



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 7 October 2015

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[The Deputy Presiding Officer opened the meeting at 14:00]

Portfolio Question Time

Education and Lifelong Learning

The Deputy Presiding Officer (Elaine Smith): Good afternoon. The first item of business this afternoon is portfolio questions on education and lifelong learning. As ever, if questions and answers are short and succinct, we may get through more questions.

Unfortunately, question 1 was not lodged and a less than satisfactory explanation has been provided.

University and College Union (Meetings)

2. Claire Baker (Mid Scotland and Fife) (Lab): To ask the Scottish Government when it last met the University and College Union and what issues were discussed. (S4O-04669)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): I last met a representative of the University and College Union as part of a wider meeting to discuss the Higher Education Governance (Scotland) Bill on 20 May this year.

Claire Baker: I am pleased that the cabinet secretary has been meeting the UCU about the Higher Education Governance (Scotland) Bill. She will be aware of press reports that raise concerns over the threat to the future of the well-respected religious studies department at the University of Stirling. My understanding is that those changes have been raised without recourse to the court or the academic council. Is the cabinet secretary confident that the Higher Education Governance (Scotland) Bill recommendations will go far enough in improving university governance and accountability in such cases?

Angela Constance: I have been aware of the press coverage of the potential closure of the religious studies department at the University of Stirling. I am also aware that it is the only place to study religion without being in a faculty of Christian theology. Obviously, universities are autonomous and responsible for managing their own course provision, but I expect them to manage their affairs in the spirit of consulting staff and trade unions, of course, and always to minimise any impact on students. The *raison d'être* of the Higher Education Governance (Scotland) Bill is to ensure

that every voice on campus is heard and that all interests—whether staff, student or academic—are heard in the governing body.

Higher Education Governance (Scotland) Bill

3. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the Scottish Government how the Higher Education Governance (Scotland) Bill will maintain democracy in universities. (S4O-04670)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): Ministers see the Higher Education Governance (Scotland) Bill as creating a framework that strengthens our higher education sector and its institutions and traditions. To achieve that, it needs to be meaningful legislation that opens up the architecture of our institutions to be more diverse, inclusive and representative. At its heart, the bill seeks to enable every voice on campus to be heard.

Murdo Fraser: Despite the assurances that the cabinet secretary has given to the sector, we heard evidence at the Parliament's Education and Culture Committee this week from key leaders in the university sector who are concerned about the unintended consequences of the bill. Why does she disagree with David Ross, the chair of the committee of Scottish chairs, who yesterday reiterated his belief that the bill in its current form could damage accountability and diminish democracy in Scottish universities?

Angela Constance: What Mr Fraser fails to recognise, of course, is that a range of views and opinions was expressed in the Education and Culture Committee meeting yesterday. There is a wide spectrum of views, and it is important to recognise that, although some senior voices in the world of higher education have concerns about the bill, there are other voices of equal importance among staff, student bodies and the trade union movement. It is important to consider all the views of all the stakeholders in the round.

At its heart, the bill is about ensuring that our world-class higher education system continues to evolve and remains fit for 21st century Scotland. We are not being unreasonable to expect the highest standards of governance, given that the taxpayer invests £1 billion every year in higher education.

Jim Eadie (Edinburgh Southern) (SNP): In considering the views of all the stakeholders, can the cabinet secretary confirm that the highly valued role of rector will continue? Will she give an assurance that the rector will still be able to chair the university court as part of Scotland's proud academic and democratic traditions?

Angela Constance: The Scottish Government appreciates the very valuable role that rectors play

in the ancient universities. They have raised the profile of the sector and been crucial in representing students. We have no intention at all of abolishing the position of rector. We are listening to the views of all stakeholders on how elected chairs would work in all our institutions. We will consider all constructive suggestions that are raised in evidence as we debate the detail of the bill in Parliament. It is important to stress that rectors have kept the spirit of democracy alive within higher education, and it is that spirit of democracy, transparency and accountability that we would like to extend to every higher education institution in Scotland.

Scotland's Rural College (Meetings)

4. Joan McAlpine (South Scotland) (SNP): To ask the Scottish Government when it will next meet the head of Scotland's Rural College. (S4O-04671)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): I have no current plans to meet the head of Scotland's Rural College. However, if there are issues that SRUC would like to discuss, I would be more than happy to do so.

Joan McAlpine: SRUC recently failed to agree a merger with the University of Edinburgh. I am concerned about the impact of that development on my region, most notably on Barony College in Dumfries. There is concern locally that SRUC senior management do not value the further education provision at Barony and that they are selling off assets to pay for management failures. Yet the SRUC accounts show that the principal's salary was £280,000 last year. Does the cabinet secretary agree with me that the absolute priority of SRUC should not be inflated senior salaries but providing a wide range of training and education at all levels, including FE, in order to boost employment in rural Scotland and meet the needs of land-based industries, including farming?

Angela Constance: Of course the priority should always be to provide educational opportunities that boost employment. I am acutely aware of the importance of agricultural skills to the economy in Dumfries and Galloway, and I understand why the member and the community are keen to ensure a continued presence for SRUC at the Barony campus. I understand that SRUC remains committed to delivering land-based education and training in Dumfries, but I would be happy to discuss the issue further with Ms McAlpine and a representative of SRUC.

Protecting Vulnerable Groups Scheme

5. Siobhan McMahon (Central Scotland) (Lab): To ask the Scottish Government whether it considers that the recent reforms to the protecting

vulnerable groups scheme are sufficient. (S4O-04672)

The Minister for Children and Young People (Aileen Campbell): Yes. We believe that the reforms of the disclosure and rehabilitation regimes in Scotland that took place on 10 September strike the right balance between public protection and the right of an individual who has spent convictions for less serious offences, and who has put their past offending behaviour behind them, to move on with their life. The reforms will continue to ensure that vulnerable groups are protected and that the background of an individual seeking to work with children and protected adults is assessed for relevant convictions. To that end, convictions for serious offences will continue to be disclosed even if spent.

