party were to recognise—

Kenneth Gibson: Will the member take an intervention?

Willie Rennie: Not just now.

It would be nice if they were to recognise the success of the strategy that we set out and which, by and large, we have stuck to—although admittedly bits have changed to take into account issues in the eurozone and beyond. We were condemned for sticking to the strategy, but now the SNP Government claims credit for that progress. Given the Scottish Government’s policies on the NPD programme, which is falling
way behind track, it is clutching at straws when it claims that somehow Scotland is in advance of the rest of the UK.

I will take Kenneth Gibson’s intervention now.

**Kenneth Gibson:** Is it not the case that since the recession the UK has been the second lowest among the G7 countries in relation to economic growth? Only Italy has a lower growth rate. That is hardly an endorsement of the coalition’s policies over the past four years.

**Willie Rennie:** I have admitted that there is a long way to go yet. However, just this week the IMF recognised in a report that it was having to upgrade our growth forecast yet again. It also said that, out of the developed countries highlighted, we are second only to the United States. That is significant progress for a plan that Kenny Gibson and his colleagues said would not work.

I praise John Swinney for his approach to the Scottish Government’s budget. He is very open, he is prepared to have discussions and he listens very carefully to our proposals. I am grateful for that approach. We sent him a letter before Christmas in which we set out how we would like the consequentials to be spent and his budget to be shaped. The process does not always work—we voted against the budget last year although we voted to support it the year before—but we have already seen significant movement.

John Swinney knows that I have praised the Scottish Government for getting it right on nursery education and free school meals. Save the Children has warmly welcomed the developments on nursery education—for which we have been calling for some time and which we are pleased are being introduced—and free school meals. The fact that so many children in Scotland—an estimated 40,000—do not receive free school meals even though they are classed as being in poverty means that something is not right and needs to be reformed, which is why we are in favour of the Government’s proposals.

In the letter that we sent to Mr Swinney before Christmas, we made a number of other suggestions, which included match funding for Shetland to deal with its housing debts so that it can invest more in infrastructure. We also suggested extra funding for colleges to make up for the significant drop in funding between 2011-12, when college funding stood at £544 million, and 2014-15, when the proposed funding will be £521 million. We would like college funding to be restored so that some of the damage can be undone.

The Scottish Government has described financial transactions funding as “funny money” and said that it is a con. However, I distinctly remember seeing Nicola Sturgeon in a fluorescent jacket earlier this week, when she praised that “funny money” as crucial in helping people to buy housing. The policy’s popularity is evident—it is amazing what a difference a year can make, with another Scottish Government conversion to a UK Government proposal. We would like that money to be diverted to increase the amount of social housing that is built in Scotland, as there has been a reduction in spending on that in recent years. We have made that suggestion to Mr Swinney.

Even so, the budget will not be perfect. It might be good enough for us to vote for it, but we will have to see how discussions develop in the coming weeks. If we were running the budget by ourselves, we would do some things differently. We would use Scottish Water borrowing differently. Rather than lending £150 million to Scottish Water this year, we would allow it to source that funding from the markets because we believe that, as a solid company, it would be able to access that finance elsewhere. That would allow us to undertake some of the actions on fuel poverty and active travel that WWF Scotland is calling for. We need to invest in those areas. It would also allow us to extend nursery provision to the 40 per cent of two-year-olds who are currently being provided for in England.

That is the progress that we would make. I can say to Mr Swinney that the discussions will continue and that we will be constructive. We look forward to finding ways of reaching agreement on those issues.

15:37

**Kevin Stewart (Aberdeen Central) (SNP):** I commend the cabinet secretary for introducing a budget that protects the social wage and expands the delivery of services to hard-pressed families who are having to deal with the austerity budget that Westminster has thrust upon us. I am pleased that there will be continuing support for free prescriptions, free tuition, concessionary fares, free personal care and—for the seventh year in a row—a council tax freeze. The cabinet secretary says that since the freeze came into being, it has saved the average Scottish family £1,200—and up to £1,600 in some areas of Scotland, such as Aberdeen and Fife.

**Stuart McMillan (West Scotland) (SNP):** Does Kevin Stewart agree that the council tax freeze has been warmly welcomed across the country, and that the Labour councillors throughout Scotland who question the freeze must answer to their constituents and explain why they want them to pay more?

**Kevin Stewart:** I do not think that Labour supports the council tax freeze until it comes to by-elections, which is the only time we see Labour
members supporting it. In every other forum in which I come across Labour members, they say that the council tax freeze should go and that councils should once more be able to increase that tax. That is yet another one of those Labour policy fudges—[Interruption.] Jenny Marra may laugh from the sidelines, but I want to know what Labour’s position on the council tax actually is. When is the cuts commission going to report back? When will we really know what Labour policy is?

We have heard much about mitigation of welfare reform, and I am pleased that the cabinet secretary has found £244 million over three years to deal with the worst excesses of that Westminster policy. Unfortunately, under the devolved settlement, there is absolutely no way in which the cabinet secretary can mitigate every single aspect of welfare reform. All members have to realise that that is the case.

**Jenny Marra (North East Scotland) (Lab):** Has the Government looked into the local government power of wellbeing, which Iain Gray mentioned in his opening speech? I presume that Kevin Stewart will be familiar with it from his previous life as a councillor.

**Kevin Stewart:** I am very familiar with it, and there have been many arguments over the years about what that power actually means. However, we have a restriction, which was put in place by the Westminster Government, to two and a half times the amount that that Government gave. That is a fact, and one that Mr Eadie pointed out to Parliament earlier.

I am glad that Miss Marra and her colleagues have changed their position on the bedroom tax, but I remind them that it was the Labour Party that introduced the bedroom tax, although the Tories and Lib Dems extended it to social housing.

**Michael McMahon (Uddingston and Bellshill) (Lab):** Will the member take an intervention?

**Kevin Stewart:** No, thank you—I have taken enough interventions and I need to progress.

I reiterate that we all have to understand that not every aspect of welfare reform can be mitigated, which is why I think that the Parliament should have control over all aspects of welfare.

We have had good news today on employment. The unemployment rate is at 6.4 per cent, which is the lowest since the first quarter of 2009. Over the year, the number of women in employment increased by 62,000, which is the largest annual increase on record, and we have had the largest annual increase in the employment level since April to June 2007. However, I think that we could do more. For example, we have done extremely well on modern apprentices, yet Westminster prevents us from having the European youth guarantee scheme, which is a real pity. Beyond that, the transformational changes to childcare that are proposed in the white paper “Scotland’s Future” could result in even more women in work.

A huge amount of the Westminster Government’s economic policy is based round the needs of London. This week, Tony Travers said:

“London is the dark star of the economy, inexorably sucking in resources, people and energy. Nobody quite knows how to control it.”

Last month, Westminster’s business secretary Vince Cable said that London “is becoming a giant suction machine draining the life out of the rest of the country”.

I want that giant sucking machine to be switched off and the Scottish Parliament to control all the levers of power so that we can do even better in budgeting for the future.

15:43

**Michael McEachen (Uddingston and Bellshill) (Lab):** As members have pointed out, this year the Finance Committee was asked not just to look at whether the figures in the budget added up and moneys were being spent where the Scottish Government said they were but to scrutinise the budget by examining its contents against its ability to meet the aims of the national performance framework. I certainly found that form of budget scrutiny to be more interesting than the forms that I experienced in previous years. The one thing that has not changed since last year is that we remain in a very difficult economic climate in which to bring forward a budget. We must recognise that.

I believe that checking the budget against the aspirations of the NPF is a more useful way of scrutinising the Government’s proposals because, regardless of whether a budget line rises or falls, the ability to meet the NPF’s aspirations will always be the measure against which we judge a budget’s efficacy.

Whereas before we simply argued about whether we believed that we were being presented with a budget that would do what the Government said it would, now we can identify the outcomes that are expected of it against the Government’s set of indicators. We will still have disagreements about whether we believe that the Scottish Government is addressing the correct priorities, but we should be able to do so in the context of whether the outcomes that it has set itself can and will be met via its budget proposals.

Clearly, there are spending commitments in the budget that deserve our support overall, but the budget is, sadly, devoid of a coherent strategy to achieve the Government’s own declared...
objectives in areas such as creating jobs, growing the economy, eradicating poverty and reducing inequality, although there are clear budget lines that relate to each of those well-intentioned purposes. The major concern for me is bedroom tax mitigation, but I will come to that later.

I am a member of both the Finance Committee and the Welfare Reform Committee, and the perspective of the budget that I have developed leads me to believe that, in purely presentational terms alone, the Scottish Government must enhance the budget document to show more clearly how the welcome additional contribution that it has made towards mitigating the impacts of welfare reform will help.

For example, in relation to advice services, Scotland received £1.7 million a year as Barnett consequentials between 2013-14 and 2014-15. The extra money allocated by the Scottish Government, gives an overall projected expenditure on advice of £7.9 million up to 2015. The £5.4 million that is going to advice work is presented, on a different page in the budget document, as £7.45 million. That higher figure includes £2.35 million from Money Advice UK, but it is left out when it suits the Government's purpose.

The budget document gives two values for the Scottish welfare fund: £33 million and £37.6 million. The reason for that is that the latter figure takes account of £4.6 million for administration, but that fact is disguised in different parts of the budget.

The component elements of the Scottish welfare fund should be clearer, as doubts are already emerging. For example, Citizens Advice Scotland has stated:

“We have not seen much evidence of the holistic approach that was envisaged for the scheme”.

Clarifying those budget details and having guidance on the scheme would undoubtedly assist people who are looking for information on what is being made available and would help them to assess the fund's efficacy.

Clarifications can be found in the budget, but the contributions made by various measures are not always explained, and I am left to wonder why that is the case. We need single, consistent totals for expenditure, and no expenditure should be cited that is not associated with an identifiable cost.

We really should not have to trawl through supplementary information from a range of sources to establish what spending is actually being proposed by the Government.

I could list a few other examples, but time does not permit. Suffice it to say that, in future budgets, all available breakdowns of costs should be reported.

However, no amount of smoke and mirrors can mask the fact that it has now been verified, on more than one occasion, that there is no legal impediment to the Government spending more of its own money to fully mitigate the impact of the bedroom tax.

Fiona McLeod (Strathkelvin and Bearsden) (SNP): Is the member aware that article 7(1) of the Discretionary Housing Payment (Grants) Order 2001 says that we cannot do anything more than multiply by 2.5? It is just not allowed.

Michael McMahon: I must have used a buzz word, because the member obviously had her briefing handy. Well done for trotting out the facts about DHP.

Fiona McLeod: The facts.

Michael McMahon: Yes, the facts. No one disputes the fact that DHP can be multiplied by only 2.5. That is a well-established figure. We have discussed it in the Welfare Reform Committee. We know that.

I turn to the important point that we cannot get around. The £20 million that John Swinney has allocated so far has rightly been welcomed, but it is also estimated that it is less than half the money that is needed. Just as the no-eviction policies that have been introduced in local government do not protect all social tenants, the £20 million that has been provided to top up discretionary housing payments is not sufficient to cover the impact of the bedroom tax.

If North Lanarkshire Council can top-up its DHP allocation to the maximum and then put £2.2 million towards additional hardship funding, it surely cannot be beyond Mr Swinney to do likewise in his own Scottish budget. If it is the case that authorities are only allowed to spend up to the figure that Fiona McLeod outlined, North Lanarkshire Council must be breaking the law. If so, what is the Scottish Government doing to try to prevent North Lanarkshire Council from finding additional resources to help those who are affected by the bedroom tax? If that council can do it, the Scottish Government can do it. Where there is a will, there is a way.

George Adam (Paisley) (SNP): I welcome the budget from the cabinet secretary, and I agree with him when he states that it is a budget to support our economy and vulnerable members of our communities.

The cabinet secretary rightly says that it deals with the challenges of our time, and it is because
of those challenges that I will talk about the Scottish Government’s commitment to delivering free school meals for children in primary 1 to 3 and to expanding childcare. That is, of course, supported by children’s charities throughout the country and welcomed by many. The budget confirms funding for 2014-15 of £55 million over two years to expand the provision of free school meals, and £59 million over two years to provide additional childcare places, all of which takes the total additional funding for children to approximately £250 million over two years. From August 2014, all two-year-olds in workless households will be entitled to 600 hours of free nursery education. That will benefit 8,800 children, or 15 per cent of two-year-olds.

That is all being done against the backdrop of the limitations of the devolved settlement, and shows that the Scottish Government is committed to helping families to be able to work, train, and help our economy.

From January 2015, all children in primary 1 to 3 will be entitled to free school meals, which will save families £330 per child per year. That commitment means that, from August 2015, Scotland will provide 6.5 per cent more hours of free childcare than we would have done if we had implemented the English system.

It is good to see that the Labour Party will get it right tonight by supporting the budget and backing free school meals and childcare at this stage. However, its earlier lack of support was disappointing and it will probably be remembered by the public.

We can only transform childcare in Scotland with independence. It is the next step. An SNP Government in an independent Scotland will introduce a universal system of high-quality learning and childcare for children from the age of one. The white paper, “Scotland’s Future”, sets out how we can transform childcare. By the end of the Scottish Government’s first budget, we will provide 600 hours of childcare to around half of Scotland’s two-year-olds. Those whose parents receive working tax credit and child tax credit will benefit. By the end of the first parliamentary session, we will ensure that all vulnerable two-year-olds and three and four-year-olds will be entitled to 1,140 hours of childcare per year, which is the same number of hours that children spend at primary school.

By the end of the second parliamentary session, we will ensure that children will receive that support from the age of one to school age. We will continue to invest and improve the life chances of all our young people and all the people of Scotland.

The Children and Young People (Scotland) Bill is going through Parliament. It will strengthen children’s rights and set in statute key elements of the getting it right for every child approach to ensure that every child and family gets the support and help that they need when they need it. It also includes elements that will ensure better permanence planning for looked-after children. The Education and Culture Committee recently agreed an amendment to the Children and Young People (Scotland) Bill at stage 2 that means that the Scottish Parliament is leading the way, because there will be added support for young people when they leave care.

Yesterday was the third anniversary of the death of Derek Mackay’s and my political father, Councillor Jim Mitchell. When he was a young man, he was split from his family and was in care. He often talked about the lack of support that he received when he left care. Obviously, that was a long time ago, but we have the opportunity to be a world leader and show that we will support and help the next generation of young people who come through that system. At one stage, Renfrewshire Council talked about naming one of its care homes after Councillor Mitchell, and I hope that it will keep that promise, because it could be an inspiration to the generation of young people who are coming through.

I welcome the cabinet secretary’s commitment to having 25,000 modern apprenticeships per year. Continuing to focus the employability fund on young people and maintaining financial support for employers will enable them to recruit and train young people and give them the skills that employers need.

In 2014-15 and 2015-16, the Scottish Government will implement the Post-16 Education (Scotland) Act 2013. The main opportunity that that will provide is widening access for all to our universities, ensuring that people who come from parts of my constituency, such as Ferguslie Park, get the chances in life that others do. That is about ensuring that it is people’s ability to learn, not their parents’ ability to earn that gets them their place in university.

Part of the act covers the principles of good governance for the university sector, with significant changes in how colleges are governed. West College Scotland has welcomed those changes. Principal Audrey Cumberford said:

“It is exciting times in the college sector and our new College provides a unique opportunity to enhance education provision in the West in an ever changing economic environment. Our commitment as always is to change people’s lives, create opportunities for our students, strive for excellence in everything we do”.


That is a perfect example. Principal Cumberford is in tandem with the Scottish Government’s approach.

The further education sector in general is ambitious about its future. John Henderson, the chief executive of Colleges Scotland, said:

“The Scottish Government made a commitment to maintain colleges’ cash funding earlier this year and we are very pleased that this has been incorporated into the draft Budget for 2014-15.

We also welcome the additional resources that are being allocated to the college sector for 2015-16.”

That shows what the Scottish Government can achieve with this budget, even with the limited powers of devolution. We can only guess what we could achieve and what life-changing differences we could make to young people in Scotland if we get independence.

15:56

Ken Macintosh (Eastwood) (Lab): I want to talk about the budget in the context of the national performance framework. Before I do, I will put a couple of questions to the cabinet secretary about an admittedly slightly more obscure topic—his 5 per cent limit on revenue-financed long-term investment.

It was back in 2011 when the Government first announced its decision to cap future revenue commitments relating to long-term capital investment to a maximum of 5 per cent. That was a welcome move. The publication of further information at the back of this year’s budget documents is also to be welcomed. Unfortunately, there is still some confusion about how and why the 5 per cent limit is calculated in the manner that it is. As an aside, given the First Minister’s confusion over percentages last week, I urge all members to look at the very useful briefing from the Scottish Parliament information centre on the subject.

The numerator—in other words, the payments to be made out of the Scottish Government’s resource budget towards those long-term projects—includes all private finance initiative, public-private partnership and NPD projects, borrowing on the rail regulatory asset base and some projected debt repayments relating to future borrowing to be made under the terms of the Scotland Act 2012. However, the denominator—the figure against which the resource payments are calculated as a percentage—includes capital, although the payments are only from the resource budget; it includes the local government finance settlement, although local government payments are excluded from the numerator; and it includes non-cash departmental expenditure, such as impairments or depreciation, although those do not represent the Government’s spending power.

[ Interruption. ]

The Deputy Presiding Officer: Mr Macintosh, can I stop you for just a moment? Someone has a mobile phone switched on and it is interfering with the sound. I ask members to check that their mobiles are switched off. Thank you.

Ken Macintosh: As just one example of why that matters, it is difficult to be sure what might be affordable under the future borrowing powers that are coming our way through the Scotland Act 2012. Furthermore, the Scottish Government’s projections assume a 25-year repayment period, whereas the Treasury assumes a 10-year timeframe.

I fully recognise that this is a complicated issue and I do not wish to be overly critical of the cabinet secretary. As I have said, the 5 per cent limit is a welcome move in the right direction, but there could be greater confidence and support for the security that it gives us all with regard to the sustainability of Scotland’s long-term finances were the cabinet secretary to expand on how he reaches his calculations and offer the Parliament greater transparency in his reporting on achieving the target. Those are not just my observations but the conclusions of the Auditor General, and I would welcome the cabinet secretary’s comments on how he intends to take the initiative further.

As the cabinet secretary will know, many of us across the chamber have also been very supportive of his move to establish a national performance framework. I was delighted to see that the Finance Committee focused on that area in its report. However, I was also not surprised to read its conclusion that the performance framework has yet to fundamentally shape the budget decision-making process.

I believe—or, at least, I hope—that the point of the NPF is to move not just to an outcomes-based approach but to values-based decision making; in other words, not to pretend that economic decisions are somehow value free, neutral or objective. I want the budget to more accurately reflect the values that we hold dear and the lives that we lead. I want us to move away from our reliance on GDP and the credit rating assessments of agencies such as Moody’s, which are downright damaging to our society, let alone our economy.

That is why I am disappointed not just by the lack of process to formally link the NPF to budget decision making but by the decisions that the cabinet secretary has presided over. They have been most disappointing, and I believe that they are not in keeping with the aims of the NPF. For example, in the past few weeks, we have heard that the number of students who attend college...
has fallen yet again, this time by 7 per cent. That means that 140,000 fewer Scots are going to college compared with just four years ago.

Kenneth Gibson: Would the member not accept that, given that 80,000 of those people spent less than 10 hours a year at college and the average was only five hours a year, that is hardly affecting their lifetime chances?

Ken Macintosh: I am very disappointed by Mr Gibson’s remarks. It is not that long ago that the Parliament was committed to lifelong learning and to building a knowledge economy. For many people, the way for them to get back into the economy is through part-time learning at college, as Mr Gibson will well know. In writing them off in the way that he does, by suggesting that their education is somehow not worth while, Mr Gibson does himself and the Scottish Government a disservice.

I simply ask the cabinet secretary whether he believes that those cuts are sustainable. In contrast, just this week we heard that university principals, who are already the highest-paid public servants in Scotland, have awarded themselves huge pay rises, at a time when most of the public sector is subject to a wage freeze or below-inflation pay increases. When I asked the Cabinet Secretary for Education and Lifelong Learning about that yesterday, he pretended that he could not get involved, as that would somehow compromise the autonomy of our universities. Given the hundreds of millions of pounds of public funds that go into our universities, holding them accountable for the salary of senior managers does not compromise academic freedom in any way whatever.

When I talked about building a moral economy in Scotland in our first debate after the recess, the cabinet secretary went out of his way to tell me how much he shared that vision, but does he not appreciate that it is the decisions that he takes in the budget that determine whether we put that ethical approach into practice? It is his Government that is giving millions of pounds to tax-dodging companies such as Amazon, it is his Government that is supporting companies that are involved in the Borders rail link or our universities in using zero-hours contracts and it is his Government that is funding huge construction cartels through the Scottish Futures Trust in a way that is entirely unaccountable to this Parliament and which makes them exempt from any of the conditions in the Procurement Reform (Scotland) Bill, such as those on blacklisting.

I accept that that might not be the cabinet secretary’s intention and it may not match his rhetoric, but it is the reality of the outcome of public spending decisions for which he is accountable. The Labour Party has offered him an opportunity to demonstrate that progressive, transformational and compassionate values underpin his thinking and his decisions. I urge him to take the opportunity to support us on the bedroom tax that he has been offered.

16:03

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I welcome the chance to speak in the debate, and I welcome the range of measures that are set out in the Scottish Government’s budget.

I want to focus on just a few areas, primarily how the budget relates to Scotland’s youngest citizens. The Finance Committee, of which I am a member, looked at the preventative spend agenda, as it has done in previous years. One of the areas that we examined in that regard was the early years change fund. The committee recently had an extremely useful evidence session with the Minister for Children and Young People and the chief medical officer, in which we received some compelling evidence on what is happening in that area and the work of the early years collaborative. The committee was interested to learn how the change funds have leveraged in additional funding.

In its response to the committee’s report on the draft budget, the Scottish Government set out that the community planning partnerships had provided returns that indicate that "significantly more is spent on the early years by Health Boards and local government than is captured by the Change Fund. The additional spend is estimated to be around 10 times the £272.5 million minimum agreed contributions invested in the Early Years Change Fund. From the 29 CPPs that provided a breakdown in figures, 12 reported local authority spending above the Change Fund guidance levels."