Siobhan McMahon: I fully accept the need for additional scrutiny of a person's background if that individual wants to work with vulnerable groups or in other sensitive roles. However, I am aware of a case in which my constituent has "Other Relevant Information" on his protection of vulnerable groups scheme record, which was placed there at the request of the then chief constable of Strathclyde Police. Despite approaching Disclosure Scotland, Police Scotland and the Information Commissioner's Office, my constituent has been unable to obtain details of the "Other Relevant Information" that is held on his file, which has now had a detrimental effect on his coach and taxi business. What recourse, if any, does my constituent have in this situation? In addition, are there any plans to give Parliament a further opportunity to scrutinise the reforms and to change that anomaly?

Aileen Campbell: I thank the member for raising the issue. It is important to realise that the reforms are about making sure that the regime that is in place is proportionate, so that it ensures that people can move on with their lives. However, that has to be balanced with making sure that the right information is there, so that people can make good decisions about who is going to be working with, for example, people who have vulnerabilities.

We have been in a period of consultation on the disclosure regime since the cabinet secretary made the statement on the reforms to Parliament. I am happy to meet the member to hear from her the specifics of the case that she is involved with to see whether that will help to move the issue forward. I am also happy to make available to her the opportunity to make any other representations that she wants to make to the justice minister.

Inverclyde Council (Education)

6. Stuart McMillan (West Scotland) (SNP): To ask the Scottish Government when it last met

Inverclyde Council to discuss education matters. (S4O-04673)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): We are in frequent contact with Inverclyde Council about a wide range of education matters. In particular, Dr Allan performed the sod-cutting ceremony for the new St Patrick's primary school in Greenock on 23 September, and I attended the launch of Inverclyde Council's attainment challenge on 14 August as one of the keynote speakers.

Stuart McMillan: As a result of the Tory cuts to working tax credits, 22,000 children in Scotland between the ages of three and 15 will lose their entitlement to free school meals. How will Inverclyde Council be expected to deal with those Tory cuts? Can anything be done to mitigate the effects of this attack on the least well-off in Inverclyde and in Scotland as a whole, who stand to lose their entitlement to free school meals and to childcare?

Angela Constance: The Scottish Government will always act to protect the rights of disadvantaged children and their entitlement to free school meals and to early learning and childcare, whether that is in Inverclyde or across Scotland.

Mr McMillan highlights the impact of the changes to working tax credits and child tax credits that were made in the United Kingdom summer budget. They will have a potential impact nationally, with 22,000 pupils losing their entitlement to free school meals and 2,000 two-year-olds losing their entitlement to early learning and childcare.

Consequently, I pledged two weeks ago to safeguard the entitlements of thousands of children from lower-income households by changing the regulations in Scotland to ensure that those children remain eligible for free school meals and for early learning and childcare. The Government remains committed to tackling child poverty head on, despite the challenges from the UK Government.

Energy Drinks (Impact on Classroom Behaviour)

7. Graeme Dey (Angus South) (SNP): To ask the Scottish Government what evidence it is aware of that energy drink consumption by pupils during the school day may impact on classroom behaviour. (S4O-04674)

The Minister for Children and Young People (Aileen Campbell): The Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2008 contain standards that all drinks that are provided in schools must meet. The regulations do not allow any energy drinks to be

made available at any time of the school day. We will continue to monitor all evidence on energy drinks and will carefully consider recommendations that are made in relation to their sale to children and young people.

Graeme Dey: I hear from secondary school teachers that the classroom environment that they encounter in secondary 2 to 4 post lunch time can be disrupted and that they believe that pupils are easily distracted because they have purchased and consumed such products off the school campus.

Down south, the National Association of Schoolmasters Union of Women Teachers and Swanswell, which is a drug and alcohol charity, have teamed up to look into energy drink consumption by pupils. What steps might be taken to determine the scale of the problem here in Scotland?

Aileen Campbell: The member raises a serious point. An exemption applies to food and drink, including energy drinks, that are brought into a school by a pupil as part of a packed lunch or purchased at a shop outside the school gates.

The Schools (Health Promotion and Nutrition) (Scotland) Act 2007 requires education authorities to make health promotion a central purpose of schooling, and allowing children to consume unhealthy products such as energy drinks on school premises would run contrary to that message. Schools are encouraged to consider that when setting their policies about what products they allow their pupils to bring into schools.

I am willing to meet Mr Dey to discuss some of the issues that he has raised, if he so wishes.

Mark Griffin (Central Scotland) (Lab): North Lanarkshire Council has banned fast-food vans within 250m of schools in an effort to improve the health and wellbeing of pupils; the decision to do that has also already been taken by Glasgow City Council and East Ayrshire Council. Does the Scottish Government support North Lanarkshire Council's efforts to improve pupils' health through bans on snack vans? What assistance can the Government give the council in fighting the legal challenge to the ban? Does the minister feel that it would be appropriate for an amendment to be lodged to the Education (Scotland) Bill to give local authorities the additional powers that they might need as a result of that legal challenge?

Aileen Campbell: Notwithstanding the legal issues that the member raises—I would not wish to comment on such matters if they are on-going—we hope that local authorities will make the best use of the current rules and regulations that are available to them, through some of the provisions that the member mentions and through some of

the legislative requirements that I mentioned in response to Graeme Dey, in order to create healthy environments around their schools.

Decisions about the environment surrounding schools rest solely with local authorities, but I hope that that reply gives the member some comfort that we want to help to promote healthy activities in schools and that the rules and regulations are there to support local authorities.

Students (Universal Credit)

8. Colin Beattie (Midlothian North and Musselburgh) (SNP): To ask the Scottish Government how it will work with further and higher education institutions to ensure that students in receipt of employment and support allowance will not find their education disrupted when universal credit is rolled out. (S4O-04675)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): The Scottish Government has long made it clear that we have great concerns about the implementation of universal credit. Although we welcome the limited powers over universal credit that have been proposed in the Scotland Bill and we are working to implement them as soon as possible, that will not be enough to protect students from all of its impacts or, indeed, from the United Kingdom Government's welfare reforms. However, we are working closely with the Scottish Further and Higher Education Funding Council, Colleges Scotland and the Child Poverty Action Group to monitor and assess the impact on students.

Colin Beattie: Many of the students from deprived areas in my Midlothian North and Musselburgh constituency benefit greatly from ESA. Will the cabinet secretary outline how it has contributed to reducing the attainment gap across Scotland?

Angela Constance: I am aware that a part-time student can claim contributory ESA if they have contributions or income-related ESA if they are on a low income without also having to receive disability living allowance or a personal independence payment. As Mr Beattie has pointed out, the allowance has supported disadvantaged students in accessing educational opportunities and has helped to address inequalities in educational outcomes.

I have made it clear that the Scottish Government continues to have concerns about the implementation of universal credit and, if the member wishes to write to me in greater detail on these matters, I will be more than happy to ensure that his comments are fed into any discussions that the Government has with the UK Government on ESA.

Early Years Education

9. Gil Paterson (Clydebank and Milngavie) (SNP): To ask the Scottish Government what measures it is putting in place to improve early years education. (S4O-04676)

The Minister for Children and Young People (Aileen Campbell): We have invested £329 million over two years to increase entitlement to 600 hours of early learning and childcare per year for all three and four-year-olds and for the 27 per cent of two-year-olds who will benefit the most. Around 20,000 two-year-olds from the poorest families will be eligible over the course of the year. We also intend to almost double funded provision to 1,140 hours per year by the end of the next parliamentary session.

Gil Paterson: The minister will be aware that the UK Government's welfare changes will lead to almost 2,000 two-year-olds losing their entitlement to early years education. What is the Government doing to protect children, and does it have the additional resources to put those protections in place?

Aileen Campbell: The member makes a good point, and he has highlighted the 2,000 reasons why that change is wrong. As the cabinet secretary said in response to Stuart McMillan, she is changing the regulations in Scotland to ensure that those two-year-olds remain eligible for free school meals and for early learning and childcare.

We will always put our children and young people first in our efforts to create the fairer country that we seek. That is what underpins our commitment to getting it right for every child and the legislative changes that we made through the Children and Young People (Scotland) Act 2014. We will always want to ensure that all children get the best start in life and the chance to flourish, and we will continue to do that despite the challenges that the UK Government presents to us in our efforts to pursue that aim.

Cara Hilton (Dunfermline) (Lab): Given that children who live in poverty are twice as likely to experience early language difficulties between the ages of three and five, what specific measures will the minister take to address the attainment gap that develops before children even start school? Will she consider making early literacy a focus of inspections?

Aileen Campbell: Our huge commitment to narrowing the attainment gap can be evidenced in the recent read, write, count campaign. It builds on the great success of our play, talk, read campaign, which promoted the message that parents should play with, talk to and read to their little ones from day 1, because we know that such an approach has benefits with regard to literacy challenges. I point the member to recently published information

from the growing up in Scotland study, which shows that we are making good progress in literacy, and I hope that she will contribute to our thinking on how we continue to close the attainment gap and focus on the early years as the best place to start that work.

Teacher Shortage (North-east Scotland)

10. Stewart Stevenson (Banffshire and Buchan Coast) (SNP): To ask the Scottish Government what it is doing to address the reported teacher shortage in the north-east. (S4O-04677)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): We have increased student teacher intake targets in each of the past four years, committed £51 million to safeguard teaching posts and launched a teacher recruitment campaign.

I welcomed the invitation to attend the teacher recruitment summit in Aberdeen last week. We discussed the positive work that the Scottish Government and local authorities are doing and explored the scope to build on it. I have written to the seven local authorities concerned, setting out proposals for further action, including extending the provision of part-time distance learning initial teacher education and incorporating regional workforce intelligence into the national workforce planning process on a more structured basis.

Stewart Stevenson: Does the minister agree that it is important to local communities that young people in particular who might have had to leave their area to study elsewhere can find employment in their own local area? In that context, what is the Scottish Government doing to encourage routes into teaching, especially for the young and newly trained who live in or are attached to the north-east?

Angela Constance: I agree with that sentiment. The Government is committed to working with local authorities and universities to develop routes into teaching that enable people to remain within their local area. That is why we brought the University of the Highlands and Islands on-stream as an initial teacher education provider, and why we have increased the number of student places for initial teacher education across Scotland, especially at the universities of Aberdeen, Dundee and the West of Scotland.

Aberdeenshire is one of the local authorities to have benefited from the funding that the Government provided to enable the University of Aberdeen to develop the part-time distance learning professional graduate diploma in education course so that partner local authorities can develop existing staff as primary teachers on a part-time basis while they continue in their

employment. At the teacher summit, it was clear that that innovation has been widely welcomed by local authorities, and I have asked my officials to explore with partners how the distance learning initial teacher education could be extended to the secondary sector.

Mary Scanlon (Highlands and Islands) (Con): Many qualified and experienced primary and secondary school teachers are available and ready to work, particularly in Moray—next door to the north-east—but, because they have an English qualification, they are not recognised by the General Teaching Council for Scotland. Can a solution be found to that as soon as possible so that children in Moray are not sent home again this winter because of teacher shortages?

Angela Constance: It is crucial that teachers in Scottish schools have qualifications to teach, and I am sure that Mrs Scanlon agrees with that. It is also worth recognising that the GTCS, which was at the summit in Aberdeen, already registers a large number of teachers who have come from south of the border.

Mrs Scanlon might also be interested to note that the GTCS has recently finished a consultation on two important proposals that will introduce more flexibility into the system to help with the situation across Scotland, but particularly in Moray and the north-east. One proposal is around equivalency testing, and the other is for registration that is provisional on certain conditions being met within a timescale. I hope that Mrs Scanlon agrees that those proposals show a willingness on the part of the GTCS to maintain standards always and to show flexibility when possible.