That is very welcome news indeed but, of course, the policy’s true effectiveness will be judged not by the money that is invested and the funds that are leveraged in but by the outcomes for Scotland’s young people.

The minister and the chief medical officer set out very vividly in their evidence the scale of the challenge and the ambition. Indeed, the chief medical officer mentioned his ambition for one of the outcomes of these efforts to be the closure of Polmont young offenders institution, such would be the positive impact on Scotland’s young people. Such an idea might seem grandiose, but surely we can all agree that it would be a positive outcome. The work of the early years collaborative and the funding that has been allocated in recent budgets to this activity might well take many years to manifest themselves, but they stand as a positive example of the Scottish Government’s budgetary and policy interventions.
As we know, many children across Scotland need assistance and there are set to be many more. More than 50,000 children in Scotland are at risk of being pushed into poverty by 2020 as a consequence of the UK Government’s welfare reform and austerity agenda, which is why the Scottish Government’s efforts to mitigate such reforms are so important. The Finance Committee has welcomed the money that has been invested in that regard; I will not rehearse all the figures that have been mentioned but will say that the cabinet secretary certainly demonstrated the Government’s commitment when he mentioned the £244 million that would be allocated over a three-year period to try to limit in Scotland the damage of the UK Government’s welfare policies.

However, we have to place that in some context. We know that the UK Government’s welfare reforms will remove £4.5 billion from the Scottish economy by 2015 and, according to the Scottish Government’s estimates, £2 billion thereafter. Those estimates tally with the findings of the Sheffield Hallam University research that was commissioned by the Welfare Reform Committee, of which I am a member, and we must be clear that no devolved Administration would be able to undo or mitigate that scale of reform.

Nevertheless, what the Scottish Government is doing is making a difference and, in that respect, I want to focus on an issue that has already been touched on: the money that has been invested in discretionary housing payments. I very much welcome the £20 million that was invested this year and the further £20 million that has been set aside in this budget for the next financial year. As has been pointed out and as we all seem to agree, the legal maximum by which local authorities can top up their DHP fund is only 150 per cent of their allocation from the DWP, up to a maximum of two and a half times that allocation. That said, it is important to point out in this debate where that stipulation comes from. The legal maximum was set out in an order made under section 70 of the Child Support, Pensions and Social Security Act 2000, which was introduced when Alistair Darling was Secretary of State for Work and Pensions. It was interesting, therefore, to hear the litany from Labour members, demanding more funding to combat the bedroom tax. They would be a lot more credible if they themselves had not imposed the legal maximum for DHPs in the first place, or indeed if they could bring themselves to welcome the funding that has matched their own imposed legal maximum. In fact, far from welcoming it, they voted against the allocation of that funding during the Economy, Energy and Tourism Committee’s consideration of the budget.

In the limited time that I have left, I want to focus on two other areas in the budget that have already been mentioned and which will further support Scotland’s young people and their families. First, the extension of the 600 hours of free nursery education to two-year-olds from the hardest-pressed families will benefit 15,400 children and, secondly, free school meals will be extended to all schoolchildren from P1 to P3. I should declare an interest in that my young daughter will be one of those children. The move has been welcomed by many folk and other organisations outwith the chamber; indeed, Save the Children welcomes it in its great briefing for this debate. I just wish that it could be welcomed to the same degree across the chamber. I very much welcome it, which is why I will be voting for this budget this evening.

16:09

Murdo Fraser (Mid Scotland and Fife) (Con): We have heard a lot about austerity this afternoon and, again, there have been references to savage cuts, a phrase that we hear regularly from SNP members in particular. It is worth looking at the actual sums involved and the evidence of what has happened to the Scottish Government’s budget.

As Gavin Brown pointed out, in cash terms, the budget, which is £35.3 billion in 2014-15, is the highest in history for the Scottish Government or the Scottish Executive. People will say, “What about the real-terms figures?” We have heard that from Mr Gibson and others. I have the real-terms figures, too. Using 2013-14 prices, this year’s budget is higher in real terms than last year’s and the current year’s. In fact, in the 15 years since devolution in 1999, the total has been higher in only five years; in 10 of the years since 1999, the total has been lower. In that historical perspective, Mr Swinney has a relatively high sum of money to deal with.

We accept, of course, that there has been austerity. Every country in the western world is affected by a downturn in public finances. François Hollande’s approach in France was the only exception, but he accepted in his famous new year’s speech that it was not working. He had to change direction—although, of course, he is somewhat focused on other issues at the moment.

Let us look at the evidence of the savage cuts that we keep hearing about. We agree with some of these policies and not with others, but people in Scotland have free personal care for the elderly, free prescriptions, free bus travel for the over-60s and free university tuition, none of which is available south of the border. They all still exist in Scotland; none has been affected by cuts. People south of the border say, “How can Scotland still afford to pay for those things, notwithstanding the impact of austerity?”
That is not the end of the story, of course, because even since 2010, not only have all those benefits continued, but Mr Swinney has been in a position to announce whole new areas of spending. In brief research, I picked up eight new spending lines that have been announced since the election of the coalition Government in 2010, with its so-called savage cuts. There is £13 million next year and £42 million the following year for free school meals for children in primary 1 to primary 3, and £15 million next year and £44 million the following year for an expansion of childcare. In December, Mr Swinney announced additional business rates relief worth £38.5 million next year; a town centre housing boost of £2.7 million was announced by Margaret Burgess and Mr Mackay; and an £8.6 million family nurse partnership extension was announced. In November, Margaret Burgess announced a £25 million regeneration boost for communities.

Mike MacKenzie (Highlands and Islands) (SNP): Will the member give way?

Murdo Fraser: I will when I have finished my long list.

In October, the Scottish veterans budget was increased by £40,000, and there was the announcement of a £20 million increase for discretionary housing payments, of course. In January last year, a £21 million rare medicines fund was announced.

There will be many more examples of new spending commitments over and above all the benefits that already exist. I am sure that Mr MacKenzie will have yet more to add to my list.

Mike MacKenzie: Does Mr Fraser accept that at least some of those extra expenditures are possible only because of savings on capital projects? Does he welcome those savings, as I do, given that it has been almost unheard of—at least until this Government took office—that capital projects have been delivered under budget?

Murdo Fraser: The evidence under this Government is that many capital projects are not being delivered at all. That is precisely the point that my colleague Gavin Brown and others have made all too often.

My point is very simple: there is no evidence of savage cuts. The Scottish Government is, relatively speaking, insulated from cuts in budgets elsewhere and is still able to maintain very high levels of spending and announce all sorts of new spending commitments.

I accept that Mr Swinney has a difficult job in trying to balance all the priorities and demands on him. He usually handles that pretty adeptly, but I suspect that the budget that is before us is more about politics than anything else. Mr Swinney tried to set a trap for the Labour Party in relation to pledges on childcare and free school meals, but so far it has been careful not to fall into that trap.

Our criticism of the budget is that the priority is wrong. Our priority would be putting the economic recovery first. Our concern is that Scottish businesses will lose their competitive edge, and our priority should be restoring that.

Just two weeks ago, Mr Swinney made the very welcome announcement that the retail levy would not continue when it comes to the end of its life. He announced that at the Scottish Retail Consortium event, and people were very pleased to hear it. He gave the impression to me of being a slightly embarrassed father not admitting that that wayward child was his responsibility; it seemed to be someone else’s idea.

I am very pleased that the retail levy is coming to an end, but of course it was a mistake to introduce it in the first place. It has now been revealed that the levy was nothing whatever to do with public health, which is how it was dressed up when Mr Swinney introduced it, and that it was purely a revenue-raising measure. It has now been accepted that the levy was costing jobs and investment, as those in the industry said it would. Mr Swinney has taken the very welcome decision to get rid of the levy, but it is a pity that he could not bring that in in this budget as opposed to waiting for next year.

We have had some very good economic news for the UK, with unemployment figures better than expected. As Willie Rennie said, the IMF forecast for UK growth for 2014 has been raised from 1.9 to 2.4 per cent. Mr Swinney is very good at claiming credit when the Scottish economy does well, but some forecasters are saying that Scottish economic performance in the future will not be as good as that of the UK as a whole and that we will fall behind. In that context, we think that this budget is a missed opportunity and that Mr Swinney should be prioritising economic recovery.

16:15

Mike MacKenzie (Highlands and Islands) (SNP): In any other country in the world, in coming out of recession, as we are, a finance minister would begin to have more latitude as taxation receipts began to increase. That is not so in Scotland, where we face continuing cuts and real-terms cuts, and potentially cuts well into the future, with George Osborne recently announcing plans for austerity plus. There is of course a neat solution to that problem: that is a future that we do not need to share.

Mr Swinney, as ever, has put together a carefully balanced budget. The necessity of having
a balanced budget is a fact that the Labour Party in particular often seems to forget. Over the past few months, we have heard a very long wish list of increased spending that the Labour Party would like to see, but as usual it will not tell us what it would cut in order to fund that expensive list—except, of course, that there is the vague and lingering threat of Johann Lamont's cuts commission, where everything is apparently still on the table. If even the Labour Party's long-held commitment to universal services has been cut, surely nothing is sacrosanct.

I am pleased to say that once again the budget is grounded in the bedrock of economic sense, with a careful moderation towards capital expenditure for the very good reason that it delivers a better multiplier. It is important to realise that budgets are not an end in themselves and that it is the effect of the budget on the wider economy that really counts. Again, Labour often misses that point.

Since the SNP Government came to power in 2007, Scotland's economy has begun—thanks to successive and economically competent budgets like this one—to outperform that of the rest of the UK, as today's employment figures demonstrate. Scotland's unemployment rate is now down to 6.4 per cent—well below the UK average—which not only demonstrates this Government's economic competence, but underscores the fact that that has been achieved despite, and certainly not because of, George Osborne's austerity agenda. I find it absolutely astonishing that anyone can assert that cuts give rise to greater employment. I would be very grateful if Mr Brown or Mr Fraser would explain just how that works.

Gavin Brown: Does the member acknowledge that unemployment is dropping drastically in the rest of the United Kingdom as well?

Mike MacKenzie: It is dropping, but not to the extent that it is dropping in Scotland. I note that Mr Brown failed to explain the link between austerity and increases in the number of jobs.

I am delighted that the cabinet secretary, within this carefully balanced budget, has found funds to extend free school meals and childcare, and that he has taken measures to protect our most vulnerable people against the worst excesses of the UK Government welfare cuts. However, here I find Labour wanting again. We have heard Johann Lamont say continually in the chamber that the Scottish Government is not doing enough to mitigate UK welfare reforms—we have heard that this afternoon from others. However, in the Delegated Powers and Law Reform Committee, where journalists fear to tread, Labour members have voted against the council tax reduction scheme, not once or twice but on five separate occasions. Johann Lamont constantly tells us that

this Parliament has all the powers that it needs, yet Labour members, in the dark but never dusty recesses of that committee, argue that the council tax reduction scheme is ultra vires, or outwith the competence of this Parliament. That is proof, if any is needed, that Labour says one thing in public in the chamber and another in private when it thinks that nobody is watching.

A yes vote in September will avoid the dreadful cost of George Osborne's continuing austerity and the reduction of the Barnett formula by the proposed £4 billion, but it will also deliver a further bonus. It will restore integrity to this Parliament by enabling the Opposition parties to serve their true masters—the people of Scotland.

16:21

Jackie Baillie (Dumbarton) (Lab): There is no doubt that we are facing the worst cost-of-living crisis in almost a century. Hard-working families are struggling, pensioners are struggling and people without work are struggling. There is no doubt that people on low or fixed incomes are finding it extremely hard to make ends meet.

Across Scotland, people are now facing electricity and gas bills landing on their doorsteps following inflation-busting increases by the energy companies, and we know that it is not just energy costs that are going up. The costs of food and housing have gone up, too, and across a basket of essential goods and services costs have risen by more than 25 per cent over the past five years. That is the estimate from the Joseph Rowntree Foundation and its work on minimum income standards.

At the same time, incomes have at best stagnated and at worst, as in many cases, fallen in real terms. Since 2010, wages in Scotland in particular have fallen in real terms by more than £27 a week or about £1,420 a year. I think that we would all agree that that is a lot of money for someone who is low paid.

It is therefore little wonder that people are being forced to make choices between heating and eating, rent arrears are spiking and the number of people who are using food banks has increased by a staggering 150 per cent. The number of households in fuel poverty is now likely to be nearer 900,000, and it is unlikely that the Scottish Government will meet the commitment to end fuel poverty by 2016.

It is exactly at times like these that people expect help from the Government, whether that is the Scottish Government or indeed the United Kingdom Government. In the context of this budget debate, I genuinely believe that the Scottish Government is not focusing its budget on the scale required to make a substantial difference
to the lived experience of hardship that people now have. I know that John Swinney faces many different and difficult policy choices, but we surely agree that tackling poverty and alleviating the cost-of-living crisis must be an increased priority.

Given the context, it is perhaps not surprising that the fuel poverty and child poverty figures have not improved and that the suggestions are that they are beginning to go the wrong way. That paints a very different picture from that which the Conservatives who have spoken this afternoon have painted. I welcome the refresh of the child poverty strategy, but I echo a point in Save the Children’s briefing that was mentioned earlier. How will the budget support the aims of that vital strategy? I recognise that these are big challenges, but on tackling poverty, we surely have a shared ambition to find solutions that will help people now.

On that basis, I turn to the bedroom tax. I start, of course, by welcoming Labour’s commitment to the abolition of the bedroom tax when we win the general election in 2015, and in the spirit of consensus I also welcome the SNP’s commitment to abolish the bedroom tax if it secures independence. In both cases, however, people who are suffering hardship as a result of this unfair and unjust tax will have to wait for two years or more before they get any relief. Meanwhile, arrears will mount and the fear and pressure on individuals and their families will remain. It really does not have to be that way. The Scottish Government can and should do something now. It has the power to do that; it just needs the political will.

I was genuinely disappointed to hear the SNP’s previous excuse.

Jim Eadie: Will the member give way?

Jackie Baillie: No. SNP members have quoted when most budgets are looked at impartially, the reality is that most people can find measures that or an absolute rejection of everything. We have highlighted that. What about a prevention of homelessness fund or a housing sustainability fund? Surely you agree that they would be useful vehicles to protect tenants from the bedroom tax. Alternatively, local government's general power of wellbeing could be used.

Kevin Stewart: Will the member give way?

Mike MacKenzie rose—

Jackie Baillie: Let me continue.

The Deputy Presiding Officer: Jackie Baillie is in her last minute.

Jackie Baillie: The required sum is £50 million, according to estimates from Shelter.

Fiona McLeod: Will the member take an intervention?

Jackie Baillie: I have been told that I am in my final minute.

I think that the cabinet secretary would acknowledge that that figure is a tiny drop in the ocean of his overall budget. I welcome the £20 million that he has provided for discretionary housing payments, but it is not enough—the Scottish Federation of Housing Associations echoed that point today.

I have proposed a member’s bill to protect tenants from eviction because of arrears that are due to the bedroom tax. I am genuinely grateful to members across the chamber for their support, which means that the bill can move to the next stage. Whether I proceed is up to the Scottish Government. It has until 14 February—Valentine’s day—to give me its answer, but let us not wait, because we can do this. Tenants should not have to wait for the votes to be counted in the referendum or the next general election.

The Deputy Presiding Officer: Begin to conclude, please.

Jackie Baillie: We can do this now. I look forward to meeting John Swinney in the next week or so, because I know that, if we work together, we can make this happen and axe the bedroom tax.

The Deputy Presiding Officer: I remind all members to direct their remarks through the chair.

16:27

Patrick Harvie (Glasgow) (Green): Governments and—more frequently—Government party back benchers like to suggest that a vote on a budget is either an endorsement of every detail or an absolute rejection of everything. We have heard some of that argument today. However, when most budgets are looked at impartially, the reality is that most people can find measures that
they welcome and measures that they feel the need to challenge.

All Opposition parties—including the SNP when it enjoyed the somewhat limited privilege of being in opposition—look at budgets and decide where they need to challenge and oppose the Government, where they need to encourage the Government to go a bit further, and where they need to offer constructive suggestions. Only once we see how the Government responds to all the debate can Opposition parties decide whether, on balance, a budget is worth supporting or needs to be opposed. I can find in the current budget examples of measures in all the categories that I described.

Several members have mentioned GDP. I know that the Scottish Government is interested in—but needs encouragement to go further on—reducing its reliance on GDP and designing economic policies that balance properly economic, environmental and social priorities.

I know that the Scottish Government wants to go further on climate change; it recognises the urgency of that challenge, but it is not yet providing budgets that genuinely offer a turnaround and the ability for us to start meeting the world-leading targets that we all agreed to.

I know that the Scottish Government would like to do more on active travel and cutting energy consumption, but goodness knows that it has needed more encouragement on that.

There are aspects of the budget that I feel the need to criticise and to oppose, but on which I know the Government is not likely to give ground. For example, we have repeatedly criticised the unsustainable transport projects that the Government has pushed through with the support of most Opposition parties. There has been a shift from revenue to capital over the past few years, and much of that money is going to fund transport projects that we do not support. A consequence of the shift from revenue to capital is that there is less money for the likes of public sector pay; if we were not making that shift we would be able at least to match inflation in public sector pay.

As for the council tax freeze and the small business bonus scheme, those are untargeted measures. There would be far better ways of using the resources to achieve social, economic and environmental objectives, if we cared to balance those issues.

On the cuts to colleges and to housing, in particular, over the past few years, the Government needs to be challenged.

However, there is much to welcome in the budget. The finance secretary talked about the concept of the social wage. Under that broad heading are many policies that the Greens have been happy to welcome. The recent announcements on childcare and free school meals are important steps in the right direction, and I commend the cabinet secretary for them. He could do more, and he should—if he is able—meet colleagues from other parties to discuss the bedroom tax. Solutions might not be easy or straightforward, but if the cabinet secretary and his colleagues bring their undoubted creativity to the challenge, they might find a solution. If they can do that, they will add to the Government’s credibility on the concept of the social wage.

As I said in a Finance Committee debate before the recess, the Government’s thematic change funds represent a constructive approach, which we think could be taken further in relation to public health and active lifestyles. We have put to the cabinet secretary a proposal for a healthy challenge fund, which is modelled on the climate change fund. The cabinet secretary agreed to the climate challenge fund in a previous budget negotiation some years ago, and he has continued the policy year on year—although he no longer needed Green votes in budget debates and could have got rid of it—because he has recognised that empowering communities to put in place their own solutions can often lead to an approach that is far more creative than a top-down solution would be.

On issues such as healthy and active lifestyles, active travel and an active, healthy approach to food, which includes local growing schemes, there is a great deal that we could achieve that bring social, economic and environmental benefits. By empowering communities to put solutions in place through a healthy challenge fund, the Scottish Government could achieve a great deal more than it achieves through its existing activity under such headings.

I encourage the cabinet secretary to give serious consideration to those ideas and to other ideas that have been proposed across Parliament today. If he does so and is willing to make concessions in many of those areas, I think that he will end up with a better budget, for which he will secure the broadest support.

16:33

Gavin Brown: Members on the Conservative benches think that this has been an interesting debate. Our view is that the Scottish Government must do everything in its power to focus on the economy, to help growth and ensure that growth is sustained not just in 2014 but over the next few years, and to increase employment and decrease unemployment. We think that the Government must use every lever at its disposal—I emphasise “every lever”—to do that.
An issue on which we feel strongly is business rates. We welcome the fact that rates will rise by 2 per cent instead of the expected 3.2 per cent, although it should be acknowledged that the approach was driven by the chancellor’s decision in the autumn statement.

We strongly encourage the Government to look at the retail rebate south of the border, which was announced in the autumn statement. Retailers have had a particularly tough time and, given that the retail levy came to Scotland, a retail rebate would be welcomed across the board.

Barnett consequentials will flow directly from the UK Government’s decision to have a retail rebate: £29 million of consequentials in 2014-15 and £39 million in 2015-16. This Government wants the most competitive business rates across the country; it is important that it not take measures that help that goal to recede, and that it keep pace with some of the positive measures that are happening elsewhere. That is why the retail rebate is important and why we think it critical that the Scottish Government introduce a rebate to help retailers across Scotland.

In last week’s debate, we expressed our great disappointment at how the business rates incentivisation scheme has operated so far. It was announced by the cabinet secretary in 2011, when it was said that it would “attract new economic growth” and help to grow business rates income in councils across the country. It was the flagship centrepiece of the SNP’s campaign in the local government elections in 2012. It was heralded as a great way forward, through which councils would get 50 per cent of anything that was collected above the targets that they were given. In year 1, the targets were changed at late notice. Most councils were expecting to get something; it now looks as if many councils will get nothing and some will get little. In year 2—the current financial year 2013-14—unless the position has changed in the past week, councils still do not have targets. The financial year will end in a couple of months, but councils still have not been given targets for collecting business rates. If that is the case, how on earth can the Scottish Government call it an incentivisation scheme?

The Scottish Government’s own external expert advisory group reported last summer. It felt that the scheme was a key action point and it put forward the idea—which I think is excellent—that 100 per cent of what is collected over the target should go back to councils. That was a Scottish Conservative policy at the last election. We think that it is a radical idea that needs to be progressed.

The Minister for Local Government and Planning (Derek Mackay): Gavin Brown will be delighted to learn that I have discussed that with the chair of the external advisory group, who understands the reasons why not to proceed with BRIS+ because of the circumstances around BRIS, in which delays have been down to local government auditing its own figures. For about the fifth time, I ask will Gavin Brown not accept that the delay in progressing is entirely down to local government and not the Scottish Government?

**Gavin Brown:** That is weak. If one cannot blame the UK Government, blame local government; blame anybody except the Scottish Government for the failures. It was not the Convention of Scottish Local Authorities that went across the country in April 2012 talking about the business rates incentivisation scheme. It was not COSLA’s policy; it was the Government’s policy. It was its pledge. If the policy has not worked out as it was promised it would and as we were told it would, responsibility rests with the Government. It is regrettable that it is trying to pass the buck and blame COSLA for a failure of its own making.