Teacher Numbers

11. Liam McArthur (Orkney Islands) (LD): To ask the Scottish Government what discussions it has had with local authorities regarding the impact of the agreement to maintain teacher numbers. (S4O-04678)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): The Scottish Government has committed £51 million to safeguard teaching posts, and we have been in regular discussions with local authorities to support them to meet their commitment to maintain teacher numbers and pupil teacher ratios at 2014 levels.

Liam McArthur: The Education and Culture Committee recently heard concerns from representatives of local authorities across Scotland that the Scottish Government's decision to set strict teacher number limits for each individual council has removed the flexibility that

they need to match the demand for teachers with the supply.

It was also suggested that in order to meet the Government's demands, imposed via the threat of a £50 million cut to their budgets, councils are having to lay off support staff. Can the cabinet secretary therefore confirm how many janitors, cleaners, and kitchen, administrative and other support staff have lost their jobs since the deal was put in place? What estimates have been made of the further jobs losses over coming years? Does the cabinet secretary believe that the loss of those posts is in keeping with the Government's stated commitment to meet the needs of the lower paid?

Angela Constance: I would have hoped that Mr McArthur would agree with me that going the extra mile to maintain teacher numbers at the 2014 level was an important and crucial step to take, particularly as we are embarking on a journey where we are all—across the chamber and across every local authority in Scotland—increasing our resolve to close the attainment gap. We know that a good-quality, professional graduate teacher workforce is crucial to doing that.

It is important to stress, too, that every local authority entered into an agreement with the Government, but it is no secret that this Government would have preferred a national agreement as opposed to having 32 separate agreements. In the weeks and months ahead, we will certainly continue to have a dialogue with local authorities and our partners in the Convention of Scottish Local Authorities to see whether we can make progress in that area.

Joan McAlpine (South Scotland) (SNP): The cabinet secretary will be aware of the particular challenges of recruiting and maintaining teachers in rural areas such as Dumfries and Galloway. What is the Scottish Government doing to help the council maintain its teacher numbers?

Angela Constance: Ms McAlpine makes the point that, in the same way as there have been recruitment and retention issues in the north-east of Scotland, there have been challenges in Dumfries and Galloway.

The Government is committed to working in partnership with local authorities, universities and, as I indicated in an earlier answer, the General Teaching Council for Scotland—as well as other professional associations—to explore how we develop innovative solutions to the challenges in and around the recruitment of teachers in particular parts of the country.

As a Government, we have supported a partnership between Dumfries and Galloway Council and the University of the West of Scotland to offer a route into teaching for existing local

authority employees. I am pleased to say that 10 students started on that programme last month, and we will be discussing the potential to build on that model with the local authority and the university.

Cameron Buchanan (Lothian) (Con): On the subject of centrally mandated targets, what plans does the Scottish Government have to increase the extent to which local authorities are held to account on the outcomes for the public as opposed to the inputs?

Angela Constance: If I caught Mr Buchanan's question right, I think that he is touching on the important point of how we need balance in our education system. The debates on teacher numbers and how much resource goes into the system are very important, and this Government's position has been well rehearsed this afternoon. I think the point that the member is making is that, at the end of the day, it is about outcomes for our children. As a Government, we are determined to be led and informed by the evidence about what works to improve educational outcomes for all our children.

Scottish Further and Higher Education Funding Council (Meetings)

12. Michael McMahon (Uddingston and Bellshill) (Lab): To ask the Scottish Government when it last met the Scottish Further and Higher Education Funding Council and what issues were discussed. (S4O-04679)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): I met the chair and chief executive of the Scottish funding council on 24 September. We discussed matters of importance to further and higher education.

Michael McMahon: The cabinet secretary will be aware that recently the Scottish funding council rejected a bid from the University of the West of Scotland to get financial assistance to rebuild its Lanarkshire campus in Hamilton. She may not be aware—and I ask whether she is aware—that the local chamber of commerce recently estimated that the existence of that campus in Hamilton contributes £70 million to the local economy.

Given that UWS is now considering options that may involve relocating from its current Hamilton base, will the cabinet secretary argue with the Cabinet Secretary for Finance, Constitution and Economy to find some money from the underspend that has recently been exposed to invest in the much-needed campus on the current site? That would ensure that the adverse economic impact of the SFC's decision could be reversed and that the UWS could start to go

ahead with its exciting and competitive project on the Hamilton campus site.

Angela Constance: I understand the value to a town of having a university campus, and I understand why any community would want to retain a university campus.

I know that Michael McMahon, like other constituency members such as Christina McKelvie, has been taking a close interest in the redevelopment of the UWS Hamilton campus—

Michael McMahon: They are my constituents.

Angela Constance: I apologise to Mr McMahon, as my geography of Lanarkshire is not as smart as it should be. However, it is clear that there is a cross-party interest among members in the chamber with regard to UWS and the proposals for where the campus should be located.

UWS is looking at an options appraisal. At a local level, councillors appear to be united—again, across the political divide—on the matter. Although the SFC has been unable to deploy £25 million to match fund proposals at this point, it has indicated that it is supportive of the project and that the redevelopment of the UWS Hamilton campus will feature as one of the highest priorities when the SFC develops and publishes its infrastructure investment plan.

Early Years Learning

13. Chic Brodie (South Scotland) (SNP): To ask the Scottish Government how it encourages the role that families can play in their children's learning and what it is doing to increase the quality of early learning and childcare services. (S4O-04680)

The Minister for Children and Young People (Aileen Campbell): We know that parents are the biggest influence on the future outcomes of our children, and that supporting them is essential. That is why we are investing £2.7 million this year in bookbug and in play, talk, read activities for pre-school children, and why we launched in August the read, write, count programme, which aims to improve the literacy and numeracy skills of children in primary 1 to 3.

Chic Brodie: Save the Children recently submitted evidence to the Education and Culture Committee on the delivery of the FAST—families and schools together—programme, which focuses on supporting parents who are disadvantaged by poverty to engage positively in their children's learning. What can the Scottish Government do to ensure that the FAST programme continues to prosper? Would the Government consider producing national standards on parental engagement and support?

Aileen Campbell: I thank Chic Brodie for raising that point. I have seen at first hand the FAST programme in action in West Dunbartonshire and I was impressed by what I saw. The programme builds on parents' assets and provides a positive experience for children and their families, and I understand that it has helped to improve outcomes for children.

We will consider the evidence from the FAST programme evaluation, and we will continue to work with Save the Children to consider the role that FAST and similar parental engagement methods can play in our attainment programme.

With regard to the proposal for national standards, the Government works with the national parental involvement stakeholder group to monitor and develop national policy on parental engagement. The group is currently developing its work plan for 2016 onwards and we will invite Save the Children to a future meeting of the group in order to consider a full range of ways to increase the quality, breadth and depth of parental engagement and family learning.

Rural Schools and Nurseries (Closure)

14. Dave Thompson (Skye, Lochaber and Badenoch) (SNP): To ask the Scottish Government what its position is on the closure of rural schools and nurseries. (S4O-04681)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): Rural schools and nurseries are often highly valued by their community, and it is important that any proposal to close one of them is given full consideration and complies with the requirements of the Schools (Consultation) (Scotland) Act 2010, which were strengthened in 2014.

Dave Thompson: The cabinet secretary will know that Highland Council has mothballed Edinbane and Struan nurseries and is appealing in favour of closing Knockbreck, Edinbane and Struan primary schools on the Isle of Skye. It is doing so to try to block the reopening of the nurseries, and is using that as an excuse. Does the cabinet secretary agree that such arrogant behaviour by Highland Council ill becomes a supposedly democratic organisation, which should deal with the case of each nursery on its own merits?

Angela Constance: Of course I agree that nurseries are essential to communities and to the wellbeing and education of children. I am aware of the case that the member mentions and the sensitivities that are associated with it. However, as it is currently before the courts, the member will appreciate that I am limited in what I can say. Dr Allan or I would be more than happy to meet Mr Thompson to discuss the issue further once the

legal process has concluded. However, until the matter is resolved, the council may not implement those proposals either wholly or partly. In the meantime, we expect the council to meet its statutory obligations relating to the provision of early learning and childcare.

John Scott (Ayr) (Con): The cabinet secretary will be aware of the proposed closure of nurseries at Ayrshire College, and my constituents and I are particularly concerned about the proposed closure at the Ayr campus. Does the cabinet secretary share my concerns about that and does she agree that further efforts should be made to make the nursery viable and keep it available to students, staff and members of the public if need be? Can she do anything to help and to protect the jobs of the nine members of staff?

Angela Constance: As Mr Scott knows, the topic came up yesterday at topical question time. I share the disappointment of local members with the decision. Ayrshire College advises that the nursery is currently economically unviable and is costing £400,000 to maintain. Nonetheless, 37 children currently use the nursery. The college also advises that nine members of staff from the campus will be offered redeployment. I am more than happy to meet the member and any other local member to discuss their concerns about the matter.

Colleges (Staff Morale)

15. Jim Hume (South Scotland) (LD): To ask the Scottish Government what its response is to the Unison Scotland survey claiming that staff morale at colleges "is at rock bottom with 79% of respondents saying staff felt negative or extremely negative". (S4O-04682)

The Cabinet Secretary for Education and Lifelong Learning (Angela Constance): Much of the progress that has been made in recent years in Scotland's colleges has been possible only because of the commitment and professionalism of staff. I want us to build on that while ensuring that staff are well led and supported. As the First Minister made clear last week, it is important to fully understand why some staff say that they are dissatisfied, and I intend to discuss the findings with Unison Scotland at our next meeting.

Jim Hume: It is interesting that the cabinet secretary says that there has been progress. We know that 65 per cent of staff feel that services have got worse in the past two years, that part-time college places have been slashed and that there are 80,000 fewer female students compared with a few years ago. Will the cabinet secretary finally concede that that is not progress and that the Government has got it badly wrong with its agenda of college mergers and funding cuts? That is bad for staff and extremely bad for access to

flexible further education, particularly for female students. Will the cabinet secretary concede that it is time to restore college support and funding?

Angela Constance: I am conscious that 266 members of support staff across the sector responded to the survey. Although that is a low proportion of staff, I am nonetheless keen to discuss the findings of the survey when I next meet Unison. It is important to recognise that the college reform programme is a good example of public sector reform, because we are doing more for learners in the context of very challenging financial times. We now have more learners studying full-time recognised courses that lead to employment. There is a focus on skills for work and the local economy, which are absolutely the right priorities.

On the point that the member raises with respect to women learners, women form the majority of college students—the figure was more than 52 per cent in 2013-14—and women are not underrepresented in the sector. In terms of the number of under-25s, over-25s and women studying full-time recognised courses, the trajectory is upwards. However, we continue to provide a range of provision, including part-time provision, as we recognise that some people continue to need a more flexible approach to learning.

The Deputy Presiding Officer: A very brief supplementary, please, from Gordon MacDonald.

Gordon MacDonald (Edinburgh Pentlands) (SNP): Thank you very much, Presiding Officer. Given that pay scales are of concern to staff, can the cabinet secretary outline what progress the college sector has made on paying the living wage?

The Deputy Presiding Officer: Very briefly, please, cabinet secretary.

Angela Constance: Certainly, Presiding Officer.

I understand from Colleges Scotland that all colleges have made a commitment to pay the living wage. I warmly welcome that undertaking and look forward to further colleges becoming living wage accredited employers in the future.

Fiscal Framework

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a debate on motion S4M-14432, in the name of Kenneth Gibson, on Scotland's fiscal framework. I call on Kenneth Gibson to speak to and move the motion on behalf of the Finance Committee.