My colleague Murdo Fraser talked about the retail levy. Why not abolish it now? The Scottish Government has, I think, conceded the principle that the levy did not help public health in any way, shape or form. I was at the Scottish Retail Consortium event two weeks ago, and the cabinet secretary seemed to take great pride in saying that that unpopular measure is going to be abolished. It was almost as if it had not been his idea in the first place: it was someone else’s fault that it had been introduced, and he was coming to the rescue to get rid of it. It was an ill-thought-out tax to begin with—a revenue-grabbing measure that we should see the back of now, instead of having to wait until the middle of 2015.

Let us see the Scottish Government take more action on empty property taxes, in which they took away the advantage that we used to have over the rest of the UK. What about listening to the concerns of business about the land and buildings transaction tax? Businesses have said loud and clear that they need to know what the rates and thresholds are likely to be. The Government should stop delaying that measure and start listening to business, from which the evidence was particularly clear.

We do not believe from what we have seen that this Government has put the economy front and centre in this budget. It is imperative that it do so.

16:39

**Jenny Marra (North East Scotland) (Lab):** Our budget should reflect, and match up with, the priorities that we have for our nation.

In March last year, the largest survey of poverty ever conducted revealed that levels of deprivation in Scotland were at their worst for 30 years. The
University of Glasgow’s poverty and social exclusion survey told us that one Scot in 20 cannot afford a balanced diet, that one in 14 cannot afford basic items of clothing such as jackets or shoes and that one Scot in three suffers from financial insecurity.

Since the SNP came to power in 2007, £1 billion has disappeared from poverty projects in Scotland. The fairer Scotland fund and projects in our most socially excluded communities have gone. Draft budgets this week in local authorities have voluntary organisations bearing the brunt of cuts. There are cuts in Dundee to Dundee Women’s Aid, Barnardo’s and countless other organisations that do work with people in our communities who are struggling.

Today’s budget has no clear link to poverty reduction. With anti-poverty budgets being slashed since the SNP came to power, that priority has all but vanished. The use of food banks in Scotland continues to soar, but we have no discernible plan for those who need and use them.

What of Scotland’s climate change targets, which the First Minister heralded as the most ambitious in the world but which were missed again last year? The policies that the Government has put in place to tackle climate change have been openly criticised by Scotland’s two largest local authorities because there is no clear funding line to pay for them. Targets without funding and action become merely empty rhetoric.

That is why I have been pleased to hear in the debate and during the Finance Committee debate before Christmas consensus that the Government’s budget must be linked to its own priorities—the national performance framework. Michael McMahon made the case for that well. I hope that the cabinet secretary will take the point on board in his next budget. Brave and bold Governments look to reassess priorities to be strategic with their money and to be focused on economic growth and creating a new and better Scotland now.

Labour’s key ask in the budget is familiar to the cabinet secretary. We have discussed publicly and privately that we want £50 million to mitigate the bedroom tax. The SNP’s answer to that, as we have heard many times in the chamber over the past couple of years and today, is to get rid of Westminster, but that is overly simplistic and counterproductive. While Parliament remains within the economic strength of the United Kingdom, its duty is to enhance or mitigate policies and factors that affect people’s lives in Scotland.

In every jurisdiction, Governments will pass policies that are iniquitous. That is why Labour members campaign for progressive policies and Governments throughout these islands. It is our duty to do all that is in our power to mitigate the bedroom tax.

The cabinet secretary and countless SNP speakers said that they did not have the mechanism to do that. I expect that the cabinet secretary might be able to find the money if he did, as I have heard SNP members say many times in the chamber that they want rid of the bedroom tax, so I assume that they are also committed to mitigating its effects in full and have already found the £20 million for that purpose. What the cabinet secretary and his officials say they cannot yet find is the mechanism to mitigate the full effects.

I ask the cabinet secretary whether he and his officials have exhausted the local authorities’ powers of wellbeing. Iain Gray made that suggestion in his opening speech and I made the point earlier in the debate to Kevin Stewart.

Fiona McLeod: We are talking about the local authorities’ duty of wellbeing towards their residents. How does Jenny Marra feel about East Dunbartonshire Council, which is a Labour-Tory-Liberal Democrat coalition that said, up until Christmas eve, that anybody who wanted to apply for a discretionary housing payment had to produce the receipts for their messages? Is that about wellbeing for the tenants?

Jenny Marra: We are looking for the money across the country. The cabinet secretary has come up with £20 million. We need to find the full amount of money to mitigate the bedroom tax and Scottish ministers must give direction to all local authorities on that.

Has the cabinet secretary exhausted or considered local authorities’ power of wellbeing? That suggestion has been made. It is a power that was given to local authorities across the United Kingdom by the Labour Government in 2003. It allows local authorities to enhance wellbeing and to address certain needs in their communities. Some of the Government’s stated aims in legislation are to tackle poverty and deprivation and to reduce inequalities. A cursory reading of the provisions in the Local Government in Scotland Act 2003 gives me confidence that it could be used to find the mechanism that John Swinney is looking for. Have Government officials considered that? I also draw the cabinet secretary’s attention to the provisions in the 2003 act that give Scottish ministers powers to extend the scope of that power of wellbeing and enable Scottish ministers to give direction to local authorities on that power.

As Iain Gray said, a Labour Government in Westminster next year will abolish the bedroom tax and the SNP is committed to doing the same in the event of an independent Scotland. We have said today that we believe that it is in the cabinet.
secretary’s power to cancel out the effects of the bedroom tax now for families up and down Scotland who are struggling to pay it, and for the families who are paying it, but at the expense of other essentials, in these hard-pressed times.

The bedroom tax is an iniquitous tax. The indignity that is at its heart offends so many members across the chamber, which is why Labour has made this our single ask: we will support the Government budget if the cabinet secretary finds the money to mitigate the tax and tells Scotland clearly that he will no longer tolerate it. In good faith, in good hope and with the commitment that we will work with the cabinet secretary over the next few weeks to achieve that, we will put our support behind his budget tonight and I hope that he can deliver.

16:47

John Swinney: I thank members for their contributions to the debate, which have informed the Parliament about the respective positions that different members are taking in relation to the contents of the budget and about how the budget can proceed to further parliamentary consideration at stages 2 and 3.

Mr Harvie has—fairly, I think—reflected on the fact that in any budget, a judgment has to be made as to whether the elements of the budget can be sufficiently considered by individual members and parties to be in the correct balance and therefore worthy of support, despite the fact that not all provisions within the budget may be to their liking. That is a responsible way to look at the budget. It is a way to look at the budget and say that although not all things in the budget would be the choice of individual parties, on balance the exercise of parliamentary responsibility to ensure that public authorities are properly funded and supported can be undertaken by the provisions of the budget. I welcome Mr Harvie’s contribution in that respect. I also welcome his suggestion about the healthy challenge fund, which the Government is of course exploring. Mr Harvie raised that with me in our private discussions and we will consider the issues in connection with that fund during the consideration of the budget.

Mr Rennie delivered a speech that was consistent with what he said in the first debate back after the Christmas recess. He acknowledged again the way in which the Government has addressed the priorities that he has raised in relation to childcare and free school meals. Of course, we will continue our discussions about how we advance some of those questions in the remainder of the budget process.

However, I highlight to Mr Rennie a point that I think Mr Adam made about the provision of childcare services in Scotland. In August 2015, Scotland will be delivering about 6.5 per cent more childcare per child than the amount of childcare that will be implemented south of the border. That is a result of the Scottish Government’s progress since coming to office, combined with our recent announcements to the Parliament, which have enhanced the situation.

The Conservatives have, to put it bluntly, got themselves into a foolish position on the budget; I cannot find any other way to describe it. To be fair, their responses on budget issues have been among the most considered in the years since the SNP Government came to office, but their position this time is foolish.

Murdo Fraser reeled off a range of measures that the Government has introduced since 2010: the rare medicines fund, free school meals, childcare, business rates parity with the headline rate south of the border, family nurse partnerships, the veterans fund and discretionary housing payments. He and his colleagues propose to vote against all those measures, including the Government’s business rates proposition, modern apprenticeships and the college budgets—\[Interuption.\] Mr Brown and Mr Fraser may guffaw, but—

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I will finish my point and come to Mr Brown in a moment.

Mr Fraser and Mr Brown guffaw, but when the Labour Party voted against our budget in 2009—and the vote was tied, so the Parliament could not agree a budget—the first people to hound Labour members for not being prepared to support the public finances and the public services were Mr Brown and his colleagues on the Conservative benches. On that basis, perhaps Mr Brown will lead the Conservative party towards a bit of revisionist thinking on the budget provisions.

Gavin Brown: Does the cabinet secretary seriously think that, if a party votes against the budget, that means that it is against every single measure in that budget? He said that he respected Patrick Harvie’s speech, in which Mr Harvie made that exact point. Is he now disagreeing with Mr Harvie on that?

John Swinney: The point that I am making—and which I made to Mr Harvie—is about parliamentary responsibility. Mr Harvie recognises that, on balance, we have to come to a view on the budget. Mr Gray and his colleagues had to come to the same view in 2009, and they eventually voted for the budget, because they realised that they had got themselves into a ridiculous pickle as a consequence of first voting against it.
Mr Brown’s central argument has been about business rates and the supposed revelation that I have done some sort of U-turn on the public health supplement, which will now be concluded. I have a letter in front of me that I sent to the corporate affairs director of Tesco on 8 February 2012. The letter states—as I confirmed to the Parliament at the time—that:

“I can confirm that the public supplement will be a temporary measure and it will apply for the three years of the spending review only from 2012-13 to 2014-15.”

There is no revelation—that was clearly stated by the Government.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: No, I want to make a little more progress on this point.

Mr Brown said that he wants me to keep pace with the business rates system in England. If I was to do that, I would be going to small businesses the length and breadth of Scotland and asking them for £3,000 a year back. “Give us back some more money,” I would have to say to them.

We are delivering in Scotland, and I have made that point reasonably to Mr Brown on countless occasions. The evidence is all here to show that we have a business rates system that is saving businesses in Scotland thousands of pounds every single year, but Mr Brown wants me to go and take that money back from them.

Gavin Brown: Since the SNP became a majority Government, it has done its best to damage that system: it has brought in the retail levy and an empty property tax, and now it is not having a retail rebate.

John Swinney: If Mr Brown wants me to keep pace with England and do things in the same way, I will have to go and take that money back from the small businesses of Scotland. I look forward to explaining to people in Scotland that the Conservatives want us to echo what is going on south of the border, so that businesses will, over the five-year period, have to give us back £15,000.

I welcome what has been said about the bedroom tax but, before I come to that, I will make one point. Malcolm Chisholm became indignant about the Labour Party’s commitment to free school meals, but his argument was somewhat undermined by the fact that Mr Gray confirmed to me that the Labour Party would not spend money on free school meals in the current budgetary provisions. Mr Gray was clear that, if there was a choice, the choice would be to spend the money on childcare.

Iain Gray: Malcolm Chisholm was making a perfectly valid point in response to fatuous points that were made about the motion that we voted against two weeks ago, which was a motion supporting the equally fatuous argument that childcare can be improved only with independence. We do not support that.

John Swinney: I think that Mr Chisholm was getting indignant because we rumbled the fact that the Labour Party had voted against free school meals and the choice had been exercised in a different way.

Malcolm Chisholm: Will the cabinet secretary give way?

John Swinney: I had better give way to Mr Chisholm.

Malcolm Chisholm: By the cabinet secretary’s logic, is he therefore saying that the Liberal Democrats—the instigators of the policy—also voted against free school meals because they voted against the same motion?

John Swinney: I am simply pointing out to Mr Chisholm that his point was contradicted by his front-bench member, who said clearly that, if the choice was there, Labour would have childcare over free school meals, and that is what Labour voted for.

I want to dwell on the bedroom tax, which is an important point in the debate, although I do not have much time to discuss it.

The Deputy Presiding Officer (John Scott): There is not much time, but I will give you another couple of minutes.

John Swinney: I am grateful, Presiding Officer, because I want to put some information on the record.

I welcome the fact that the finance team has had private discussions with the Labour Party. I followed that up with a discussion with Jackie Baillie to explore the issues in connection with the mitigation of the bedroom tax. As I said to Mr Gray earlier, I view the bedroom tax as iniquitous and I want to mitigate its effects. However, crucially, the debate comes down to whether we have a mechanism that enables us to make payments to individuals to deal with the arrears that have arisen as a consequence of the bedroom tax. That is the point.

I think that Jackie Baillie rather helpfully made the point—if I have written it down incorrectly, I will revise this after I see the Official Report tomorrow—that the Scottish Government does not have the power to make benefit payments to individuals. I agree with that, as it is a pretty fair statement of the law. Section F1 of schedule 5 to the Scotland Act 1998 reserves the provision of assistance for housing costs to the United Kingdom Government.
Jackie Baillie: Will the cabinet secretary give way?

John Swinney: No—let me finish the explanation, please.

The United Kingdom Government enables local authorities to make discretionary housing payments to individuals where individuals are affected. However, the crucial point is that the Department for Work and Pensions guidance to local authorities states:

“If you award above this limit”—

we know what the limit is—

“you are breaking the law.”

It continues:

“The legislation which specifies the overall limit on expenditure is Article 7 of The Discretionary Housing Payment (Grants) Order 2001.”

Jenny Marra raised a point about local government’s general power of wellbeing. Of course local government has that power, but the crucial test is whether we can get the money to the individuals to remove the arrears that they face. The guidance from the DWP, which is consistent with the Discretionary Housing Payment (Grants) Order 2001, states that there is a limit on that.

Iain Gray: Will the cabinet secretary give way?

The Deputy Presiding Officer: I am afraid that Mr Swinney will really have to draw to a close.

John Swinney: Having said all that, I want to continue discussions with the Labour Party about the pursuit of the practical options. [Interruption.] I do not know what Mr McMahon is muttering about, but in his speech he said that local government is taking approaches to try to ensure that supplementary resources are available. From the Government’s point of view, it is crucial that there is a mechanism that can ensure that the resources get to the individuals to remove their arrears and that we exercise that responsibility in a way that is consistent with the legal framework that is available to us. We will have further discussions about those points, but it is crucial that we find a way of tackling the hardship that individuals are experiencing, and doing so in a fair and effective way that meets their needs and helps us to deal with the iniquity that is a product of the bedroom tax in this country.
Decision Time

17:45

The Presiding Officer (Tricia Marwick): There are three questions to be put as a result of today’s business. The first question is, that motion S4M-08794, in the name of John Swinney, on the Budget (Scotland) (No 3) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For:
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Allard, Christian (North East Scotland) (SNP)
Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Dugdale, Kezia (Lothian) (Lab)
Eadie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Ewing, Fergus (Inverness and Nairn) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Fee, Mary (West Scotland) (Lab)
Findlay, Neil (Lothian) (Lab)
Finnie, John (Highlands and Islands) (Ind)
FitzPatrick, Joe (Dundee City West) (SNP)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Gray, Iain (East Lothian) (Lab)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Keir, Colin (Edinburgh Western) (SNP)
Lamont, Johann (Glasgow Pollok) (Lab)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McCulloch, Margaret (Central Scotland) (Lab)
McDonald, Mark (Aberdeen Donside) (SNP)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McInnes, Alison (North East Scotland) (LD)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)
Pentland, John (Motherwell and Wishaw) (Lab)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeenshire East) (SNP)
Scott, Tavish (Shetland Islands) (LD)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (Ind)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)

Against:
Brown, Gavin (Lothian) (Con)
Buchanan, Cameron (Lothian) (Con)
Carlaw, Jackson (West Scotland) (Con)
Davidson, Ruth (Glasgow) (Con)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Johnstone, Alex (North East Scotland) (Con)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
McGrigor, Jamie (Highlands and Islands) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)

Abstentions:
Harvie, Patrick (Glasgow) (Green)
Johnstone, Alison (Lothian) (Green)

The Presiding Officer: The result of the division is: For 90, Against 13, Abstentions 2.

Motion agreed to,

That the Parliament agrees to the general principles of the Budget (Scotland) (No. 3) Bill.
Delegated Powers and Law Reform Committee

10th Report, 2014 (Session 4)

Budget (Scotland) (No.3) Bill

Published by the Scottish Parliament on 29 January 2014
Delegated Powers and Law Reform Committee

Remit and membership

Remit:

1. The remit of the Delegated Powers and Law Reform Committee is to consider and report on—
   (a) any—
   (i) subordinate legislation laid before the Parliament or requiring the consent of the Parliament under section 9 of the Public Bodies Act 2011;
   (ii) [deleted]
   (iii) pension or grants motion as described in Rule 8.11A.1; and, in particular, to determine whether the attention of the Parliament should be drawn to any of the matters mentioned in Rule 10.3.1;
   (b) proposed powers to make subordinate legislation in particular Bills or other proposed legislation;
   (c) general questions relating to powers to make subordinate legislation;
   (d) whether any proposed delegated powers in particular Bills or other legislation should be expressed as a power to make subordinate legislation;
   (e) any failure to lay an instrument in accordance with section 28(2), 30(2) or 31 of the 2010 Act; and
   (f) proposed changes to the procedure to which subordinate legislation laid before the Parliament is subject.
   (g) any Scottish Law Commission Bill as defined in Rule 9.17A.1; and
   (h) any draft proposal for a Scottish Law Commission Bill as defined in that Rule.

Membership:

Richard Baker
Nigel Don (Convener)
Mike MacKenzie
Margaret McCulloch
Stuart McMillan (Deputy Convener)
John Scott
Stewart Stevenson
Committee Clerking Team:

Clerk to the Committee
Euan Donald

Assistant Clerk
Elizabeth White

Support Manager
Daren Pratt
Delegated Powers and Law Reform Committee

10th Report, 2014 (Session 4)

Budget (Scotland) (No.3) Bill

The Committee reports to the Parliament as follows—

1. The Delegated Powers and Law Reform Committee considered the delegated powers provision in the Budget (Scotland) (No.3) Bill\(^1\) at its meeting on 28 January 2014. The Committee reports to the Parliament on the provision under Rule 9.16.3 of Standing Orders.

General

2. The Bill makes provision for the Scottish Administration’s budget for the financial year 2014/15. The Committee notes that, like its predecessors in previous years, the Bill contains one delegated power that permits certain parts of the Bill to be amended by affirmative Order.

Delegated power – Section 7: Budget revision orders

3. Section 7 confers power on the Scottish Ministers to make adjustments to the overall cash authorisations set in section 4 of the Bill and to the schedules to the Bill by Order. Any such Order will be subject to affirmative procedure.

4. The Committee approves the power without further comment.

\(^1\) Budget (Scotland) (No.3) Bill is available here: [http://www.scottish.parliament.uk/S4_Bills/Budget%20(No.3)%20(Scotland)%20Bill/b45s4-introd-bm.pdf](http://www.scottish.parliament.uk/S4_Bills/Budget%20(No.3)%20(Scotland)%20Bill/b45s4-introd-bm.pdf)
FINANCE COMMITTEE

EXTRACT FROM THE MINUTES

3rd Meeting, 2014 (Session 4)

Wednesday 29 January 2014

Present:

Gavin Brown
Kenneth Gibson (Convener)
John Mason (Deputy Convener)
Jean Urquhart

Malcolm Chisholm
Jamie Hepburn
Michael McMahon

Also present: John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth.

Budget (Scotland) (No.3) Bill: The Committee considered the Bill at Stage 2.

The following provisions were agreed to without amendment: section 1, schedule 1, section 2, schedule 2, section 3, schedule 3, sections 4, 5, 6, 7, 8, 9, 10 and 11 and the long title.
Budget (Scotland) (No 3) Bill: Stage 2

09:30

The Convener: Item 2 is consideration of the Budget (Scotland) (No 3) Bill at stage 2. Members have a note by the clerk in their papers.

I warmly welcome to the meeting the Cabinet Secretary for Finance, Employment and Sustainable Growth, who is accompanied by Terry Holmes and Andrew Watson from the Government’s finance directorate. I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Thank you, convener. This session will focus on the content of the budget bill as approved in principle by the Scottish Parliament. As members of the committee are aware, there are a number of differences in the presentation of budget information between the draft budget document and the budget bill.

To assist the committee, I will explain the main differences, with reference to table 1.2 on page 3 of the supporting document. Column A sets out by portfolio the 2014–15 budget as shown in table 2.01 of the draft budget document that was published last September. Column J in table 1.2 sets out the draft budget as it is required to be restated for budget bill purposes, and columns B to H provide details of the adjustments, including the necessary statutory adjustments, to meet the requirements of the parliamentary process.

There are three substantive funding changes to the spending plans that were outlined in the draft budget. Those are recorded at column H and detailed in the introductory section of the supporting document. In all cases, the additional funding reflects the deployment of available consequentials flowing from the United Kingdom autumn statement of 5 December 2013.

The budget reflects the deployment of £38.5 million of additional resource departmental expenditure limit in 2014–15 in respect of the business rates package that I announced to Parliament on 11 December 2013.

On 7 January, the First Minister announced to Parliament the deployment of additional funding of £28 million in 2014–15 for free school meals and the extension of childcare for two-year-olds. On 8 January, I announced to Parliament that £3.5 million would be available in 2014–15 for workforce expansion in respect of childcare.

In addition, £20 million has been provided through the budget bill to support our previously
announced commitment to tackle the implications of the bedroom tax in 2014-15. The other adjustments that are set out concern the exclusion of £143.2 million of non-departmental public body non-cash costs that do not require parliamentary approval. They relate mainly to charges for depreciation and impairments, and include bodies in our NDPB community such as the national institutions, Scottish Enterprise and Scottish Natural Heritage.

Judicial salaries and Scottish Water loan repayments to the national loans fund and the Public Works Loan Board, which do not require parliamentary approval, are excluded. The inclusion of police loan charges is to be approved as part of the budget bill. There are technical accounting adjustments to the budget of £132.7 million, which reflect differences in the way in which HM Treasury budgets for those items and how we are required to account for them under international financial reporting standards-based accounting rules. The system of IFRS-based accounting was introduced across central Government from 1 April 2009, and I remind the committee that the conversion to an IFRS basis is spending-power neutral.

The adjustments to portfolio budgets reflect the requirement that a number of direct-funded and external bodies require separate parliamentary approval. Those include National Records of Scotland, the Forestry Commission, teachers’ and national health service pensions, the Food Standards Agency, the Scottish Court Service, the Office of the Scottish Charity Regulator and the Scottish Housing Regulator.

There is a restatement of specific grants that are included in the overall 2014-15 local authority settlement and which remain under the control of the appropriate cabinet secretary with policy responsibility. Full details of all grants that are treated in that way are included in the summary table on page 73. I again make it clear that those are essentially technical adjustments, and do not change in any way the budget that has so far been scrutinised by this committee and other committees and approved in principle by Parliament.

I remind members that, for the purposes of the budget bill, only spending that scores as capital in the Scottish Government’s or direct-funded bodies’ annual accounts is shown as capital. That means that capital grants are shown as operating in the supporting document. The full capital picture is shown in table 1.3 on page 4.

As I made clear to Parliament last week, I remain committed to an open and constructive approach to the 2014-15 budget process, and I continue to seek agreement on a budget that will meet the needs of the people of Scotland. I look forward to addressing those issues with the committee this morning.

The Convener: Thank you, cabinet secretary. I invite questions from committee members and remind everyone that the cabinet secretary’s officials are not allowed to speak during stage 2 deliberations.

Gavin Brown (Lothian) (Con): I have a few questions on the supporting document to which the cabinet secretary referred. About halfway down the table on page 55, there is a figure of £288 million for the Queensferry crossing in 2014-15. When I looked at the same entry in the draft budget document in September, there was a figure of £241 million. Has it been increased, or is there a technical reason for the difference in those two figures?

John Swinney: It is essentially an accounting issue that relates to the expected accounting release of the pre-payment element of the Forth replacement crossing, which was the arrangement that we reached with the United Kingdom Government in 2010, if my memory serves me correctly. That enabled us to bring forward elements of the costs of the Queensferry crossing, on the basis that they would be made good at a later stage to enable more spending capacity at that point.

Gavin Brown: Okay. The other issue is that, on page 60 of my copy of the supporting document, the only entry under the “Scottish futures fund” heading is the warm homes fund, whereas the draft budget listed a warm homes fund and a future transport fund under that heading. Can you explain that, cabinet secretary?

John Swinney: Regrettably, the future transport fund budget line was omitted when the printed document went to press. When we spotted the omission, we altered the online version of the document. I am sorry that we did not specify that to the committee as we should have done.

Gavin Brown: Okay.

John Swinney: Just for the record, the future transport fund was £7.7 million in 2013-14 and is shown as £18.7 million in 2014-15.

Gavin Brown: Further to that, are the figures for the warm homes fund in the printed document correct, or do they in fact combine the warm homes and future transport funds? Just for the record, what are the correct figures for the warm homes fund?

John Swinney: I will go through the detail. The warm homes fund in 2014-15 has an operating expenditure of £5.3 million and capital of £26 million, making a total of £31.3 million. The future transport fund has an operating expenditure of £18.7 million, which is the total for that fund. That
gives a global total of £24 million for operating expenditure and £26 million for capital expenditure, making £50 million in total.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Of the changes to the draft budget that the cabinet secretary outlined, one concerns the money that has been allocated for discretionary housing payments and one relates to the money for free school meals. I want to explore those a little further.

The £20 million that has been allocated has been welcomed by this committee, and by the Welfare Reform Committee in its budget scrutiny, but the amount that can be spent on discretionary housing is of course contingent on Department for Work and Pensions funding. The DWP has previously indicated that it is likely to cut the amount that it invests in discretionary housing payments this year but, as far as I am aware, there has been no final announcement. Is the cabinet secretary aware of whether there has been any contact from the DWP?

John Swinney: There is nothing that leads me to change my view about the available resources that we have and how that relates to the funding that is available from the Department for Work and Pensions. The one caveat that I would put in is that I have not yet had a read-out of the meeting that the Minister for Housing and Welfare had yesterday with Lord Freud—something may have come out of that that I am not yet aware of. However, the assumption that there is the capacity for us to allocate £20 million through discretionary housing payments, which of course is a product of the amount of money that the DWP is putting in, remains the position as set out in the budget.

Jamie Hepburn: Presumably you would join others in calling on the DWP not to cut the money that it is investing.

John Swinney: It would obviously increase our capacity to act in this area if the DWP increased the amount of money that it is prepared to put into this.

Jamie Hepburn: How many are likely to benefit from the free school meals policy and what would be the average cost saving for a family?

John Swinney: The average cost saving for a family will be of the order of £300 per annum per child. I do not have the number of individuals affected in front of me, but if I come across it I will write to the committee about it.

Jamie Hepburn: Part of the motivation for it is, presumably, that families are obviously under pressure at this time, given the cost of living. Part of the rationale is for the Government to help them out at this time. Do you think that the £300 will be of benefit to them?

John Swinney: It certainly contributes to assisting families at a time when they are under significant financial pressure. It also assists in removing some of the stigma that is associated with free school meals.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): We have had this conversation before. I welcome free school meals, but I have one question about the policy, which has been raised by people in Edinburgh. The problem is that there are some practical difficulties, certainly in one school that is local to me—although I imagine that this must be the case in other schools across Scotland that have small dining rooms—which is struggling at present to provide meals to the limited number of children who have free school meals. Given that, presumably, the number will increase significantly because of the free school meals policy, has the Government had any representation on that issue or given any thought to the problems that might arise for some local authorities?

John Swinney: We certainly acknowledge the issue that Mr Chisholm raises. It is an issue that will be discussed by the Government and the Convention of Scottish Local Authorities as we take forward the implementation of the free school meals policy. Clearly we will need to work very closely with local government on taking forward this part of the agenda. We have not had any formal representations from COSLA on that point. On-going discussions are taking place.

Jean Urquhart (Highlands and Islands) (Ind): I want to ask about the £20 million that has been allocated to welfare reform mitigation. I know that this issue has been raised a couple of times in the chamber, where you have been challenged to spend £50 million. Your response has always been that there is a clear line in either guidance or legislation that allows for £20 million. How is the £20 million calculated and disbursed? What restricts you from spending the £50 million that, according to the main Opposition party, you are able to spend if you so wish?

09:45

John Swinney: Essentially, the sum of £20 million is a product of what I and the Government believe is the only legal route that we have to act in this area of policy. Benefits are a reserved matter. If we act in reserved areas, we must do so with a legal foundation for our ability to spend. That opportunity exists through discretionary housing payments. Essentially, we are entitled to spend a sum of money that is a product of the amount of money that the DWP is prepared to allocate to discretionary housing payments. That formula gets us to a maximum of £20 million. I think that the legal framework is very clear. It is
permissible and acceptable for us to spend to that maximum and the guidance from the DWP supports that.

Clearly, if there is demand beyond that for discretionary housing payments, we have a challenge on our hands, given that there is a legal limit on what we can allocate. I have made it clear to Parliament that I am exploring with the other parties whether there is any other available route beyond that. I am very open to considering what such a route might be. However, Parliament will understand that, for me to be able to authorise spend, there has to be a legal route. That work is still on-going, the discussions are still under way and I remain committed to trying to find any other way of taking the matter forward.

Of course, the spend could be increased if the DWP either put in more money itself, which would inflate the amount of money that we could put in and put us closer to the £50 million total, or removed the cap on how much additional resource we can put in and enabled us to act further. Although I should be very careful in my use of the words that I am about to use to the committee, I suppose that it is less about the money and more about the mechanism.

If Parliament wishes to put more money into discretionary housing payments, I would meet the challenge of finding that money; it would mean taking money from A to give to B. There are always choices that can be made but, crucially, it hinges on the identification of a mechanism that would enable us to do something quite precise, which is to make a regular payment to an individual to meet a particular liability. If we do that, we have to have a means of making that payment legally, because the legal entitlement in statute—in the main—for the payment of regular payments to individuals is the benefits system, which is entirely reserved, with the exception of discretionary housing payments. The best way to sum up the situation is to say that it is less about the money and more about the mechanism.

Michael McMahon (Uddingston and Bellshill) (Lab): Is the £20 million that is being made available for DHPs under the current criteria ring fenced? How can we ensure that the DHP funding that you have provided for that specific purpose is put to supporting those who need it most?

John Swinney: The money for DHPs is not ring fenced, but we have tried to agree a mechanism for its distribution that reflects the areas of greatest need for the payment of DHPs. We should constantly monitor that process to ensure that the distribution arrangement is correct to ensure, as effectively as we can, that the resources are going to the individuals who require that assistance.
Note: (DT) signifies a decision taken at Decision Time.

Budget (Scotland) (No.3) Bill: The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney) moved S4M-08914—That the Parliament agrees that the Budget (Scotland) (No.3) Bill be passed.

Iain Gray moved amendment S4M-08914.1 to motion S4M-08914—

Insert at end—

“but, in so doing, considers that funds be allocated in the total amount needed to fully mitigate the so-called bedroom tax in Scotland through discretionary housing payments and, if necessary, other schemes administered by local authorities and housing associations to ensure that no tenant need face eviction as a result of the bedroom tax.”

After debate, the amendment was agreed to ((DT) by division: For 108, Against 15, Abstentions 0).

The motion, as amended, was then agreed to ((DT) by division: For 108, Against 15, Abstentions 0).

Accordingly, the Parliament resolved—That the Parliament agrees that the Budget (Scotland) (No.3) Bill be passed but, in so doing, considers that funds be allocated in the total amount needed to fully mitigate the so-called bedroom tax in Scotland through discretionary housing payments and, if necessary, other schemes administered by local authorities and housing associations to ensure that no tenant need face eviction as a result of the bedroom tax.
The Deputy Presiding Officer (John Scott): The next item of business is a debate on motion S4M-08914, in the name of John Swinney, on the Budget (Scotland) (No 3) Bill.

14:39

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): The Budget (Scotland) (No 3) Bill confirms the spending plans that were set out in the draft budget, with the objectives of increasing sustainable economic growth, improving public services and supporting families and businesses at a challenging time. Despite the Westminster-imposed 11 per cent reduction in our fiscal departmental expenditure limit over a five-year period, Scotland has now experienced six consecutive quarters of economic growth and we are ahead of the rest of the United Kingdom on all the key economic indicators. Consistent increases in employment levels show that Scottish Government policies to create employment and boost the economy are delivering the progress required in our economic recovery strategy.

Over the next two years, we will support the economy by securing more than £8 billion of investment in Scotland’s infrastructure, which will support more than 50,000 full-time equivalent jobs across the wider economy. We will also invest in our schools, our hospitals and affordable housing. More than £970 million of investment will have gone into affordable housing in the three years to March 2015, as well as a further £120 million to help first-time buyers and existing home owners to buy a new-build home. We will also deliver greater connectivity through significant investment in our transport infrastructure and by providing superfast broadband to 95 per cent of premises in Scotland by the end of 2017-18, exceeding the Government’s targets.

We will continue to invest in the transition to a low-carbon economy and will increase our investment in active and sustainable travel to almost £60 million between 2014-15 and 2015-16. To reflect the policy priority put to me by the Scottish Green Party during the budget process, we will ensure greater community involvement in the design and delivery of healthy living and active travel measures as part of an integrated approach across Government.

We are investing heavily in our young people by funding a record number of modern apprenticeships and assisting in the development of key interventions to support young people into employment through the opportunities for all initiative. We await with interest the Wood commission’s report on developing Scotland’s young workforce, and I give Parliament the commitment that we will bring forward swift measures and appropriate resources to act on the final report in partnership with the Convention of Scottish Local Authorities and Scotland’s education and business communities.

A consistent theme in this Government’s approach to the economy is the support that we can offer to boost women’s participation in the labour market. In addition to our work in our employability and education strategies, we are providing more than £190 million to our partners in local government to increase early learning and childcare provision to 600 hours, saving families around £700 a year. In January, we announced a further £15 million in 2014-15 for a phased expansion of eligibility to the most vulnerable two-year-olds and £3.5 million for enhancing our childcare workforce’s skills to maintain the high quality of childcare, supporting around 2,000 jobs in Scotland.

Willie Rennie (Mid Scotland and Fife) (LD): I welcome in particular the announcement that was made in January.

The cabinet secretary has mentioned the benefits of parents being able to get back to work, but does he recognise that a boost in early education for young people can have a big impact on the early years? Professor James Heckman has said that the best educational investment is made before the age of three. Does the cabinet secretary agree?

John Swinney: I certainly accept Mr Rennie’s point. Indeed, it clearly accords with the thinking that my colleague Aileen Campbell, the Minister for Children and Young People, has taken forward in the early years collaborative, which is an excellent example of how we are encouraging and motivating all relevant players to support the nurturing and development of our very youngest citizens. His point in that respect is well made.

Mr Rennie has persisted in pressing the arguments for the expansion of childcare, and I pay tribute to his constructive contribution to the budget process. Ministers have invited him to participate in discussions with partners about the delivery of our childcare commitments and we look forward to continuing our partnership working to deliver the Government’s commitments to Parliament on expanding early years education.

This budget also delivers measures to maintain Scotland’s position as the most competitive place for doing business. The UK’s most generous package of business rates relief, worth more than £590 million a year, is offered right here in Scotland. With our partners in local government
and our enterprise and skills agencies, we are investing decisively in Scotland’s economic growth while ensuring that our people are qualified and able to take advantage of the opportunities that will follow.

As part of our drive to deliver sustainable economic growth, the Scottish Government is determined to do all that it can to tackle inequality in our country. At a time when the UK Government seems increasingly intent on dismantling the welfare state and has presided over an 8 per cent fall in real hourly earnings between 2009 and 2012, we have maintained our commitment to our public services and the social wage — our social contract with the people of Scotland. The budget reflects our commitment to a national health service that is publicly owned and local government that is properly funded, in contrast with the approach that the UK Government has taken.

To help Scottish households, we are continuing to work with our partners in local government to deliver a council tax freeze to save the average household £1,200 by the end of the current session. We are supporting our students through our commitment to free higher education, and we are maintaining free personal care, support for concessionary travel, free prescriptions and the Scottish living wage. From next January, we will fund free school meals for all schoolchildren in primaries 1 to 3, which will benefit around 170,000 children in total and be worth £330 a year for each child to families throughout the country.

Those measures will provide valuable support to people across Scotland. However, our people will face further challenges, and the Scottish Government is acting to limit the extent to which the UK Government’s welfare reforms undermine our approach to social partnership.

Within our limited devolved powers, and in partnership with local government, we have established a council tax reduction scheme that supports more than 500,000 people who would otherwise have seen their council tax benefit cut by the UK Government. We have provided funding for advice agencies to meet the ever-increasing pressures on them and created the Scottish welfare fund, which is backed by £33 million of funding to help those who are encountering difficulties.

We are determined to do all that we can to mitigate the effects of welfare reform, but the scale of the challenge is literally enormous. Welfare reform will remove an estimated £4.5 billion from the Scottish economy over the five years to 2015, and the chancellor has announced further welfare cuts over 2016-17 and 2017-18.

**Gavin Brown (Lothian) (Con):** The cabinet secretary has yet again quoted the figure of £4.5 billion. Out of that £4.5 billion, how much has the Scottish Government pledged to reverse were Scotland to become independent?

**John Swinney:** What I am accounting is the damage that has been done to the people of Scotland as a consequence of our continued participation in the United Kingdom. That is the reality that Mr Brown cannot avoid.

We must be clear that we will never be able to mitigate all the damaging effects of welfare reform and that any resources that we deploy for that purpose are at the expense of other services that we could support within our own areas of responsibility. Over the 2013-14 to 2015-16 period, this Government will spend more than £244 million on alleviating the impact of welfare reform. We could have spent those resources on devolved services had they not been required to safeguard vulnerable people in Scotland.

One of the key elements of welfare reform that has been much in focus during the scrutiny of the budget is the bedroom tax, which is an iniquitous and damaging policy. Following its support for the budget at stage 1, I have had constructive discussions with the Labour Party on mitigating the effects of the bedroom tax and have looked carefully at the issue to ensure that we have a robust way to offer further support.

I think that it is now accepted across the chamber that discretionary housing payments are the only measure that is available to provide money directly to tenants and prevent them from risking rent arrears and entering indebtedness, which has significant and wider implications. As members know, our ability to resource discretionary housing payments is limited by the cap that the Department for Work and Pensions has imposed. On the latest data that are available from the DWP, we are constrained to a legal maximum of £22.85 million, which is an increase from the original proposal of £20 million. I confirm that we are allocating that increased sum in the budget today. That takes the total support that can be provided directly by local authorities to individuals to £38 million. Although that is a significant level of support, it is some £12 million short of the estimated £50 million that is needed to fully mitigate the bedroom tax in Scotland.

The Deputy First Minister wrote to Lord Freud to ask the DWP to remove the cap on the additional funding that we can provide for discretionary housing payments. That is a simple thing for Westminster to do, at absolutely no cost to it, and it could be completed by 1 April.


**Gavin Brown:** Was that the first time that the Scottish Government formally requested the lifting of the cap?

**John Swinney:** The impact of the cap has been discussed at various meetings with the DWP, but the first formal request for the lifting of the cap was made in the letter that we issued to the DWP on Friday. We await an answer from the DWP to that letter. If a positive reply is forthcoming, we will allocate an additional £12 million to assist in mitigating the bedroom tax through discretionary housing payments. However, we are prepared to pursue other approaches in the event that the DWP refuses our request. I give Parliament the assurance today that if the DWP says no, the Scottish Government will put in place a scheme to make the additional £12 million available to social landlords so that we need not see any evictions in Scotland this year as a result solely of the bedroom tax. [Applause.]

Obviously, any scheme will require to be consistent with the complex legal framework that regulates these matters. That is not easy, notwithstanding comments made by the Chief Secretary to the Treasury and his colleague the Parliamentary Under-Secretary of State for Scotland. The Scottish Government must ensure, as David Mundell acknowledged yesterday, that our actions are subject to the clearly set out constraints of the Scotland Act 1998.

However, we are determined to put in place a lawful scheme to assist landlords and provide them with additional funding to fund any shortfall that results from the bedroom tax, so that tenants need not face eviction as a result solely of the bedroom tax. I will fund that through a reduction of £10 million in the budgetary requirements for the rail franchise, following the Office of Rail Regulation’s final determination of the funding required for Network Rail; £3 million of Barnett consequentials; and remaining budget exchange flexibilities.

I want to be clear that none of the funding that I have announced is a solution to the bedroom tax; this is about mitigation and picking up the pieces of Westminster’s iniquitous policy. The only real solution is to scrap the bedroom tax altogether, and this Government believes that the only way to do that is for this Parliament to have full powers over welfare in Scotland. I urge all parties in the Parliament to support the approach that I have outlined today; to support us in pressing the UK Government to lift the cap on discretionary housing payments in order to prevent people from getting into the awful spiral of debt; and to back us in putting in place resources to support the vulnerable. Parliament can take action to pick up the pieces of a policy dreamed up in Westminster that is causing real hardship to the people of Scotland.

I have listened to the views of Parliament and the country in finalising the budget and have worked constructively with all sides of the chamber over the past few weeks to secure its passage. The Scottish Parliament has repeatedly proved its ability to take the important decisions that are needed to improve people’s lives and to reflect our values. The Budget (Scotland) (No 3) Bill demonstrates the benefits to Scotland of decisions being taken in Scotland by those who care most about Scotland. It is a budget that does not simply mitigate the impacts of decisions that are not in our best interests; it also protects household incomes, supports growth and protects high-quality public services because those are the things that we value.

I believe that the Budget (Scotland) (No 3) Bill deserves support from across the chamber, and I commend it to Parliament and the people of Scotland.

I move.

That the Parliament agrees that the Budget (Scotland) (No.3) Bill be passed.

14:53

**Iain Gray (East Lothian) (Lab):** When we last debated the budget, the cabinet secretary, in an exchange with Patrick Harvie, said that “a judgment has to be made as to whether the elements of the budget can be sufficiently considered by individual members and parties to be in the correct balance and therefore worthy of support, despite the fact that not all provisions within the budget may be to their liking.”—[Official Report, 22 January 2014; c 26905.]

It is certainly the case that there are many provisions in this budget that are not to our liking. For a start, it fails to properly fund the Government's council tax freeze, meaning that, yet again, the freeze will be paid for through increased charges and reduced services for those who need them most and through the loss of thousands of local government jobs.

The budget does not reinstate the disproportionate cuts in the further education budget. The 3,500 college places that were announced yesterday, however welcome, hardly compensate for the 140,000 fewer college students in our colleges today.

The budget, wrongly in our view, prioritises the extension of free school meals to better-off—not well-off, but better-off—families over accelerating the provision of childcare to half of Scotland’s two-year-olds. Then there is the £1 billion-worth of anti-poverty programmes that have disappeared since 2007.
It is good, then, that the cabinet secretary is not tempted by the rather juvenile argument that to support a budget is to support its every measure and that to reject it is to reject everything in it. In that spirit, we have seen the budget this year as an opportunity to achieve something that both we and the SNP and, I think, others such as Green colleagues believe to be desirable, and that is simply an end to the impact of the bedroom tax on council and housing association tenants in Scotland. That would be the effect of the Parliament agreeing to the amendment in my name today.

It is worth reflecting on how far we have already come. In September, the draft budget contained no money to alleviate the bedroom tax. The cabinet secretary was adamant that it was a UK Government measure, which it is, and he would not let it off the hook. Of course, it was the 80,000 affected households that were left on the hook of the bedroom tax; in fairness, by October, the Scottish Government had relented and found £20 million in the budget, although that was still short of what is required.

In December, the cabinet secretary argued that social security legislation meant that the sum could not be further increased. When I argued otherwise, I recall the Deputy First Minister heckling me from a sedentary position with the cry, “Where is the money coming from?” The fact is that I always had confidence—more than his Cabinet colleague, it would seem—that Mr Swinney could find the funds to complete the total £50 million package that is required to match the cost of the bedroom tax to Scottish tenants. This week, the same Deputy First Minister popped up in the Daily Record to say that the money was there after all, as Mr Swinney confirmed today, but that the DWP cap must be lifted.