14:41

Kenneth Gibson (Cunninghame North) (SNP): One of the key priorities of the Finance Committee throughout the current session has been to ensure effective parliamentary scrutiny of the implementation and operation of further fiscal devolution. The committee has carried out a considerable amount of work on the fiscal powers arising from the Scotland Act 2012, and that has given us a firm grounding for our scrutiny of the fiscal powers that will arise from the work of the Smith commission. Our primary focus has been on the recommendations in the commission's report for an updated fiscal framework for Scotland.

The committee is strongly of the view that the workability and effectiveness of further fiscal devolution are largely dependent on the revised framework. It is therefore essential that the framework is subject to rigorous parliamentary scrutiny. However, as it is not included in the Scotland Bill, it will not be subject to formal legislative scrutiny; rather, the framework is being developed in private through negotiations between the United Kingdom and Scottish Governments. Understandably, both Governments have agreed not to provide a running commentary on the negotiations, and it is entirely reasonable that they discuss the intricacies of the negotiations in private. At the same time, it is also entirely reasonable that the Westminster Parliament and our Parliament have sufficient time to comment on a draft of the framework prior to its final agreement by the two Governments.

The committee therefore welcomes the commitment from the Deputy First Minister that the Scottish Parliament needs to agree the fiscal framework prior to being asked to agree the legislative consent motion for the Scotland Bill that is currently being considered at Westminster. The committee would welcome a commitment from the Deputy First Minister during this debate that that will include sufficient opportunity for Parliament to scrutinise a draft of the proposed framework prior to final agreement with the UK Government.

I now turn to some of the substantive issues in the committee's report. A central issue for the committee is the extent to which the new fiscal powers and the fiscal framework will provide the Scottish Government with the flexibility to pursue

separate fiscal policies from the UK Government. The Deputy First Minister stated in his response to our report:

"it is essential that the fiscal framework provides the Scottish Government with genuine flexibility and choice to pursue its own distinct policy."

However, the committee is concerned that the UK Government command paper that was published in response to the Smith commission suggests a much greater level of constraint. For example, paragraph 2.2.7 of the command paper states:

"the fiscal framework must require Scotland to contribute proportionally to fiscal consolidation at the pace set out by the UK Government across devolved and reserved areas."

The Deputy First Minister made it clear in evidence to us that he did not accept that wording, which does not reflect the Scottish Government's position. It would be helpful if the Deputy First Minister could confirm during the debate that he would not ask the Parliament to support a fiscal agreement that required Scotland

"to contribute proportionally to fiscal consolidation at the pace set out by the UK Government".

Integral to fiscal flexibility will be the extent of the additional borrowing powers beyond those already devolved as part of the Scotland Act 2012. However, the current Scotland Bill does not include any new borrowing provisions. The Scottish ministers have indicated that they expect amendments to be lodged as the bill proceeds through Westminster. In relation to current borrowing, the committee does not believe that a cash limit is appropriate given the Scotland-specific cyclical risks that will potentially be faced by the Scottish Government post-Smith in future years. Instead, the committee supports a fiscal rule such as the requirement to balance the budget over the economic cycle. We welcome the Deputy First Minister's agreement with our recommendations on current borrowing.

The committee noted that the block grant adjustment method in relation to income tax is intended to protect Scotland from some of the cyclical volatility in the UK as a whole. The two Governments previously agreed the Holtham method for the indexation of the block grant adjustment following the introduction of the income tax powers in the Scotland Act 2012. The Deputy First Minister has indicated that he believes that the Holtham method is also the most robust mechanism for indexing the block grant adjustment in relation to the income tax powers in the current Scotland Bill.

However, the committee heard from some witnesses during our inquiry that the Holtham method might penalise Scotland because we have both a relatively smaller number of higher-rate tax payers and slower population growth. Indeed,

Professor Holtham previously advised the committee that his indexation method is

“not in the devolved territory’s interest if its own tax base is inevitably slower growing than that of the UK.”

The committee asked the Scottish Government whether it had carried out any analysis of the impact of the number of higher-rate tax payers and population growth. The committee also asked whether consideration had been given to the indexation of the block grant adjustment on the per capita tax base rather than the overall growth of the UK tax base and whether any analysis of that approach had been carried out.

The Government did not provide an answer to either question in its response to our report. In subsequent oral evidence to the committee, the Deputy First Minister confirmed:

“we are doing that analysis as part of our discussions with the UK Government.”—[*Official Report, Finance Committee*, 2 September 2015; c 25.]

Given his previous emphasis on the need for transparency in relation to the block grant adjustment, it would be helpful if the Deputy First Minister could confirm during the debate that that analysis will be published before the Parliament is asked to agree the fiscal framework.

The committee supports the introduction of a prudential capital borrowing regime on a statutory basis, and the Devolution (Further Powers) Committee is also supportive of the move towards a prudential regime. Although the Deputy First Minister welcomed the committee’s support for the introduction of a prudential regime, he made it clear in oral evidence that he is seeking prudential borrowing in addition to the existing capital departmental expenditure limit—a matter on which the committee concurs.

The committee also agrees that there needs to be a fiscal rule governing the medium to long-term limit on net debt, and we agree, too, with the Devolution (Further Powers) Committee that consideration should be given to a debt rule as a percentage of cyclically adjusted gross domestic product. A related issue is moral hazard, which was explained by one of our witnesses as

“when the sub-central level of government believes it can engage in ill-disciplined policies and ultimately has to be bailed out by the centre.”

Our witnesses agreed that the question of a possible bail-out needs to be addressed at the outset, and the committee has recommended that moral hazard needs to be explicitly addressed in the fiscal framework.

One of the primary concerns to be raised during our inquiry related to the second no-detriment principle that was proposed by the Smith commission. The committee was content with the

first principle that neither Scotland nor the rest of the UK should be adversely affected as a result of the decision to devolve further powers. However, the second principle, which is intended to apply to policy decisions of the two Governments after the devolution of tax or spending powers, is much more problematic. None of our witnesses could provide an example of a similar principle in any other fiscally federal country, and it was pointed out that any methodology to implement the principle would be complex and likely to provoke disagreement.