We have always said that there are other legal and legitimate ways to use the money to help the victims of the bedroom tax, so last week we presented to the cabinet secretary a proposal for an additional tenant assistance scheme with two elements, one for local authorities and one for housing associations. The proof that it can work is that it already does, in Renfrewshire Council and East Lothian Housing Association. Both have been checked, either by Audit Scotland or by lawyers, and both, in essence, do the same thing—they write off small amounts of arrears rather than paying tenants, so they do not fall foul of benefits legislation.

John Swinney: Will Iain Gray reflect on which is the more desirable response to the difficulties that individuals face with the bedroom tax? Is it to increase discretionary housing payments to avoid people getting into debt, or to let people fall into debt and then write off their arrears?

Iain Gray: It is clear that it is always better to avoid debt, but the important thing here is that, come what may, we do the thing that we want to do.

The cabinet secretary considered the scheme that was presented to him with understandable caution but with a commendably open mind, and our amendment reflects the discussions that we have had. With thanks to Renfrewshire Council and East Lothian Housing Association for their help, we are almost there. The full £50 million funding is in place, and if the DWP restriction remains, a workable alternative exists. Our amendment endorses that position.

Like Mr Swinney, I want the abolition of the policy rather than the mitigation of its effects. I want the tax to be abolished by a Labour Government next year. I understand that Mr Swinney and his colleagues want it to be abolished in 2016, in an independent Scotland. I think that my way is better, because it will lift the yoke from tenants in London, Manchester, Birmingham and Newcastle, as well as from those in Scotland.

However, to be honest, those who are affected are not too worried about who abolishes the tax. We can decide today that no household in Scotland need pay the bedroom tax and that none should face eviction solely because of it, and we should make that decision.

To achieve that, we must—in the words of the prophet—act justly, love kindness and walk humbly, and we must support the amendment. We should act justly because most victims of the bedroom tax cannot choose to move to a smaller house, as no such houses are available to them. We would act justly because, with full funding, a choice will not need to be made about who to help and who not to help. We would act justly because the protection from eviction will extend to all tenants and not just tenants of councils that have no-evictions policies.

As for kindness, to support the amendment is to reject explicitly the cruelty of an all-too-common rhetoric that suggests that those who are affected by welfare reforms are feckless benefit scroungers who live in palatial accommodation. The truth is that most families who are affected by the bedroom tax are working, that 80 per cent have a family member with a disability and that the spare rooms are needed for carers, medical equipment or children who are spending time with an estranged parent.

I acknowledge that we and the Government will have to walk humbly. The Government will have to set aside the constitutional argument and accept that getting tenants off the hook is more important than leaving Whitehall on it, while we must
acknowledge that, in this at least, the Government has not left Scotland on pause but has acted and done the right thing. Even greater humility will be required if the Tories or Liberal Democrats are to support our amendment, given that it is needed only because of the wrong-headed policy of their Westminster colleagues, but I hope that they will consider it.

Yesterday was a good day for the Parliament. In passing the equal marriage bill, we rose to the singular historic moment and we were the Parliament that we were meant to be—we were shaping a more modern and inclusive Scotland. Today, we can rise above party differences again and do the right thing again—this time, in response not to the historic moment but to the daily, relentless and unfair difficulties and challenges of life that far too many of our fellow citizens face.

We can be the Parliament that we were set up to be again today, by exercising our power to protect our people. To paraphrase Donald Dewar, who is the nearest thing that this place has to a prophet—although I can hear him snorting with derision at the description—we can carry ourselves well again today.

When the budget was introduced, I called it a “don’t rock the boat, do nothing and get through the referendum” budget. If we agree to my amendment, we will have turned it into a “sink the bedroom tax boat to the bottom of the sea” budget. That is something that is worth doing.

I move amendment S4M-08914.1, to insert at end:

“but, in so doing, considers that funds be allocated in the total amount needed to fully mitigate the so-called bedroom tax in Scotland through discretionary housing payments and, if necessary, other schemes administered by local authorities and housing associations to ensure that no tenant need face eviction as a result of the bedroom tax.”

15:03

**Gavin Brown (Lothian) (Con):** When the draft budget was published in September, the media described it the next day as a “Tax blow for Scots business” and “A Budget of Bribes to Break Up the UK” and said, “Swinney’s ‘independence budget’ fails to impress”.

The speech should have been about individual measures, which might not win votes in the short term but which will help the country in the medium and long term. It should have been about individual measures that might help to put growth on a more sustainable footing, because although the data are good at the moment, the underlying data show that we need business investment if we are to maintain the positive news.

The primary focus should have been the economy. Instead, the focus was the one in yesterday’s Scottish Government press release entitled, “Parliament urged to send budget message”, which had the subheading:

“DWP must accept benefit call.”

**Gill Paterson (Clydebank and Milngavie) (SNP):** Hear, hear.

**Gavin Brown:** A member said, “Hear, hear.” The only time that the Scottish Government asked for the cap to be lifted, as the cabinet secretary said today—[Interruption.] I heard a member say, “Nonsense”, but the Scottish Government asked for that only at the tail end of last week—[Interruption.]

The **Deputy Presiding Officer:** Order. Will members please desist from shouting across the chamber?

**Gavin Brown:** Thank you, Presiding Officer.

The Scottish Government asked only at the end of last week, despite the fact that two days earlier the Minister for Housing and Welfare had held a meeting with Lord Freud to discuss welfare reform. Two days earlier, the issue that is so critical, according to the Scottish Government’s narrative today, was not even worth a mention; a letter had to be sent to put the Scottish Government’s point across, with only days to go.

The Scottish Government claimed for months that it was unable to act, clinging desperately to schedule 5 to the Scotland Act 1998 as if it were powerless to do more. Just a week ago, at stage 2 of the Budget (Scotland) (No 3) Bill, the cabinet secretary said in evidence to the Finance Committee:

“the sum of £20 million is a product of what I and the Government believe is the only legal route that we have to act in this area of policy.”—[Official Report, Finance Committee, 29 January 2014; c 3598.]

Seven days later, he says that an alternative scheme is “not easy”. A week ago he was talking about “the only legal route”; today an alternative is “not easy”.

**John Swinney:** The point that I was making to the Finance Committee was that the only legal route whereby we can get money into the hands of tenants without breaching the social security
reservation is the discretionary housing payment route. That point has been absolutely consistent in everything that the Government has said. That cannot be disputed by Mr Brown.

Gavin Brown: We heard today that Renfrewshire Council has decided to take measures. We heard during the week that East Lothian Council has decided to take measures. We heard yesterday, loud and clear, at the Scottish Affairs Committee in the House of Commons, that the Scottish Government has the power to do what it says that it wants to do. Whether it wants to deploy that power quickly or more slowly, as appears to be the case, is a matter for the Scottish Government.

Did the Scottish Government look into redesignation at all? Did it look at giving funds to housing associations and social landlords at all? Did it investigate any alternatives at all over the past 12 months? It appears that councils were able to engage with the United Kingdom Government and be innovative, but the Scottish Government was not able to do that.

Kevin Stewart (Aberdeen Central) (SNP): Would it be better for Mr Brown not to lecture us on the subject but to do the decent thing and abolish the bedroom tax? [Applause.]

Gavin Brown: That got a reaction. I feel a bit like Pete Wishart at Strathallan school. [Interruption.]

The Deputy Presiding Officer: Order, please.

Gavin Brown: Let me be clear. That was not a lecture but a series of important questions, which the Scottish Government needs to answer. There are questions that the Scottish Government could have asked at the beginning of the process but appears to be asking only now.

Iain Gray: In part I agree with Mr Brown. For example, the Deputy First Minister could have written to the DWP much earlier to ask for the cap to be lifted. The point is that she has done that now and an alternative scheme is being agreed between Labour and the SNP. Given that we have reached that stage, should not Mr Brown simply support the amendment and let us progress?

The Deputy Presiding Officer: We are very tight for time this afternoon. I ask for speeches of a maximum of 6 minutes.

15:11

Kenneth Gibson (Cunninghame North) (SNP): At stage 1, I supported a budget that I believed would protect and grow Scotland’s economy, maintain the social contract with Scotland’s people and offer support and assistance, where it can be offered, to those in our society who are most in need. My view has not changed. However, I believe that there are significant additions to the draft budget that will be welcomed across the chamber.

I was particularly pleased by the recent announcement that an additional £13 million will be levered into the college sector, creating 3,500 new full-time places.

The Deputy Presiding Officer: We are very tight for time this afternoon. I ask for speeches of a maximum of 6 minutes.

15:11

Kenneth Gibson: Apologies, Presiding Officer. I am not in the mood for my usual bombastic method of delivery. I am trying to be somewhat more restrained, which is perhaps why some members cannot hear me as well as they usually can. I also have a very sore throat. I apologise to everyone in the chamber.
In my area, that investment will see Ayrshire College secure more than £1.1 million in funding, which will be used to support 300 additional college places and enhance employability activities. That will provide opportunities to work with employers, invest in delivering skills to Ayrshire college graduates and increase employment opportunities in key growth sectors of the Scottish economy, such as renewable energy, engineering, the creative industries and food and drink. It will also build on Scotland’s relatively strong employment figures and will, in particular, drive youth employment.

Although I was unable to touch on the issue in the previous debate, I was also pleased to note the allocation of £77 million of additional business rates relief in order to maintain parity with rates in England and Wales and expand the small business bonus scheme. Given that small and medium-sized enterprises account for 99 per cent of all Scottish businesses and over half of all private sector employment, it is clear that we must continue that vital business support during tough economic times. Indeed, the Federation of Small Businesses warmly welcomed the announcement, stating that the scheme had

“injected Scottish smaller enterprises with working capital at a time when they needed it most”

and that

“the Scottish Government has put these firms on a level playing field with their English and Welsh competitors.”

The Scottish Government is also investing in our young people, with an additional £125 million over three years to support young people towards and into work, including cash for recruitment incentives to help small companies to recruit young people by paying half the wage for the first six months of a new job. The £30 million opportunities for all funding supports our commitment that all 16 to 19-year-olds in Scotland who are not already in work, education or training will be offered a learning or training opportunity, and £5 million supports up to 2,500 young people into opportunities that are linked to major cultural and sporting events. There is also a record number of apprenticeships.

Supporting public services in challenging financial times is vital, and this budget will protect the national health service budget; maintain the council tax reduction scheme; maintain a Scottish living wage for public sector workers for whom the Scottish Government is responsible; continue support for the three change funds, driving a shift to more preventative approaches; and provide £120 million in funding in 2015-16 to assist health and social care integration. The Scottish Government is also on track to deliver 30,000 affordable homes by 2016, of which 20,000 will be for social rent. Over the four years to 2015-16, the Scottish Government will have driven investment in affordable housing to more than £1.35 billion.

The SNP supports free prescriptions, free tuition, concessionary travel and free personal care and the council tax freeze across Scotland continues to put money into people’s pockets.

As far as infrastructure is concerned, £8 billion of investment will take place in Scotland over the next two years.

Last month, a degree of consensus broke out between the two largest parties in the Parliament. Although the debate was, at times, heated and plenty of differences remain, it was refreshing to see the Labour Party and the Scottish Government working together to reach what seems to be a point of agreement on at least one aspect of the welfare reforms that are being imposed on Scotland by the Tory-Liberal coalition at Westminster.

The bedroom tax represents all that is wrong with the welfare reforms that have been haphazardly enforced by the coalition. Those reforms have been idealistically driven, with little or no thought being given to the people affected. Westminster’s solution—that people should somehow just find smaller accommodation—is entirely compassionless, capricious and impractical.

There can be no doubt that the bedroom tax is one of the most unpopular, iniquitous and idiotic policy decisions that has been taken by a UK Government since the poll tax. As it stands, some 76,000 Scots, including more than 12,000 children, are suffering as a result of the bedroom tax, and 80 per cent of the households that are affected contain at least one disabled adult.

It is also clear that Scotland is being disproportionately hit by the policy. Recent freedom of information requests by the Trades Union Congress’s false economy campaign show that Scottish councils have among the highest proportion of tenants—

Neil Findlay (Lothian) (Lab): While the member is on the bedroom tax, will he take the opportunity to commend the innovative use of the member’s bill process by Jackie Baillie, which forced the issue up the agenda?

Kenneth Gibson: Most important, I would like to commend the Scottish Government for working with other parties to find a proper solution.

Labour support for the budget will send a strong, united message to Westminster that the Scottish Parliament and the people of Scotland do not accept the bedroom tax.

As the Daily Record editorial pointed out yesterday, the UK Minister for Welfare Reform
"could have lifted the discretionary housing payments cap with the stroke of a pen."

That would have been the easiest solution and brought immediate relief to the thousands of Scots plunged into poverty.

This Parliament has had to pick up the pieces and find money from its devolved budget to cover the costs of a reserved matter. That again demonstrates how out of touch Westminster is and surely adds weight to the argument that such matters are best placed and would be better managed in the hands of a Scottish Parliament that works with the interests of the Scottish people at heart.

The budget gives us the opportunity to vote to stimulate growth in our economy, to create and protect jobs, to deliver free school meals for pupils in primaries 1 to 3 and expand childcare, to offer opportunities to our young people and to help those who need it most. In areas in which we have control over the economy, we can do things better and more effectively for Scotland. Westminster’s failed austerity agenda is holding Scotland back, but with independence we can bring about lasting growth and make Scotland fairer.

I ask members to support the budget.

The Deputy Presiding Officer: I reiterate that speeches should be of a maximum of six minutes.

15:17

Jackie Baillie (Dumbarton) (Lab): I welcome the opportunity to speak in the debate. Unsurprisingly, I will focus my remarks solely on the bedroom tax.

I say at the outset how much I welcome the position that the Scottish Government has now taken on the bedroom tax. In particular, I single out for praise John Swinney, whose approach to the negotiations has been positive. I very much welcome our discussions. I look forward to continuing to work with him in the future and would welcome confirmation from him that I will be involved in the discussions on shaping the mechanism that will be used, as we previously discussed.

Let us be clear: by voting for the budget today, we will, in effect, bring an end to the bedroom tax in Scotland. I can find very few people who believe that the bedroom tax is anything other than a vile and iniquitous piece of legislation. It affects almost 80,000 people in Scotland, at least 80 per cent of whom are disabled, and the majority of whom are on low fixed incomes. [Interruption.]

The Deputy Presiding Officer: Order. If members do not wish to listen to the debate, they are free to leave the chamber, but I ask members who are in the chamber to please cease their conversations and listen to the debate.

Jackie Baillie: Thank you, Presiding Officer.

I think that we all agree that the policy itself is completely wrong-headed. You do not use a blunt policy instrument such as the bedroom tax, which charges people simply for having a spare room, to fix a problem in housing supply. Indeed, it is estimated that some 60,000 people would need to move house to avoid the bedroom tax but that only around 20,000 one-bedroom properties were available for let last year. The fact that the policy just does not add up demonstrates that it has more to do with Tory ideology than any evidence base.

Labour has been very clear throughout the debate: we oppose the bedroom tax. We voted against it and we will abolish it if we are elected in 2015. I acknowledge that the SNP is also committed to the tax’s abolition in the event of independence, but in both those cases we are asking people to wait, to cope with having to pay extra for their housing while they are on fixed and low incomes, and to deal with the stress that that causes.

John Swinney said in a previous debate that he did not want to let Westminster off the hook, but I am sure that he would also agree that some of our poorest people should not be left on the hook to prove a political point.

This is so much more important than a debate about the constitution. This is about the Parliament using powers to protect people. It is exactly at times like these that the Parliament should fulfil that purpose. The 80,000 tenants in Scotland hit by the bedroom tax cannot afford to wait until the votes are counted in the referendum or, for that matter, the general election. We can and should act now.

In January this year, I gained sufficient support to introduce a bill to protect people from evictions as a result of the bedroom tax. With one brave exception, Scottish National Party members did not rush to sign it, but it certainly served its purpose by concentrating the minds of ministers. My only disappointment is that it has taken so long to do so. For more than a year, Labour has been calling for the Scottish Government to fully mitigate the bedroom tax. We stood shoulder to shoulder with campaigners throughout Scotland. We have marched together across cities in Scotland and our activists have taken to the streets with petitions, taking the campaign to local neighbourhoods.

In March 2013, Govan Law Centre lodged a petition in this Parliament calling for no evictions as a result of bedroom tax arrears. It would be fair to say that the petition was not met with universal
acclaim from the SNP; indeed SNP back benchers were lined up to condemn it.

In October 2013, the no2bedroomtax campaign lodged a petition calling for £50 million to mitigate the bedroom tax in Scotland. Again, that was not met by universal acclaim from the SNP and, again, SNP back benchers were lined up to condemn it.

It is not a matter of cost: £50 million is a tiny drop in the ocean of the Scottish Government’s budget. Under pressure from Labour and civic Scotland, John Swinney added a very welcome £20 million to discretionary housing payments, claiming that that was all he had the power to do. However, we now know that that is not the case. We provided clear evidence of two successful schemes that are operating in Scotland. First, we had Renfrewshire Council’s tenant assistance fund, which was helpfully considered positively by Audit Scotland. A similar fund operates in East Lothian Housing Association. Both are perfectly legal. Existing housing legislation can be used to deliver.

There are other routes, too, that the Scottish Government can take that are within its powers. That was confirmed by Danny Alexander and David Mundell, both UK Government ministers.

The money pledged by the finance minister today to end the bedroom tax in Scotland is absolutely and unreservedly welcome. It removes the need for any social landlord to take eviction proceedings against tenants due to bedroom tax arrears. Despite the 11th-hour letter to Lord Freud asking for the cap to be lifted, John Swinney has recognised that there is action that he can take. I very much welcome that.

I will borrow a phrase from the First Minister—not someone I often quote. He is fond of saying, “Let me say, as gently as I can”; usually, he is talking to Jackie Baillie. On this occasion, let me say as gently as I can to Nicola Sturgeon that the letter could have been written at any point in the past year, but it was not. Margaret Burgess could have raised it with Lord Freud when she met him the other week, but she did not. It was a straw man—a fig leaf—designed to give some cover to a spectacular U-turn by the SNP. The people of Scotland expect us to work together in their interests and not to engage in political posturing with the UK Government.

I welcome that U-turn by the SNP. It is a strength of a Government, not a weakness, to listen and then to act, and to admit when it is wrong. Today, we can vote in effect to end the bedroom tax in Scotland. It is absolutely the right thing to do.

The Deputy Presiding Officer: I advise the chamber once more that speeches should be a maximum of six minutes. The previous two members went over their time. If members go over their time, they will either have to be stopped or other members will have to drop out of the debate.

15:24

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): I hold strongly to what seems to have become a rather unpopular concept, which is that every individual, of any age, ethnic or religious background, sexuality or gender, is entitled to be treated fairly and equally. Rabbie Burns espoused that idea profoundly, writing,

“That Man to Man, the warld o’er, Shall brothers”—

and sisters, if I may add in my own wee bit—

“be for a’ that.”

Although the issues have become unfashionable in Westminster, fairness and equality remain deeply embedded in the Scottish psyche. The failed austerity agenda is holding Scotland back.

This budget is proof that decisions about Scotland are best taken by the people who live here. Our commitment to delivering free school meals for all children in primaries 1 to 3, and our transformational childcare policy, show where this Scottish Government’s priorities are. Our priorities are not those of the Westminster Tories.

What has gone wrong? Why is it that the children of Scotland whom we were pulling out of poverty are again being condemned to it? Why is this Scottish Government, committed as it is to providing universal benefits and a decent living wage, being forced to follow an alien inequality agenda? The Scottish Parliament’s Welfare Reform Committee recently received an independent study that was undertaken by the centre for regional economic and social research at Sheffield Hallam University. Its findings warned that welfare reforms alone will take more than £1.6 billion a year out of the Scottish economy. That equates to around £480 a year for every adult of working age in Scotland. In Glasgow, the amount rises to £650 a year. Down south, in Tory constituencies such as Hampshire and Berkshire, the impact falls to about £200 a year. That might be good for David Cameron’s voters but it does not follow my idea of fairness and certainly does not follow this Government’s idea of equality. The gap between rich and poor is increasing on a UK-wide basis. Only with independence can we really set about changing that in Scotland.

As is inevitably the case under the coalition Government’s misnamed welfare reforms, it is the most vulnerable who suffer. That means, especially, the women and children, older people
and those with disabilities of any kind. People are considered to be living in poverty if they live in households with less than 60 per cent of the median household income. That is the key measure that is used by the UK and Scottish Governments, and by the European Union. Using that measure, and after housing costs are taken into account, the Child Poverty Action Group in Scotland found in 2012 that 910,000 people here still live in poverty. That is 18 per cent of our population. It means that 220,000 Scottish children—21 per cent of all our children—live in poverty.

Real progress was being made in reducing those figures until the UK coalition Government’s tax and benefit policies started coming into the picture. CPAG now warns that

“there will be massive rises in child poverty in the coming years. In Scotland alone, forecast trends would suggest between 50,000 and 100,000 more children being pushed into poverty by 2020.”

In countries such as Denmark and Norway, fewer than 10 per cent of children live in poverty. Although that figure is alarming, it is much less so than the current UK figures.

The Scottish Government is determined to change the situation but, without the powers to make our own welfare policies, we can only try to mitigate the disasters of the bedroom tax and cuts in child benefit. The virtual elimination of the disability living allowance and the introduction of the so-called personal independence allowance will make the poverty picture far grimmer over the next months—far grimmer for a friend of mine who suffers from motor neurone disease and has been told by Atos that he is fit for work.

Of course, poverty impacts on health and mental wellbeing. It pushes people out of the workforce and stops them from becoming economically active. That has a negative impact on the more general condition of the Scottish economy. People with no money cannot spend it, which means that they cannot contribute to the growth of the nation. Contrary to the George Osborne school of economic theory, Government commitments and policy actions that boost pensions, benefits, tax credits and wages, and the removal of some of the barriers to work, have had a positive impact in Scotland. Cutting back on benefits will not contribute to a healthier economic environment. Mr Osborne’s approach is, indeed, a false economy.

This Government’s commitment to a living wage; to free school meals up to primary 3; to the energy assistance package; to improved access to debt solutions; and to investment in new council housing are all important moves forward. However, we cannot move as far forward as we would like without independence. Progress on child poverty is stalling, not because of the Scottish Government’s policies, but because of the welfare policies that have been inflicted on us by Westminster. We stand not only to lose the gains that have been made so far but to see a reversal in the progress that has been made. That is a travesty.

Westminster political campaigners have revived moral scapegoating, painting sizeable elements of Scottish society as broken. The language of worklessness has become commonplace, bundling together a range of reasons why people are not in paid work, including disability, ill health and caring responsibilities. That oversimplification has led to increasingly punitive welfare policies and an increase in the risk of people falling into poverty.

We are not, and will not be, the broken society of the Tory mindset. We will preserve and protect our fundamental values of care, compassion, equality and fairness and we will do it in an independent Scotland—a Scotland of the commonweal, where all of us are first.

15:30

James Kelly (Rutherglen) (Lab): I welcome the opportunity to take part in the budget debate. Understandably, much of the discussion in the initial exchanges centred on the bedroom tax. If being in politics and in Parliament is about making a difference, the agreement that has been reached between the Scottish Government and the Labour Party on that issue is crucial.

There is no doubt that, as members have said, the bedroom tax—a measure that unfairly affects nearly 80,000 people in Scotland—is something on which we should come together and act. I welcome the fact that the Government has engaged positively on the issue. We have moved significantly since the draft budget was published in September, when there was no money to mitigate the effects of the bedroom tax. The Government has listened to the strong voices of not only Iain Gray and Jackie Baillie but organisations such as Shelter Scotland. That is important, because such organisations speak from the ground and from communities. It is important that the Parliament takes such views on board.

It is also important to recognise that, despite the agreement on the bedroom tax, the passing of the budget will not wipe out some of the issues in our constituencies. There are schools in my constituency that cannot afford to print out the homework for the pupils. I recently visited a sheltered housing complex that was no longer able to continue with its overnight sleeper, which caused a lot of anxiety to pensioners in the complex. I am frequently visited by constituents
who stay in overcrowded accommodation and struggle to get alternative housing because of the growing waiting lists. It is important not to lose track of the issues on the ground.

There is no doubt that, with the £30 billion that it has at its disposal in the Scottish budget, the Government can make an impact on the economy. One way in which it can do that is to invest in capital projects. However, it is important that those projects are properly managed and that the investment makes a difference in the economy.

Recently, an announcement was made on the M8-M73-M74 interchange project. Although it is welcome that some progress is being made in that project, the progress on improving transport in that area and making a contribution to the economy in the west of Scotland has been far too slow.

Another example is the Edinburgh to Glasgow improvement programme—EGIP—on which the Minister for Transport and Veterans made an announcement only this week. The reality is that the ground has continued to shift on that project. There were cuts of £350 million last year and now the cost has increased by £93 million. The lack of clarity on phase 2 of the project and the criticism that Audit Scotland made of the management of the project are matters of concern.

John Mason (Glasgow Shettleston) (SNP): Does James Kelly agree that the innovative solution of extending the platforms at Queen Street station so that we do not need so many trains or such fancy signalling should be better for the environment and is a win all round?

James Kelly: The Government is yet to flush out all the detail of what is happening at Queen Street and what is happening with regard to the rest of the programme. We all want to see work being done on the projects, but it is important that we see the detail of that work because of how the projects have been managed—Audit Scotland criticised the lack of transparency around the five key infrastructure projects. If the projects are not managed properly and if people do not ensure that the key details are followed through, we will not see the economic benefits. We are talking about billions of pounds of public money; we have to make the best use of that investment.

It is important that the SNP Government treats Parliament properly and with respect. Back in October, the Government announced its intention to take Prestwick airport into public ownership—an intention that Labour supported. That was followed by the purchase of the airport in November. However, it took until yesterday for Parliament to get an update on the business case and the budget implications: £3 million of working capital had to be injected; £2 million was needed to refurbish the airport; and £1 million was needed to carry through due diligence. That is £6 million in total. However, I did not hear anything from John Swinney on the budgetary implications of that. We should not have to wait four months to hear about what is happening with such an important project, which has implications for the Scottish budget and for the Scottish economy.

It is important that the budget is passed today, but it is also important that the Government takes a hands-on approach to the issues that are affecting many of our constituents.

15:36

George Adam (Paisley) (SNP): The budget is proof, if any were needed, that decisions about Scotland are best taken by the people who care most about Scotland—the people who live here and their representatives. Westminster’s failed austerity agenda is holding Scotland back. The Parliament needs further powers to bring about the lasting growth and to create the future that we all want in Scotland. To take that next step—that next leap—the Parliament needs to gain further powers.

As the cabinet secretary has already stated, the budget will support economic recovery, creating jobs and opportunities for the people of Scotland. There has been a lot of talk about the bedroom tax, but I want to talk about education.

Hugh Henry (Renfrewshire South) (Lab): Notwithstanding our differences on the constitutional future, will you join me to praise the work of Renfrewshire Council and its innovative approach to helping tenants through its hardship fund?

George Adam: What I will do, Mr Henry, is praise the work of the Parliament and praise the parties for working together to represent the people of Scotland and find a solution to the bedroom tax at this stage.

I return to the issues that I was going to discuss. There is the important fact that the Government will deliver free school meals to all primary 1 to primary 3 children and expand childcare. The Government will spend £55 million over two years to expand the provision of free school meals. It will spend £59 million over two years to provide additional childcare places, taking the total additional funding for childcare to about £250 million over two years.

From August 2014, all two-year-olds in workless households will be entitled to 600 hours of free nursery education. That will benefit 8,400 children—15 per cent of all two-year-olds. From August 2015, that entitlement will be extended to two-year-olds from the hardest pressed families who are in receipt of a range of benefits. That will...
benefit 15,400 children—27 per cent of all two-year-olds. That is about making a difference in people’s lives and the budget shows that the Scottish Government is achieving that.

From January 2015, all children in P1 to P3 will be entitled to free school meals, which will save families at least £330 per child per year. The childcare commitment means that from August 2015, Scotland will be delivering more than 80 million hours of free childcare for two, three and four-year-olds every single year. That is 6.5 per cent more hours than if we had implemented the English system.

However, to get to the next level—to make that leap to move Scotland forward—we can transform childcare only with independence. An SNP Government in an independent Scotland will introduce a universal system of high-quality learning and childcare for children from the age of one. The “Scotland’s Future” document sets out on page 194 how we will transform childcare.

By the end of our budget, we will be providing 600 hours of childcare for approximately half of Scotland’s two-year-olds. Those whose parents receive working tax credits or child tax credits will benefit. By the end of the first session of Parliament, we will ensure that all three and four-year-olds and vulnerable two-year-olds will be entitled to 1,140 hours of childcare, which is the same number of hours that children currently spend at primary school. By the end of the second session of Parliament, we will ensure that all children from the age of one to school age will be entitled to the same number of hours of childcare per year.

I mentioned earlier that the budget will support economic recovery and create jobs and opportunities for the people of Scotland. The Scottish Government is already investing in our young people—indeed, Scotland is the only country in the EU to have a dedicated Minister for Youth Employment. Since December 2011, Angela Constance has been in charge of that portfolio and the youth unemployment rate has fallen from approximately 25.4 per cent—approximately 113,000 young people—to 19.6 per cent, or 79,000 young people, which can be compared with a rate of 20.4 per cent in the UK overall.

The Scottish Government has invested an additional £125 million from 2012 to 2014-15 to support young people towards and into work. There is £88 million, including £25 million in cash, for recruitment incentives to help small companies to recruit young people by paying half their wage for the first six months of a new job. There is £30 million of funding for the opportunities for all programme to support our commitment that all 16 to 19-year-olds in Scotland who are not already in work, education or training will be offered a learning or training opportunity. There is also £5 million to support up to 2,500 young people into opportunities that are linked to major cultural and sporting events.

I welcome all those commitments from the Scottish Government and the cabinet secretary, but we must look at other ways to ensure that Scotland can take the next step to make a difference. I do not doubt for a minute that every one of us in the chamber has the best interests of our constituents and the people of Scotland at heart, but we must look at how we deal with the challenges ahead. I believe that independence offers us a future for our children and young people; in my view, that is the most important element, given my motivation as a parent and as an elected representative for the people in my constituency.

I welcome the budget, which focuses on and helps towards Scotland’s future, but I look forward to future budgets when we will sit in the Parliament of an independent country and talk about Scotland’s future.

The Deputy Presiding Officer: Before we move on, I remind members that they should speak through the chair and that they should not turn their backs on the Presiding Officer.

15:42

Willie Rennie (Mid Scotland and Fife) (LD): Today is a good day for young children, as the budget gives us a chance to change their fortunes and enable them to reach their potential. There will be a partnership between parents and the Parliament, and I thank John Swinney for the work that he has done with me to achieve a really good outcome.

We underestimate the ability and potential of young children, and we should remember what the nursery education provision will do. There are three primary reasons why we want to increase nursery education for two-year-olds. First, it supplements the excellent work that is undertaken by parents. We should not underestimate the role of parents or undervalue their contribution to their child’s upbringing.

Secondly, it is a route out of poverty. I believe, as a liberal, that education is the route out of poverty, and the way to tackle the inequality that we see every day in our communities but are desperate to change. It gives children the crucial extra support that they need.

James Heckman, whom I have mentioned to John Swinney previously, said that the best investment that we can make in education is before the age of three. The former chief medical
officer has talked about brain development and how the relationships between a child and their family and community are crucial at the earliest stages. It is clear that making that investment is essential.

Finally, the increased provision gives parents the opportunity to get back to work. It is only a small number of hours every week, but the extra step back into the workplace will boost their income and employment. Ultimately, work is good, and we should encourage it.

So, there are three excellent reasons why we should support the increased provision of nursery education. I am slightly disappointed that it has taken so long to get there, and I hope that fewer barriers are put up next time round. First, we were told that the policy would not work in England; then we were told that we had family nurse partnerships, which were the equivalent, so we did not need to increase provision; then we were told that we could do it only through independence; and then there was no money. We have managed to knock down each barrier. I thank John Swinney for overcoming each of them and for making the decision.

That would not have happened without the persistence of members such as Malcolm Chisholm and Bob Doris, who is obviously too embarrassed to be here today to have more praise heaped on him by me. Some members have been persistent on the policy since before it was the popular thing to do. I commend the work that they have undertaken.

Before Christmas, I wrote to John Swinney with five reasonable recommendations and costed proposals on the budget. I have written similar letters in every budget process since I became a member of the Parliament. The first of our proposals was on nursery education, and I am delighted that we have made progress on that. The second was on free school meals, a policy that was announced by Nick Clegg in Glasgow last autumn and which is now being delivered throughout the United Kingdom. On social housing, we suggested an innovative way of using the financial transactions money, and I hope to have further discussions with John Swinney as we progress on that. Colleges have been hit significantly by reductions in spending, so the extra £3.5 million for nursery staff support and development is welcome. We have also had good and constructive discussions with John Swinney on Shetland’s housing debt and the unique circumstances in which Shetland finds itself on that.

On all five areas, significant progress has been made and there has been constructive engagement with John Swinney, which leads the Lib Dem group to believe that we can support the budget at decision time tonight. The budget is not the one that we would deliver if we miraculously changed from a group of five members to a majority group in the Parliament, but it is good enough for us to support. As John Swinney knows, we would make radical changes to Scottish Water to release funds to invest in regional development banks, broadband, energy conservation, science and infrastructure. We think that that would be a big investment in the economy and would create 100,000 jobs. Nevertheless, we recognise the position that we are in.

We recognise the engagement by John Swinney and the improvements that have been made on all five areas that we raised. I am pleased that John Swinney has invited me to be part of the implementation of the nursery education roll-out for two-year-olds. I will work constructively with Aileen Campbell and her officials to ensure that we implement the policy effectively.

The budget is good enough because John Swinney engaged in the process. It is worth noting, as John Swinney did, the progress on the economy. Growth is up, unemployment is down and employment is up, with 130,000 extra jobs in Scotland and 1.4 million more across the UK. Many members who said that the UK coalition’s plan would not work are now keen to say that it was their plan all along. Much more needs to be done, however, and we cannot be complacent. We need to continue to make progress on recruiting more people into companies in Scotland. However, today’s budget is a step in the right direction on nursery education, school meals, social housing, college funding and Shetland’s housing debt.

15:48

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Just last week, the Welfare Reform Committee, of which I am the deputy convener, published its interim report on the bedroom tax. The committee found that the bedroom tax is “iniquitous and inhumane and may well breach tenants’ human rights”

and is

“having a real and harmful impact on people’s lives, and often the most vulnerable in society—those with disabilities, children in separated families etc.”

The report continued:

“Many people are ‘trapped’ into paying the ‘bedroom tax’ in that there are not enough one bedroom properties available to down-size to.”

The committee feels that the solution is for the UK Government to immediately abolish the tax but that, if it does not do so, the Scottish Parliament “should be given the powers and resources to abolish it.”
All members of the committee, except Alex Johnstone, supported that view.

I believe in that position: it would allow us to get rid of the iniquitous bedroom tax. Short of that, it is incumbent on all of us to do what we can to help those who are on the sharp end of the bedroom tax. Of course, the Scottish Government topped up discretionary housing payments to the full amount last year and it is committed to doing so in the coming year. The Finance Committee and the Welfare Reform Committee in their budget scrutiny welcomed that funding, which was also welcomed by others outside of this place.

Linda Fabiani (East Kilbride) (SNP): Will Jamie Hepburn give way?

Jamie Hepburn: Indeed.

Linda Fabiani: I should perhaps state my position as a fellow of the Chartered Institute of Housing and a former housing association director. Jamie Hepburn has been talking about the discussions that we have been having. If the DWP does not agree to respect any decision that this Parliament makes on discretionary housing payments and we move to debt write-off, I have a concern about the legalities of that in terms of the constitutions, rules and governance of housing associations. I refer not to the larger associations that Jackie Baillie spoke about, but to small, community-based ones—

The Deputy Presiding Officer: Can you hurry along, please?

Linda Fabiani: Yes.

Such housing associations are often run by voluntary committee members. Does Jamie Hepburn agree that we need clarification on the legalities from both Jenny Marra and the cabinet secretary when they sum up?

Jamie Hepburn: I agree that that is an area of concern, which runs into the issue of the limitations of the Scottish Government and this Parliament to act more generally. There are issues for housing associations as well.

I welcome the £15 million, on top of the money that was announced previously, that has been identified as a mechanism to mitigate the bedroom tax. It is right to direct that to discretionary housing payments, because how we direct resources to mitigate the bedroom tax comes up against the limitations of the powers of this Parliament: the reservations of the Scotland Act 1998 in relation to social security payments. DHPs are the clear, obvious way to direct resources for this effort.

Discretionary housing payments are a way to get money into the pockets of those who need it. It is preferable to do that, rather than write off debt, because that would prevent people from getting into debt in the first place. We have seen great demand for DHPs in many parts of Scotland. In North Lanarkshire, where my constituency is located—as, indeed, is yours, Presiding Officer—there was an increase of 881.52 per cent in DHPs awarded in April to November last year compared to the equivalent period in the previous year. That is a staggering increase.

It is right that we direct additional resources to discretionary housing payments, but that runs up against another limitation that we have: local authorities can top up discretionary housing benefits only to no more than 2.5 times the DWP allocation that they have received. That cap comes from a statutory instrument made under section 70 of the Child Support, Pensions and Social Security Act 2000. We need the DWP to agree to lift that cap.

I believe that the DWP should have committed more to DHPs in the first place. We know that despite the fact that Scotland has 20,000 more households that are affected by the bedroom tax than London has, the DHP allocation for Scotland for this coming year is £35 million less than the allocation for London.

The Scottish Government has identified additional funding. UK ministers have said—Gavin Brown referred to this obliquely—that the Scottish Government can spend its resources as it sees fit. An increase in DHP funding is what the Scottish Government has identified as the best way to spend its resources, and it will not cost the UK Government an additional brass farthing. Any opposition to that could only be born of spite.

When we vote on the budget this evening, this Parliament should send a clear and unambiguous message to Iain Duncan Smith—who continues to be too afraid to appear in public session at our Parliament’s Welfare Reform Committee—that we support the method that the Scottish Government identified to further mitigate his bedroom tax.

Scotland suffers in the welfare reform process in ways other than the bedroom tax, as the cabinet secretary said. Some £4.5 billion is being removed over five years, and after welfare reform is fully in place £2 billion will be removed per annum. That is why I welcome the range of measures that the Scottish Government has taken. Some £244 million has been committed over a three-year period and there is now an additional £15 million. That is a fantastic commitment by a devolved Administration to do what it can to mitigate the effects of an iniquitous welfare reform process.

That is why I supported previous Scottish Government budgets and why I will support this Scottish Government budget. I look forward to the day when we see Scottish Government budgets that do not just mitigate the welfare reform process.
but put in place a decent and fair social security system for people here in Scotland.

15:55

Murdo Fraser (Mid Scotland and Fife) (Con): Throughout the budget process, the Scottish Conservatives have made it clear that our priority is the Scottish economy, and we have said from the outset that we would test the Scottish Government’s budget on whether it prioritised economic recovery. To my regret, it does not.

As Willie Rennie said, there is good news about economic recovery; growth is up and unemployment is down. Just two weeks ago, the International Monetary Fund raised the forecast for UK growth in 2014 from 1.9 to 2.4 per cent, and other estimates suggest that in the coming years the UK economy will be the fastest growing in the developed world.

However, the recovery is still fragile, and the Government needs to put in all the support it can. In recent years, Scottish businesses have benefited from a competitive advantage, partly because of the small business bonus, which the Scottish Conservatives supported. However, other steps that the SNP has taken have not been so helpful. For example, the retail levy was bad news for business; it deterred investment and might well have cost jobs. The good news is that Mr Swinney has indicated that he will scrap it, although it is a pity that he could not act sooner. He has also missed the opportunity to introduce the retail bonus that is coming in south of the border. He could have chosen such measures in order to prioritise economic recovery.

Instead, the SNP has chosen not to boost the economy, but to put the money into welfare. It is putting more money into local councils’ discretionary housing budgets, despite the fact that councils across Scotland are already unable to spend the very large sums that they have been given.

I will take my own—and Mr Swinney’s—local authority, Perth and Kinross Council, as an example. I understand that as of January only 14 per cent of its total £1.3 million DHP budget for the current financial year had been spent and that it is likely that a very substantial sum will have to be returned to the Scottish Government at the end of the financial year. That pattern is being repeated across Scotland. There is no evidence that there is a huge level of demand for discretionary housing payments resulting from the spare-room subsidy.

Iain Gray: What action has Mr Fraser taken with Perth and Kinross Council to ensure that it is doing everything in its power to ensure that everyone who needs and is entitled to DHP support receives it?

Murdo Fraser: The question for Mr Gray—in his new alliance with the SNP—is this: why is pouring money into an already undersubscribed budget a priority? Indeed, why is the issue a priority at all? Why have the SNP and the Labour Party deemed that putting more money into supporting people who are underoccupying properties is their top priority in this budget? What about the people who are—as James Kelly fairly asked—living in overcrowded accommodation? Why are they not getting the same priority? My fear is that the budget is more about political opportunism and beating the UK coalition Government with a big stick than it is about any serious attempt to take practical steps to produce a budget that is in Scotland’s best interests.

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): Will Murdo Fraser give way?

Murdo Fraser: No. I need to make progress.

Members from around the chamber will object to being accused of opportunism, but I think that it is worth considering just for a moment the stance that both parties have taken in the past on the question of an underoccupancy charge. When it was in power at Westminster, the Labour Party introduced as part of the Welfare Reform Act 2007 the local housing allowance, which was an underoccupancy charge for people who were living in private rented accommodation.

Jackie Baillie: Will Murdo Fraser give way?

Murdo Fraser: I need to make progress. I will give way later, if I have time.

The measure was steered through the House of Commons by Jackie Baillie’s friend, the then Minister for Employment and Welfare Reform, Mr Jim Murphy. I read Hansard with great interest to see how many times Labour members described the current underoccupancy charge as “ingenuous” or “draconian” but, bizarrely, not once did either of those words appear. In fact, the legislation was unanimously supported by the Labour Party, which today seems to be remarkably incensed at the current coalition Government introducing more or less exactly the same measure for people in social rented housing. This is more about political point-scoring than it is about taking any stance of great principle.

It is not just Labour that is guilty here.

Ken Macintosh (Eastwood) (Lab): Will Murdo Fraser give way?

Murdo Fraser: I am just about to turn to the SNP, so Mr Macintosh might enjoy this.

Where was the opposition from the SNP members at Westminster? Where were the speeches against the underoccupancy charge?
Where was the outrage? Where were the denunciations? There was none. Not a single SNP member in the House of Commons raised so much as a murmur in opposition, and when it came to the vote, not a single SNP member could even be bothered to turn up, never mind to vote against the measure. Who were the guilty men? Let me name them. They were Mike Weir, Stewart Hosie, Angus MacNeil, Angus Robertson, Pete Wishart and—yes—Alex Salmond. So the man who is the leader of the SNP and First Minister and who regularly denounces the underoccupancy charge as an outrageous measure did and said nothing when a similar proposal was introduced for the private rented sector.

Fergus Ewing: Will Murdo Fraser give way?

The Deputy Presiding Officer (John Scott):

Murdo Fraser: Mr Ewing can take time to apologise later. I am sure that the Presiding Officer will make that available to him.

When SNP members denounce the iniquity of the underoccupancy charge—we have heard plenty of that this afternoon, and we will hear more of it—they should be embarrassed by the behaviour of their SNP colleagues at Westminster, including their own First Minister. Any reasonable person would conclude that the SNP’s stance is no more than posturing, pure opportunism and rank hypocrisy. It is about scoring political points rather than taking any stance that is based on principle.

In conclusion, the budget sets the wrong priorities for Scotland. It fails to put the economy first. It is all about politics, and it exposes the double standards that are at the hearts of both the Labour Party and the SNP Government. For all those reasons, members should reject it.

Fergus Ewing: Will Murdo Fraser give way?

The Deputy Presiding Officer: Jim Eadie has up to six minutes. We are very tight for time.