The committee recommended that the second principle be treated as a high-level guide for both Governments in the application of the fiscal framework and in adjusting the block grant. However, even if it is treated as a high-level principle, further work needs to be done on refining the boundaries within which the principle applies.

Alex Salmond (Aberdeenshire East) (SNP): I think that what was said about no detriment is important. Paragraph 174 contains the unanimous recommendation that there should be an independent arbiter between the Treasury and the Scottish Government. Given that no department of state and no devolved Administration has ever had a satisfactory relationship with the Treasury, which is judge in its own court, would Kenneth Gibson say that that powerful, unanimous recommendation should be a prerequisite for any agreement on a fiscal framework?

Kenneth Gibson: That should be the case. One of the things that came through strongly in the evidence that we took was that the Treasury is sometimes quite byzantine in the way that it works, in terms of both transparency and the formulas that it uses. I am sure that colleagues will explore that matter further as we proceed.

Last week, the Scottish Government introduced a bill to put the Scottish Fiscal Commission on a statutory footing. The policy memorandum to the bill states:

“enactment of these legislative proposals will play a vital role in delivering the Smith Commission’s recommendation that ‘the Scottish Parliament should seek to expand and strengthen the independent scrutiny of Scotland’s public finances’.”

Colleagues will be aware that the Finance Committee has already carried out a considerable amount of work on the proposals for a fiscal commission in Scotland and we will be the lead committee in scrutinising the bill at stage 1. We agreed our approach to the stage 1 inquiry this morning, we will publish our call for evidence on Friday and we hope to publish our report before the Christmas recess.

The committee published its report on proposals for a fiscal commission in January 2014. Our main recommendation was that the commission should adhere to Organisation for Economic Co-operation and Development principles and in particular the principles of independence, non-partisanship and transparency. As part of our inquiry on the fiscal framework we focused on an enhanced role for the commission post-Smith. Witnesses identified two main roles for the commission.

First, there was a general consensus that the commission should produce its own forecasts. The committee recommended that the Scottish Fiscal Commission Bill should be amended accordingly. The Scottish Government responded that it is not persuaded that the commission should prepare the official forecasts. That still leaves open the question of whether it should be able to conduct its own forecasts. The committee will consider that issue further as part of its stage 1 inquiry.

Secondly, there was strong support for the commission having a wider role in monitoring the adherence of the Scottish Government to its fiscal rules and the sustainability of the public finances. The committee recommended that the draft bill should be amended to include those roles. The Deputy First Minister responded that it may be desirable for the commission to have a future role in assessing the Government's performance against fiscal rules. The committee will also consider the issue further as part of its stage 1 inquiry.

The committee also considered in detail the transparency of the Barnett formula and the need for improved intergovernmental relations on fiscal rules. That will be covered in detail by the deputy convener, John Mason, in his closing speech.

I finish by again emphasising the significance of the fiscal framework to the new devolution arrangements. It is, therefore, essential that this Parliament is given an opportunity to scrutinise a draft framework prior to any agreement between the two Governments.

I move,

That the Parliament notes the 12th Report, 2015 (Session 4) of the Finance Committee, *Scotland's Fiscal Framework* (SP Paper 771), including its recommendations to the Scottish Government.

14:53

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): I am grateful to the members of Finance Committee for their report on Scotland's fiscal framework. The written submissions and oral sessions all underline the importance of a sound fiscal framework for Scotland's future. I agree whole-heartedly with the

convener that the fiscal framework is an integral part of the devolution of further responsibilities. It is essential that the work that is undertaken to develop the fiscal framework properly takes into account all the relevant considerations that will be important in ensuring the financial future of Scotland under those responsibilities. The work of the committee has helped to shape how we approach the programme of work around the on-going negotiations on a fiscal framework.

I would like to provide some context for the work on the fiscal framework that is currently under way with the UK Government. Paragraph 94 of the Smith commission report recommended that the devolution of further tax and spending powers to the Scottish Government should be accompanied by an updated fiscal framework for Scotland. Crucially, Smith said that it was for the Scottish and UK Governments to jointly work together via the joint exchequer committee to agree the revised fiscal and funding framework for Scotland. That is the process in which I am currently engaged with the UK Government.

My overarching aim is to ensure that the new fiscal framework is fair and workable and that, as Smith also identified, Scotland's budget should be no larger or smaller simply as a result of the initial transfer of powers. We want a fiscal framework that gives the Scottish Government the flexibility that it needs to create a fair and prosperous Scotland and the ability to use the powers that we have effectively. This must be about genuine autonomy and choice, and we know that it must be done in a responsible and sustainable way, building on the platform of our existing fiscal powers.

We need a fiscal framework that will ensure that further devolution provides the right incentives and increases accountability, linking the Scottish Government's budget to Scottish economic performance in so far as that is possible given the range of responsibilities that are being transferred following the Smith commission's report. Scotland should retain the rewards of her success in the same way as we must bear the risks of the policies and actions that we pursue. It is essential that the fiscal framework allows us to pursue our own distinct policies that meet the needs and wishes of the people of Scotland and does not tie us to UK Government policies.

I agree with the committee at paragraph 24 of its report, where it states:

"while Scotland's revised fiscal framework needs to be consistent with the UK's overall fiscal framework this does not mean that they need to mirror each other. For fiscal devolution to work it is essential that the Scottish Government has some flexibility to pursue distinct fiscal policies consistent with the overall UK fiscal framework."

I believe that to be a central argument in the process that led to the Smith commission's reforms, and it must be a central argument in how the fiscal framework applies to the management of the public finances in Scotland, creating the scope for this Parliament to take different decisions that allow us to pursue a distinctive fiscal policy approach. The fiscal framework will need to be agreed jointly by both Governments. The joint exchequer committee has met three times to date, and we will meet again later this month with the aim of concluding negotiations during the autumn. Let me make it clear, however, that the determining factor is getting the framework right rather than observing a particular timescale for that process.