16:01

Jim Eadie (Edinburgh Southern) (SNP): I welcome the opportunity to speak in the debate and welcome the range of measures that the cabinet secretary has set out.

The budget has, at its heart, the ambition to provide the investment that Scotland requires to power economic recovery, to create and sustain employment, and to support the transition to a low-carbon economy. It puts in place the measures and funds that are required to protect the most vulnerable people in Scotland from the impact of the UK Government’s austerity programme and from the dismantling of the welfare state on which the UK Government is embarked.

I agree with Iain Gray, who said that he “always had confidence” in the cabinet secretary. I, too, have confidence in the cabinet secretary, who is to be commended on delivering a balanced budget in the face of the 11 per cent reduction in the fiscal DEL over a five-year period. The reduction in capital investment has been even greater.

It is unfortunate that the Chancellor of the Exchequer is determined to pursue at any cost his failed austerity agenda. Murdo Fraser said that the recovery is “fragile”. That is an understatement; it is now forecast that, over the period to 2015, the UK economy will be 5.9 per cent smaller, with borrowing £197 billion higher, than it was when the chancellor first set out his spending plans in 2010. Those policies are not made in Scotland, nor are they benefiting the people of Scotland.

Jackie Baillie made a characteristically robust and uncompromising contribution on the bedroom tax. Let me say in the new spirit of consensus that I completely agree with her on the bedroom tax. She said that the iniquity of that tax is impacting on 80,000 people across Scotland, eight in 10 of whom receive disability benefits and many of whom are on fixed incomes. They are having to pay the price of Westminster’s austerity programme.

We have to reflect on the fact that the bedroom tax is a policy that was made in London to address a problem that does not exist outwith London. Despite Scotland’s having 20,000 more households being affected by the bedroom tax than London has, the Department for Work and Pensions allocation for Scotland in 2014-15 is £35 million less than the allocation for London. That tells us that the solution actually addresses the problem of overheating in the rental market in London and the south-east of England.

I welcome the agreement between the Scottish Government and the Labour Party, and hope that we can apply pressure that will be successful in lifting the limit on discretionary housing payments in order that we can address what the Welfare Reform Committee described as the “iniquitous and inhumane” bedroom tax. However, whatever the outcome of the Deputy First Minister’s appeal to Lord Freud, the fact remains that we can only mitigate the impact of the bedroom tax; we cannot abolish it without the powers to do so.

The Scottish Government has long argued that Westminster cuts are a roadblock to economic recovery, but only last month, Chancellor George Osborne pledged £12 billion of further cuts to welfare spending after the next general election. That is the real threat that the people of Scotland face, which we must address in the coming referendum. We have to contrast that threat with the opportunity that independence will provide, which was brought into sharp focus by the
analysis published this week by the Financial Times that said that

"the Scottish economy would rank among the top 50 in the world by size of GDP, and would be relatively wealthy, richer than the rest of the UK and in the top 20 countries globally in terms of GDP per head".

Independence will provide that opportunity and allow us to go beyond the limits of the devolved settlement and the budget constraints within which Mr Swinney must operate.

I commend the cabinet secretary for the measures that he has brought forward and the £8 billion infrastructure investment over the next two years—some of which will go towards refurbishment of James Gillespie’s high school in my constituency. The other measures for which I commend the cabinet secretary include the provision of an additional £20 million for cycling infrastructure projects across the country, which has been welcomed by cycling organisations including Spokes, Cycling Scotland and Sustrans Scotland. The funding will enhance the community links programme that is run by Sustrans and it will allow us to factor in even greater additional funding through local authorities. Some of the new funding has already been allocated to improvements in my constituency, including the refurbishment and resurfacing of North Meadow Walk cycle path, which will be to the benefit of many people in my constituency.

The budget provides investment to support economic growth, to protect our most vulnerable people and to deliver the high-quality public services that people in Scotland have a right to expect. I commend the Scottish Government for it.

The Deputy Presiding Officer: Thank you for your brevity.

16:06
Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I am very pleased to agree with the cabinet secretary whenever I can, so I am sure that all Labour and SNP members—and, I hope, some others—agreed with him when he said that the bedroom tax was an “iniquitous and damaging policy”.

Unfortunately, of course, Murdo Fraser and his colleagues do not agree with that view. Murdo Fraser spuriously compared the bedroom tax to the local housing allowance. The fact is that the bedroom tax penalises people who are already disadvantaged and are sitting in tenancies from which they cannot move. The reality is that the local housing allowance affected no sitting tenant.

Labour and the SNP may, of course, disagree about how to end the bedroom tax in law, but we have always agreed that it needs to end and we now agree, at the end of the budget process, that we must do whatever it takes to hasten its demise in Scotland. I think that most people in Scotland will be pleased to see us working together in this way; they would probably like to see it happen more often. Notwithstanding our differences over the next few months, I hope that it may be seen to happen in some other areas.

It is true that there was nothing in the budget originally about the current approach to the bedroom tax. It is certainly the case that it would not have happened without the pressure of campaigners and the demands from Labour. It is also true that no approach was made to the UK Government until Friday. We could certainly make many comments about that. One that I will make is that I intervened on the cabinet secretary on 19 December in the chamber and raised specifically the suggestion of a letter to the UK Government, but no action was taken until Friday. Clearly, much more could be said about that, but let us not dwell too much on it today.

What we really ought to concentrate on today and over the next few weeks is ensuring that everyone who needs and is entitled to help to deal with the bedroom tax receives that help. That is what John Swinney, Jackie Baillie and others need to set their minds to over the next few weeks, because everyone who is suffering from the bedroom tax needs to receive the help that has been promised today.

As Iain Gray said at the end of his speech, this has therefore become a “sink the bedroom tax” budget, having started life as a “don’t rock the boat” budget. The fact that it was a “don’t rock the boat” budget is evidenced by the lack of discussion today about other elements of the budget, even from the Conservatives; the bedroom tax took up the majority of, for example, Murdo Fraser’s speech today.

The debate has concentrated a great deal on the bedroom tax and childcare; it is no accident that those are the two big demands that Labour decided we would put forward for the budget this year. There was also the free school meals argument, but since the SNP has not repeated the inaccurate comments about Labour that it used in previous debates, I will not reopen that subject today, except to repeat briefly the point that I made to John Swinney in the Finance Committee last week, which was that quite a few schools have problems accommodating the increased numbers from the free school meals policy—I can think of at least one such school in my constituency. However, I note that Mr Swinney undertook to work with COSLA to try to address that problem.

Let us concentrate on practical implementation of the policies that have been agreed in the
budget, whether on free school meals, the bedroom tax or childcare, which I must come to in the last couple of minutes of my speech.

I pay tribute to Willie Rennie—although he is not here at the moment—for his persistence on the issue, but I am sure that he would, if he were here, acknowledge that Labour’s big ask on childcare in the early stages of the budget process was crucial to the announcement in January about childcare for two-year-olds. As with many other policies, we cannot absolutely prove that, but we all know that that is how politics works. When Opposition parties campaign effectively on an issue, governments often have to give way. I therefore welcome what was announced at that time about childcare for two-year-olds, and I welcome the previous announcement on 600 hours of provision in the Children and Young People (Scotland) Bill. The effect of that on women’s participation was overstated a little by John Swinney today, but that is just one part of it. The child development that Willie Rennie emphasised is clearly important as well.

As with the bedroom tax, the Scottish Government has not been able to resist making childcare, too, a referendum issue. I think that we will continue to debate that over the next few months. All that I will say about it today is that, if there were to be a yes vote, the chances of finding more money for childcare in the early years of independence would be no better than the chances now, so let us get on with it. That is what Labour has been saying. We need money up front, even if we are going to have increased revenues from increased employment thereafter. On that other point—which in a sense is the fundamental referendum point on childcare in the white paper, as I said in a previous debate—the benefits of increased employment in Scotland can just as well come to Scotland through devolution of income tax and fiscal devolution more generally.

The arguments will go on, but today I will concentrate on two things. First, let us implement the policies on which we have agreed on the bedroom tax and childcare and, finally, let me congratulate my front-bench colleagues, who have had a superb budget. They have won all the demands that they made on the bedroom tax and some of the demands that they made on childcare for two-year-olds.

16:13

**John Mason (Glasgow Shettleston) (SNP):**

There are a number of measures in the budget that we can all be positive about, including some topical ones. They include free school meals for primaries 1 to 3, the extension of childcare, and the most recent move to cover the bedroom tax. I accept that the bedroom tax is at the top of the political agenda and is probably the highest-profile item; it is certainly being debated widely today. If we can resolve that situation, a lot of people will be happy.

However, we should not lose sight of other aspects of welfare reform that are hitting my constituents and, I assume, those of other members. They include some strange decisions on fitness for work, which my colleague Christina McKelvie mentioned, when persons who are clearly not fit for work are told that they are. Another thing that my constituents face is the imposition, for doubtful reasons, of sanctions whereby people are suddenly left with no income at all.

It is clear that neither the Scottish Government nor the Scottish Parliament is able to mitigate those or other aspects of welfare reform, because other services would have to suffer seriously in compensation. To have control over the full welfare budget and the related rules and regulations surely has to be a top priority for Parliament as we move forward. I would be interested to hear from the other parties whether they can guarantee that, if Scotland were to vote no in September, they would be able to transfer welfare powers to this Parliament, under devolution.

It strikes me that this is—I presume—the last budget in which we will deal almost exclusively with expenditure. Next year, we will be thinking about taxation—the landfill tax and the land and buildings transaction tax—and the year after that we will consider at the very least a share of income tax. It is worth remembering that we can all agree that a responsible grown-up Parliament should have responsibility for taxation and expenditure. We will have ample opportunity to discuss raising taxes in the future. The Finance Committee is looking at the Revenue Scotland and Tax Powers Bill, which I find fascinating.

Professor James Mirrlees was at the Finance Committee’s meeting this morning. He takes a very high-level view of tax systems. In the lengthy Mirrlees review, he refers to a number of features of a good tax system and compares them with the current UK tax system. In one table that I found particularly interesting, under the heading “Taxes on earnings”, he said that a good tax system has “A progressive income tax with a transparent and coherent rate structure”, whereas the current UK system has “An opaque jumble of different effective rates as a result of tapered allowances and a separate National Insurance system”.

We do not look much at the taxes that we raise, so I am putting down a marker to the effect that I hope that, when we come to next year’s budget
and our first discussions of tax as part of a budget, the Scottish Parliament will do better than the UK has, so far.

One tax over which we have some influence is council tax, so I will mention it: I particularly welcome the council tax freeze. Council tax is a bad tax to start with because it does not take into account ability to pay; for example, pensioners who stay in the same house after they retire see the cost carrying on as before, despite their income being reduced. If councils increase council tax, people who are struggling get hit even harder.

Some people have said that they are relaxed about increasing the council tax. I wonder who they are. Some of them are people who earn a lot, which might include some of us. Council tax is easy for them and for people on low incomes who perhaps pay no council tax. Some of them would like the freeze to stop and more services to be provided, but what about the people who are just coping and no more? I reckon that a number of them are in constituencies such as mine. They are ordinary decent hard-working people who have not had a pay increase for a while, and whose hours might have been cut. They face the fact that most costs are rising with inflation and, in the case of energy costs, that they are rising much faster than inflation. It can make a real difference to those people that their council tax has been frozen, so I very much welcome the freeze continuing.

At the risk of repeating last week’s debate on the Commonwealth games, I will say how much I value the capital expenditure in the budget in the past, the present and the future. What a difference that spending has made to the east end of Glasgow. In preparation for the sports at the games, we have the Emirates arena, the Tollcross pool upgrade and the hockey centre. They have all provided construction jobs, on-going jobs for local people and facilities for local people.

I keep returning to housing. Linked to the Commonwealth games is the tremendous boost that will come through the games village, which is providing jobs, improving the area—as many people know, it has struggled—and providing high-quality homes for local people.

I also very much welcome transport investment, which is providing jobs in construction and making it easier for people to travel to jobs. We saw that with the M74 completion, and we now have the commitment of some £415 million—I believe that that is less than the original budget—for the M8, M73 and M74 motorway improvements. That is very welcome for jobs.

I very much welcome the budget. Of course, if we were not subsidising Westminster to the extent that we are, we would have more resources here with which to do more. However, that is—sadly—

not currently the case. I congratulate the cabinet secretary on the balance that he has achieved with tight resources.

Ken Macintosh (Eastwood) (Lab): I read an attention-grabbing, if rather depressing, set of statistics this week. Over the past three decades, real incomes have risen for accountants by 60 per cent, for lawyers by 114 per cent and for doctors by 153 per cent. In comparison, over the same period, incomes have fallen for bakers by 1 per cent and for unskilled factory workers by 3 per cent.

The figures reveal that growing inequality is a long-standing problem—here in Scotland, in the United States, where the issue was the focus of President Obama’s state of the union address, and across most developed economies. There is an accompanying trend, in that less and less of our overall economic output goes on wages and labour costs and more and more is paid out in profits.

The growing gap that is being created was partially hidden when earnings were going up but, over the past four years, inflation has outstripped pay and most households have felt the cost-of-living squeeze. It has been particularly hard on people at the bottom, for whom rent, fuel and food account for a larger share of spending. Price increases have hit those people hard, and the effect has been compounded by the UK Government policy of hikes in taxes on spending and cuts to benefits.

Against that background, I have welcomed not one, not two, but three Scottish Government announcements over the past few weeks of budget negotiations. The first was on the allocation of additional funding for childcare, which Malcolm Chisholm talked about. It is six years since Wendy Alexander and the Labour Party outlined our plans to give every child a positive start, beginning with an extension of support to vulnerable two-year-olds. The Liberal Democrats have long shared that ambition and I warmly welcome the Scottish Government’s moves in that direction.

I did not agree with everything that Willie Rennie said in his speech last night, but I endorse his quoting the Nobel prize winner James Heckman, who said that investment in a child’s education before the age of three is the investment that gets the biggest return. I think that most Scots will be as pleased as I am that we can share our progressive vision. Whatever the outcome of the referendum, we can work together, through a devolved Scottish Parliament, to deliver the
transformational childcare that we want in Scotland.

The second announcement that I welcome is the cabinet secretary's confirmation today that he will meet our demand to find the full £50 million that will in effect stop the bedroom tax in Scotland. That has taken a little longer than we would have liked it to take, but the consensus that clearly exists among Labour and SNP MSPs—that shared anger and frustration at what is an unfair penalty on our poorest households—has found its political expression.

I thank everyone who gave voice to their frustration and despair at the effect of that punitive measure. I thank the individuals who gave their testimony to the Parliament's Welfare Reform Committee and the people who led the campaign, including Alan Wylie, whose powerful evidence was, I think, a factor in persuading the minister to change his mind. I thank Mike Daily and his colleagues from the Govan Law Centre and, of course, I thank Jackie Baillie for highlighting what can and should be done.

As the Welfare Reform Committee highlighted in its report, 80 per cent of the households that are affected by the bedroom tax include a disabled adult. In other words, the cut specifically targets the most vulnerable people in our society. I know that most members would rather that we simply got rid of the measure altogether by getting rid of the Tory Government, and I know that SNP colleagues would like to do that through independence. However, today's announcement provides yet another example of why devolution works and how it protects Scotland from the worst excesses of a Tory Administration. We can say no to the bedroom tax, just as devolution allows us to say no to market forces in the NHS.

The final announcement that I welcome is the additional £13 million for Scotland's colleges. There is no point in pretending that my welcome does not come with a caveat—indeed, several caveats. It is tricky to work out the figures exactly, but it is fairly clear that the funding will not make up for the cuts that have been imposed over the past few Scottish budgets. I asked the Scottish Parliament information centre about that earlier and learned that the £13 million is made up of £6 million in European social fund money and £7 million in matched funding from the Scottish Further and Higher Education Funding Council—which might be existing funds. However, the money is welcome. The Auditor General for Scotland said recently that colleges across Scotland faced an overall 11 per cent real-terms reduction in revenue grant funding from the Scottish Government between 2011-12 and 2014-15, so the money still leaves colleges short.

What has that meant in real terms to real people? It has meant that more than 140,000 Scots who might have had the chance to go to college this year have been denied that chance. That is an incredible and shameful figure. In 2007, when the SNP came to power, 380,000 people went to college; the number has declined to fewer than 240,000. Therefore, although I welcome the £13 million, I want to hear that the announcement marks a change of direction and that the Government will finally put education first. Benefits are important in the short term, but what really matters in the long term is education.

I began by talking about what has happened to incomes in real terms over the decade—the inequality gap that has opened up between professional, highly skilled and educated workers, and workers who have no or minimal skills. We counter inequality and close that gap by investing in training, skills and education. Only by improving our productivity and building the knowledge economy, so that we give people the skills and confidence that they need if they are to flourish, will we truly prosper in this country.

16:25

Jean Urquhart (Highlands and Islands) (Ind): As always, I pay tribute not only to the hard work of the cabinet secretary in putting together the budget but to the efforts of the Finance Committee clerking team in helping those of us who are on the committee to scrutinise the budget and shed some light on the issues at hand. I am pleased to have the opportunity to go over some of those issues in this stage 3 debate.

The Scottish Government is to be congratulated on producing a positive and ambitious budget despite the tough economic environment and Westminster's disastrous austerity agenda. Once again, vital components of Scotland's social wage—free prescriptions, free personal care and public transport for the elderly, and free university education—have been protected. When household budgets are being squeezed by rising food prices and energy costs, those measures are not only welcome but necessary.

As a member of the Finance Committee, I am particularly pleased that the Scottish Government has strengthened its commitment to prevention, spending to stop social and health problems before they start instead of relying on expensive cures once it is too late. That philosophy is increasingly being followed in Government strategy, and the budget includes £30 million over two years to support the voluntary sector's vital work in that area.

However, far too many charities are still being given funding settlements for just one year at a
time, which makes it hard for them to plan and invest in future services. For example, the Badenoch & Strathspey Community Transport Company, which is extraordinarily good, faces an uncertain future despite providing an essential service that is well used by hundreds of people every week. We need to move to an expectation that funding for community projects will be for several years at a time, which will create the security that these brilliant voluntary sector services need and deserve.

On a more general note, I was pleased to see so many parties voting for the principles of the budget at stage 1. That is a testament to the cabinet secretary’s ability and his determination to get the best deal that he can for Scots from all walks of life. It also demonstrates that, despite differences of opinion on Scotland’s constitutional future, a solid majority in this Parliament believe that there is such a thing as society, that we cannot slash and burn our way to a better economy and that a healthy economy is based not on how those at the very top weather the storm but on how those at the bottom are protected from the harsh winds of an economic storm that continues to wreak havoc on communities up and down Scotland.

I am still angry that the bedroom tax was imposed on Scotland in the first place. I am angry that other welfare cuts, which are driven by ideology and lack compassion, are causing tens of thousands of Scots to turn to food banks. I am angry that a party that has been consistently and overwhelmingly rejected by the Scottish people for years continues to hold the purse strings. No matter what sterling work the cabinet secretary is able to do within the confines of our financial settlement and no matter how much we may agree with the second-largest party in this Parliament, the fact remains that, until Scotland has the full economic powers of any other nation, there is only so much that can be done to counteract the me-first attitude of Westminster’s right-wing orthodoxy.

At the end of her speech, Jackie Baillie declared with great aplomb—I hope that I am quoting her correctly—

“Today we can vote in effect to end the bedroom tax”.

Well, we cannot. We cannot simply vote to end the bedroom tax—that is the point of wanting Scotland to have independence.

Jackie Baillie: Does the member accept that, because of the Scottish Government’s actions in putting the £50 million on the table, we have effectively ended the bedroom tax in Scotland?

Jean Urquhart: No, I do not accept that at all. We have mitigated some of the worst outcomes of the bedroom tax, but we have not ended it. In fact, Scotland is going to pay dearly, to the tune of possibly £50 million from other services, to mitigate the bedroom tax. Let nobody be under any illusion that we have ended the bedroom tax.

The Conservative members who have spoken so far have pointed out that the cabinet secretary has not mentioned business or the economy, and they have said that this is not a budget for business. However, it seems to me from all the reports—those in what I might choose to call the English papers as well as those in the Scottish papers—that the big issue today is not the business community. The biggest issue—the one that is hitting everyone’s mailbox—is the bedroom tax and its effects on housing associations and local authorities.

I highly recommend the budget. I can only repeat what many other members have said: the only way to mitigate the bedroom tax is to abolish it, and the only way to guarantee that it will be abolished is to vote yes on 18 September. The budget lays the groundwork for a fairer and more prosperous Scotland. I support the Budget (Scotland) (No 3) Bill and the Government in its efforts to ensure that all future budgets can freely set Scotland’s priorities.

The Deputy Presiding Officer: I call Chic Brodie. You have up to five minutes.

16:30

Chic Brodie (South Scotland) (SNP): The austerity cut has been matched by a time cut.

I am delighted to support the Budget (Scotland) (No 3) Bill. I will not rehearse all the arguments on welfare cuts et cetera.

In any budget, consideration has to be given not just to the current expenditure level—which, at present, is reduced—but to future revenue streams and economic recovery. The recovery that is taking place in Scotland is not a mirage that is happening in spite of austerity but a reality that has been pursued by finding a way to plan and invest for the future. Finding that balance is not easy, but the optimisation of future opportunities, jobs and revenue has, I believe, been addressed as best it can in the straitened circumstances in which the budget has been delivered.

Like its recent predecessors, the budget has a focus on innovation, initiative, productivity and investment—investment not just in capital but in our young people, which is critical. The incremental £125 million that has been provided since 2012-13, and which is promised through 2014-15, to support young people into work is already working—youth unemployment has fallen by 34,000 since December 2011.

Investment in people—and young people, in particular—is critical for our future, but in the
present economic circumstances so, too, are growing and improving our national asset base. The budget increase of £8 billion in capital spend over the next two periods is designed to reflect the infrastructural benefit at a national level of capital investment in national assets, whether that takes the form of asset improvement or efficiency projects that will feed through from that.

Investment in employment and training our young, in developing efficiency and productivity, and in improving revenue-supporting infrastructure has been made in this budget in the face of the most adverse of circumstances. I am not one of those people who believe that the current recovery will continue for ever.

Above all, it is necessary that we invest in the creation of wealth and in business and revenue opportunities. I give the example of tourism, which is an export activity. All this year’s major events—the homecoming, the Commonwealth games and the Ryder cup—will generate income and jobs, and investment in them will not be just for this year but will be capitalised on in future years. I say, for the benefit of the leader of the Opposition, that high-level marketing and selling abroad is an investment for the future.

Murdo Fraser: Will the member give way?

Chic Brodie: I am sorry, but I cannot—I have only five minutes.

Other measures in the budget include business rates relief and the retention of the small business bonus scheme, which the cabinet secretary mentioned; the SME growth programme, which is being provided with £38 million of financial support and £53 million of financial transaction loan facilities; and the Scottish Investment Bank support for export and high-growth companies with loans from £250,000 to £2 million.

In addition, there is the continued support for the enterprise agencies, which last year had 118 offers of regional selective assistance accepted, with planned capital expenditure of £216 million safeguarding nearly 500 jobs and supporting and boosting the third sector and social enterprises.

All that is designed to support an investment-led recovery while balancing the needs of an austerity-mitigating expenditure programme.

I am not known for being sycophantic, but this cabinet secretary has produced a big square from a very small circle—again. As with the bedroom tax, this budget has shown that, funnily enough, if all of us—this certainly applies to Labour and the Lib Dems—work together with the Scottish Government in the interests of Scotland, things can be so much better.

The Deputy Presiding Officer: Thank you for your brevity. Before we move to the closing speeches, I apologise to the member who we could not call to speak in the debate.

16:35

Gavin Brown: I begin by picking up on an issue that has been mentioned several times in the debate, first by the cabinet secretary and then by others, including Jamie Hepburn. It is a statistic that has been used a number of times by the Scottish Government over the past couple of years. It is the Government’s contention that the cost of benefit changes is £4.5 billion. The Scottish Government suggests that life would be very different if we were to be independent.

I asked the cabinet secretary, during his opening speech, how much of that £4.5 billion-worth of changes would be reversed were Scotland to be independent. I asked that because, although the Government says in the white paper that there are two or three measures that it would reverse, it is silent on all the other measures. Apart from that, it says that it would broadly adopt the welfare system from the rest of the UK.

The largest single measure within that £4.5 billion, which is about a third of it in total, is the change from the retail prices index to the consumer prices index. Is there any commitment from the Scottish Government to reverse that if we are to be independent? If not, it needs to take off a third of that £4.5 billion when it criticises the benefit changes.

The second largest measure is the changes to child benefit. Is there any commitment to reverse that decision? I do not think that there is, because I heard Christine Grahame ask the First Minister about that a couple of months ago and no commitment was given. If that is the Scottish Government’s position, it cannot complain about that sum of money either.

If we drill down, I would be surprised if there was a commitment from the Scottish Government to reverse any more than £200 million out of the £4.5 billion were we to be independent. I look forward to hearing which additional measures it would change; otherwise, it is not legitimate for the Government to use that figure in future. It knows fine well that it would not change most of it if it had the power to do so.

We have said from the outset that this should have been a budget about the economy. I disagree with Jean Urquhart when she said that she did not think that it was the biggest issue. Poll after poll shows that at the very top of people’s agenda is jobs, growth and the economy. That is where our focus ought to be.

We hear from the Government that, if it had the powers, it would set a business tax strategy to
stimulate investment. If it is to be taken at its word on that, why does it not do that with the tax powers that it currently has? I have said before in the chamber that I thought that, in its first session of government, it had a pretty good innings when it came to tax, particularly in relation to the small business bonus. However, since becoming a majority Government, the position has been very different.

Fergus Ewing: Does Gavin Brown accept that we have extended the small business bonus over the years and that more than 90,000 small businesses now receive the benefit of it and pay low or no business rates, to a maximum relief of £4,620 per annum? How much lower is that relief in England?

Gavin Brown: The minister always shouts very loudly when he does not have a particularly strong point to make. As he well knows, the increase to the small business bonus in financial terms, in terms of this budget, is about £4.5 million.

The First Minister (Alex Salmond): So what is the answer?

Gavin Brown: If the First Minister will allow me to continue, I will tell him. The increase in Barnett consequentials that the Government gets is far more than £4.5 million; about £80 million to £90 million of the Barnett consequentials that it gets came from business rates.

What has happened in the SNP’s second term, in which it has been a majority Government, is that it has brought in the retail levy and empty property rates. We have diminished enormously a big advantage that we used to have over the rest of the UK. There has been a refusal to publish the land and building transaction tax rates. We have a business incentivisation scheme that has not got off the ground at all, with COSLA being blamed for that instead of the Scottish Government. And, of course, there is the retail rebate, which will be brought in south of the border and for which we get Barnett consequentials of £29 million next year and £39 million the year after. However, Scotland has refused to look at it, even though it would have boosted the retail sector at a time when that was needed and a time when we had a retail levy that put the sector in a tougher position here than in the rest of the UK.

The focus of the Scottish Government in this budget is not on the economy. There are many measures that it could have taken on tax. It could have brought back the town centre regeneration fund, a popular fund that had support across the chamber when it was introduced and which has been cited by many SNP back benchers over the past 12 months or so. Why are we not doing anything about that?

The focus of most of the debate has been on welfare reform. I think that we have exposed some of the questions that need to be answered by the Scottish Government about that. What exactly has the Scottish Government been doing over the past 12 months? It certainly has not been thinking about how it can deal with issues using some of the powers that it already has.

Because there is not a focus on the economy, we will not be supporting the budget today.

16:41

Jenny Marra (North East Scotland) (Lab): In 1999, we voted for a Scottish Parliament because we recognised that there would be times when we would want to do things differently in Scotland. Never has that been more significant than right now, in relation to the issue of the bedroom tax.

If passed today, Labour’s amendment will mitigate the effects of the bedroom tax in Scotland. The amendment follows a series of negotiations, which have brought us to the point at which the full sum required to mitigate the bedroom tax is in the cabinet secretary’s budget.

In the draft budget, there was nothing for the bedroom tax. At stage 1, there was £20 million. Now, the full amount—which the Government initially said it would be impossible to provide, because it would let Westminster off the hook—is in the budget. We are glad about that. We did it by working together across parties to negotiate a common ground.

Mr Swinney was clear that work remains to be done on an alternative scheme in the event of the Department for Work and Pensions refusing to lift the cap. Discussions between us on this issue have, so far, been constructive, and have included a willingness on the Government’s part to continue to push forward development of that scheme together.

Earlier this afternoon, Jackie Baillie asked the cabinet secretary to confirm his willingness to continue to meet us, but he did not do so at that point. Perhaps he will intervene now to confirm that he is willing to continue to meet us and work together on the issue.

John Swinney: I will deal with that in my speech.

Jenny Marra: Thank you, cabinet secretary, for saying that you will address that later.

The Deputy Presiding Officer: Please address your comments through the chair.

Jenny Marra: Sorry, Presiding Officer.

Linda Fabiani questioned the legality of housing associations taking measures to mitigate the
bedroom tax. East Lothian Housing Association has already done that, and the move has been approved by lawyers. Renfrewshire Council has done something similar, and that move has been approved and audited by Audit Scotland.

Linda Fabiani: I think that the member misunderstands my point. I understand what she is saying and I know how those moves are working. I am concerned about small, community-based organisations that operate under specific rules and whose voluntary committee members might be legally liable. I wonder whether the ability to write off arrears that are solely attributable to the bedroom tax might perhaps mean that arrears that were due to other punishing welfare reform measures also had to be written off. I am concerned that people could end up in trouble, and I want to ensure that the possibilities are properly investigated.

Jenny Marra: It is my understanding that East Lothian Housing Association has voluntary members, but I am sure that the cabinet secretary and Labour members who have been working very hard on the issue know the ways of managing to mitigate the bedroom tax in full. Our amendment makes that clear.

I turn to Murdo Fraser's comments in the debate. He said that his council—Perth and Kinross Council—spent only 14 per cent of its discretionary housing payments. There must be some recognition that some councils have been better than others at letting tenants know what support is available. Perhaps Murdo Fraser would like to take that up with the councils in his region.

Murdo Fraser also made some comments about the local housing allowance. Malcolm Chisholm addressed the difference, but I will clarify the matter for Murdo Fraser. Let us be clear that we are having the debate because the Conservative Government imposed the bedroom tax throughout the United Kingdom. When civil servants in Westminster presented the proposal to Alistair Darling when he was chancellor, he handed it back to them and said that no Labour Government would do it. When they handed the same proposal to George Osborne, he grabbed it with both hands and imposed the bedroom tax on Scotland and the rest of the United Kingdom.

Murdo Fraser: Can Jenny Marra answer me this simple question: does the local housing allowance, which was introduced by the Labour Party, incorporate an underoccupancy charge—yes or no?

Jenny Marra: Malcolm Chisholm’s comments to Murdo Fraser were very clear on the point. That tax did not affect sitting tenants, which is the key difference. Murdo Fraser can try all he likes to deflect from his Conservative Government’s policy of the bedroom tax, but we know that the Conservative Party is responsible for that iniquitous tax in Scotland and throughout the United Kingdom.

The Parliament must now not fail those whose hopes have been built up in the negotiation by falling back on any arguments about the constitution or anything else. The interest of Scots has been captured by the consensus, and our reasoned amendment gives us the chance to show that we are capable of putting aside our differences for one day in the name of permanently mitigating the effects of that iniquitous policy in Scotland.

Simply to oppose the bedroom tax is to maintain it. We must walk a different road. We must find a different way. That is what the Parliament was created to do. When Donald Dewar opened the Scottish Parliament in 1999, he said:

“We will make mistakes. But we will never lose sight of what brought us here: the striving to do right by the people of Scotland; to respect their priorities; to better their lot; and to contribute to the commonweal.”

When we vote today, let us not simply vote to reject the Tory bedroom tax—a mistake in every sense. Let us vote to do what really matters: to make life a little bit easier for Scots who are suffering now.

With the political will, dedication, time and effort of the Scottish Government, we can make the effects of the bedroom tax history. The cabinet secretary has come this far; we know that he can cross the finishing line and deliver. He can ease the anxiety of those whose fears are growing, stop the worry for those who cannot afford to pay the tax, and remove the stigma for those who simply want to stay in their homes—the homes in which they have lived for years—and the communities that they love. He, and we, can better their lot. He can build upon the commonweal.

Let us not rest on the mistakes of others but confound them by the strength of the values upon which our Parliament is built.

16:49

John Swinney: There have been two major themes to the debate, and I will address them both. The first is a discussion about whether the budget is sufficiently focused on delivering the economic recovery that is required in Scotland. The second concerns the bedroom tax. I will take the two in order.

The Conservatives have been consistent throughout the budget process in criticising the budget as being insufficient in dealing with the economy. I have listened with great care to all the contributions from Mr Brown and Mr Fraser during
both plenary stages of the budget process; I have listened to their suggestions about how the budget could be strengthened to make it better—to pass the Tory test, if we can put it that way. In the course of the two debates they have suggested that I should not have applied the retail levy; that I should have given a £2,000 bonus to certain pubs and shops over a two-year period; and that I should have had a town centre regeneration fund. That is it. That is all that the Conservative Party has come up with as alternative suggestions to the measures that I am setting out on the economy. I will give way to Mr Brown if he wants to make up another list at the last minute.

Gavin Brown: If the cabinet secretary checks the Official Report, he will see that we also made suggestions about empty property tax, the publication of LBTT rates and, indeed, a big extension to the business rates incentivisation scheme. He has only mentioned half our suggestions.

John Swinney: My point about business rates and the business tax regime is that I want the regime in Scotland to be advantageous—to be superior to the regime in the rest of the United Kingdom. Mr Brown has argued that I should be mimicking what goes on in the rest of the UK.

Alex Johnstone (North East Scotland) (Con): Yes, you should.

John Swinney: Mr Johnstone, the heavyweight from the back benches, says that I should be mimicking the Conservatives—that I should be following them. As I have rehearsed with Mr Brown already, that means that I should be leaving Parliament to go back up to my office and require businesses in Scotland to repay money that we have made available to them by having a more advantageous business rates regime in Scotland.

As for the business rates incentivisation scheme, I have a letter in front of me that was sent to me on 17 June 2013 by the spokesperson for resources and capacity at COSLA, Councillor Kevin Keenan. In the letter, Mr Keenan asks me not to take action on the business rates incentivisation scheme until a proper evaluation of the full audited figures for 2012-13 are available. That evaluation will not be available until spring 2014, so perhaps Mr Brown—

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I am being very generous to Mr Brown—I will give way again.

Gavin Brown: The cabinet secretary is indeed being very generous.

That is a policy that the cabinet secretary published in 2011. Is he seriously blaming COSLA for the fact that nothing has happened since then?

John Swinney: I am saying that I have made a proposal to COSLA and I cannot reach agreement with COSLA because it wants to delay until the audited figures are available. I am not blaming anybody; I am simply explaining that I have not managed to reach agreement with COSLA on the publication of the numbers. That is the problem that is at the heart of the situation.

Mr Brown told us at stage 1 that he was not going to vote for the budget. He has told us at stage 3 that he is not going to vote for the budget. I will just read to Mr Brown something from the Official Report of 4 February 2009—in the good old days when Mr Crawford and I worked together to keep the Conservatives on the straight and narrow when it came to budget issues.

Mr Derek Brownlee—ah yes, Mr Derek Brownlee. We all miss him; that was when we had quality in the Conservative Party. Mr Brownlee said:

“As we pointed out last week”

to the Labour Party and others

“voting down the budget has serious consequences for public services, council tax levels and small businesses.”—

[Official Report, 4 February 2009; c 14658.]

Was Mr Brownlee not correct? The Conservatives are now going to vote against the budget, jeopardising public services, council tax levels and small businesses. What an absurdity the Conservative Party has become.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I have to do justice to the other issue that arose in the debate. I think that we have done enough justice to the Conservative Party and its folly.

On the bedroom tax issue, a lot of points were raised about what actions the Government has taken to secure the increase in the cap on discretionary housing payments. It is important that I put this material on the record properly.

First, I remind members that the bedroom tax was introduced in April 2013. Therefore, when David Mundell says that we should have taken action in the previous three years to deal with the consequences of the tax, it takes a little bit of imagination to think of how we could have done so. The tax has been operating only for the best part of 10 months.

Secondly, on 6 March 2013 my colleague Margaret Burgess, the Minister for Housing and Welfare, met Lord Freud. I accept that she did not, at that meeting, ask for an increase in the cap. What she asked for was the abolition of the bedroom tax.
At a meeting on 18 June 2013, the Deputy First Minister met Lord Freud and asked for an increase in discretionary housing payments. Thankfully, as a result of that meeting, there was an increase in those payments, and they were also increased for rural local authorities.

Subsequently, we have been monitoring discretionary housing payments, and it has become apparent—as has been made clear to Parliament—that some local authorities are very close to allocating, or have already allocated, all the discretionary housing payments that are available to them.

One reason that the cap must be increased is to enable better distribution of discretionary housing payments to meet the need in the parts of the country where such a case load arises. That is why we have now asked the DWP to lift the cap—to enable us to put in more resources to deal with the issue.

One reason that we have not previously asked for the cap to be lifted is that my colleagues have—quite rightly—been trying to get the DWP to put more money into the system. Why? Because we should not have to be taking money out of devolved public expenditure and putting it into mopping up the mess that has been left by the UK Government’s welfare reforms.

In short, my colleagues have focused first on securing abolition of the bedroom tax, secondly on increasing funding from the DWP to pick up the pieces of its mess rather than using our money to do so, and thirdly on arguing for an increase in the cap. I hope that the cap is increased as a consequence of the representations that we have made.

We have taken that action, and I have signalled that, if we are unsuccessful in securing an increase in the cap, the Government will work to put in place an alternative scheme to deal with writing off debt that individuals have acquired. I am glad that, when I intervened on Iain Gray, he confirmed my view that it is better—if at all possible—to avoid people getting into debt in the first place. The cap must be increased so that we can avoid that situation.

I commend Renfrewshire and East Lothian councils for coming up with debt write-off schemes as part of their relationships with their social tenants. We in Government do not have such a relationship; we do not fund those individuals and have no direct relationship with them. An individual’s debt is held by the authority or the housing association.

I commend the councils’ actions, but I make it crystal clear to Parliament that the Government’s view is that we must prioritise raising the cap to increase discretionary housing payments to enable us to avoid people falling into debt, which is a disaster for individuals in those social circumstances.

During the debate, many members have said that I was wrong to say in my September budget statement that I did not want to make provision to deal with the tax at that time because it would let Westminster “off the hook.” I make no apology for that statement to Parliament, because I do not believe that it is right and proper for the Scottish Government to have to use devolved public expenditure to clear up the mess that has been created by decisions that are taken elsewhere. I find that to be thoroughly unacceptable in Scotland.

I am not the only one who finds that unacceptable. Yesterday, in the Welsh Assembly, the leader of Plaid Cymru asked the Welsh First Minister—who, by the way, is a Labour First Minister—whether the Welsh Government will join the Scottish Government in calling for a lift in the cap on discretionary housing payments. The Labour Welsh First Minister said:

“There is ... the issue of why a devolved Government should be paying for what is the responsibility of a non-devolved Government. There is a sense of hazard there”.—[Record of Proceedings, National Assembly for Wales, 4 February 2014.]

On this one limited occasion, Carwyn Jones says it all for me. It is absolutely ridiculous that a devolved Parliament should pick up the pieces for Westminster. We should have the power to make our own decisions and to create a fair welfare system for the people of our country.
\textbf{Decision Time}

17:01

The Presiding Officer (Tricia Marwick): There are two questions to be put as a result of today’s business.

The first question is, that amendment S4M-08914.1, in the name of Iain Gray, which seeks to amend motion S4M-08914, in the name of John Swinney, on the Budget (Scotland) (No 3) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

\textbf{For}

Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alexander (Na h-Eileanan an Iar) (SNP)
Allard, Christian (North East Scotland) (SNP)
Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Baxter, Jayne (Mid Scotland and Fife) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Beattie, Colin (Midlothian West and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Bibby, Neil (West Scotland) (Lab)
Boyack, Margaret (Cunninghame South) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Dugdale, Kezia (Lothian) (Lab)
Eadie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Ewing, Fergus (Inverness and Nairn) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Finnie, John (Highlands and Islands) (Ind)
FitzPatrick, Joe (Dundee City West) (SNP)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Mark (Kilmarnock and Loudoun) (SNP)
Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Henry, Hugh (South Scotland) (Lab)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hilton, Cara (Dunfermline) (Lab)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Kelly, James (Rutherglen) (Lab)
Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, Johann (Glasgow Pollok) (Lab)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael ( Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McCulloch, Margaret (Central Scotland) (Lab)
McDonald, Mark (Aberdeen Donside) (SNP)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McKay, Derek (Renfrewshire North and West) (SNP)
McMillan, Stuart (West Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gill (Clydebank and Milngavie) (SNP)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robison, Shona (Dundee City East) (SNP)
Rowley, Alex (Cowdenbeath) (Lab)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeen South) (SNP)
Scott, Tavish (Shetland Islands) (LD)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, David (Highlands and Islands) (Lab)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (Ind)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

\textbf{Against}

Brown, Gavin (Lothian) (Con)
Buchanan, Cameron (Lothian) (Con)
Carlaw, Jackson (West Scotland) (Con)
Davidson, Ruth (Glasgow) (Con)
Ferguson, Alex (Galloway and West Dumfries) (Con)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Goldie, Annabel (West Scotland) (Con)
Johnstone, Alex (North East Scotland) (Con)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
McGrigor, Jamie (Highlands and Islands) (Con)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)

**The Presiding Officer:** The result of the division is: For 108, Against 15, Abstentions 0.

*Amendment agreed to.*

**The Presiding Officer:** The next question is, that motion S4M-08914, in the name of John Swinney, on the Budget (Scotland) (No 3) Bill, as amended, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**For**
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Allard, Christian (North East Scotland) (SNP)
Bailie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Baxter, Jayne (Mid Scotland and Fife) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Bibby, Neil (West Scotland) (Lab)
Boyack, Sarah (Lothian) (Lab)
Brodie, Chic (South Scotland) (SNP)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
Colley, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Dorman, James (Glasgow Cathcart) (SNP)
Dugdale, Kezia (Lothian) (Lab)
Edie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Ewing, Fergus (Inverness and Nairn) (SNP)
Fabian, Linda (East Kilbride) (SNP)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Finnie, John (Highlands and Islands) (Ind)
FitzPatrick, Joe (Dundee City West) (SNP)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Graham, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Henry, Hugh (Renfrewshire South) (Lab)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hilton, Cara (Dunfermline) (Lab)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Kelly, James (Rutherglen) (Lab)
Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, Johann (Glasgow Pollok) (Lab)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McCulloch, Margaret (Central Scotland) (Lab)
McDonald, Mark (Aberdeen Donside) (SNP)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McMillan, Stuart (West Scotland) (SNP)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gill (Clydebank and Milngavie) (SNP)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robison, Shona (Dundee City East) (SNP)
Rowley, Alex (Cowdenbeath) (Lab)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeen East) (SNP)
Scott, Tavish (Shetland Islands) (LD)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, David (Highlands and Islands) (Lab)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urqhart, Jean (Highlands and Islands) (Ind)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

**Against**
Brown, Gavin (Lothian) (Con)
Buchanan, Cameron (Lothian) (Con)
Carlaw, Jackson (West Scotland) (Con)
Davidson, Ruth (Glasgow) (Con)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Goldie, Annabel (West Scotland) (Con)
Johnstone, Alex (North East Scotland) (Con)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
The Presiding Officer: The result of the division is: For 108, Against 15, Abstentions 0.

Motion, as amended, agreed to,

That the Parliament agrees that the Budget (Scotland) (No.3) Bill be passed but, in so doing, considers that funds be allocated in the total amount needed to fully mitigate the so-called bedroom tax in Scotland through discretionary housing payments and, if necessary, other schemes administered by local authorities and housing associations to ensure that no tenant need face eviction as a result of the bedroom tax.

[Applause.]

The Presiding Officer: That concludes decision time.