The Finance Committee has also emphasised the importance of parliamentary scrutiny of the framework and its operation. I heard clearly the convener's point that there should be scrutiny of a draft of the fiscal framework before its agreement. I will advance that point with the Treasury in setting out the Finance Committee's position, and I will advise the committee and Parliament as part of the process to ensure that Parliament is fully informed about the development of the fiscal framework.

Paragraph 30(2)(b) of the Smith commission's report recommended that there be

"pro-active reporting to respective Parliaments".

Paragraph 95(9) recommended:

"The two governments should provide updates to the Scottish and UK Parliaments, including through the laying of annual update reports, setting out the changes agreed to Scotland's fiscal framework."

The Parliament will be aware that, under section 33 of the Scotland Act 2012, Scottish and UK ministers report on the implementation and operation of the finance powers and functions that are devolved under that act. I intend to update the Scottish Parliament on the implementation and operation of the fiscal framework in a similar way.

Alex Salmond: In line with the evidence and the unanimous recommendation of the committee, will the Scottish Government regard the establishment of an independent arbitration procedure as a prerequisite for agreeing the fiscal framework?

John Swinney: That would be an essential part of the process. Independent arbitration gives us confidence that, in a necessarily adversarial relationship with Her Majesty's Treasury, we will be able to ensure that the interests and perspectives of the Scottish Parliament and the Scottish public finances are assessed appropriately.

It is important to recognise that it is for the Scottish Parliament itself to decide how it wishes to scrutinise the operation of the fiscal framework, and nothing that is agreed as part of the negotiations on the fiscal framework should prevent that key role from being undertaken. I recognise that the Parliament and the Finance Committee want to have on-going discussion on the fiscal framework negotiations. Today's debate is helpful in informing me of Parliament's perspective on a variety of issues that are being addressed as part of the negotiations. Information is published after every joint exchequer committee meeting, and I am happy to report back to the Parliament at the appropriate opportunity on the issues that are discussed. I gave my commitment to Parliament on 16 September that it will be able to consider and analyse the fiscal framework that emerges from those discussions before we move to any acceptance of the Scotland Bill through a legislative consent motion.

I have touched on the committee's views on the need for distinct fiscal policies. The committee made a number of other recommendations that are relevant to the issues with which we are dealing in the joint exchequer committee.

We agree with the recommendation that there be "significantly increased" revenue borrowing facilities—those must give us the tools to manage tax volatility and Scottish economic shocks, and to provide us with the flexibility to be able to manage the greater risk that will inevitably flow from the management of the responsibilities from the Scotland Bill.

We agree with the committee that the Scottish Government needs more capital borrowing facilities in addition to the existing capital departmental expenditure limit and Scotland Act 2012 provisions. That is important in securing the flexibility to improve economic opportunity in Scotland, as we have shown in recent years with our expanded capital programme.

We agree that no detriment is a complex and potentially contentious issue to implement. It needs to be transparent and sustainable; it will need to be applied.

Devolution takes time and resources to implement properly. The full cost of administering and delivering the new powers, particularly the welfare package, needs to be met by the United Kingdom Government. As Smith said, the funding needs to be

"sufficient to support the functions being transferred"

to the Scottish Parliament and the Scottish Government.

Finally, we agree with the committee's concerns about the transparency of the calculations of the

block grant adjustment. I will not sign up to any adjustment that is not fair to Scotland. I am clear that the methods used to calculate the adjustments should reflect Smith's core principle of no detriment. The baseline for Scottish public expenditure must continue to be set through the Barnett formula. That was promised in the vow. An adjustment will inevitably then be applied to the block grant to account for our new tax and spending powers. Any adjustment mechanism that simply seeks to reduce Scotland's funding year after year, irrespective of the policies that we pursue, will not be acceptable to this Government. That would breach the vow and Smith, and we will not agree to such a provision within the fiscal framework.

I welcome the committee's detailed and thoughtful consideration on the creation of the Scottish Fiscal Commission. We have drawn on the committee's findings in developing our legislative proposals. Smith recommended that the Scottish Parliament should seek to expand and strengthen the independent scrutiny of Scotland's public finances. I believe that the Scottish Fiscal Commission and our Scottish Fiscal Commission Bill, which places the commission on a statutory footing, will enable that to happen.

Our proposals will create a very different relationship between the Scottish Government and the commission. The commission ultimately has a veto over devolved tax forecasts. I revised downwards our non-domestic rates forecast in the 2015-16 budget after the commission reported that the initial buoyancy assumption "seems optimistic". That stands in contrast to the relationship between Her Majesty's Treasury and the Office for Budget Responsibility, characterised by paragraph 3.9 of the "Charter for Budget Responsibility: Summer Budget 2015 update", which states:

"The government has adopted the OBR's fiscal and economic forecasts as the official forecasts for the Budget Report. The government retains the right to disagree with the OBR's forecasts".

The committee questioned our approach to forecasting. The forecasting approach that we have set out in our legislation maximises transparency as both the forecasting methodology and the results of independent scrutiny are publicly reported.

The Scottish Government has made clear that we will not bring a legislative consent motion to this Parliament without an agreed fiscal framework that is fair to Scotland. That remains the case. As I told Parliament on 16 September, we see the fiscal framework and the Scotland Bill as one and the same thing. There is no point in having the powers if we do not have the fiscal framework that

allows us to exercise the powers without prejudice to the interests of Scotland.

In considering legislative consent, this Parliament will consider the bill as a whole and as individual provisions. It will also consider whether the bill reflects the recommendations of the Smith commission. The secretary of state has promised substantive amendments at report stage, and I await those with considerable anticipation.

On 16 September, this Parliament again pointed the Secretary of State for Scotland to the work of the cross-party Devolution (Further Powers) Committee in identifying amendments that need to be made to deliver the recommendations of the Smith commission. The secretary of state should now take heed of this Parliament's view.

I commend the committee for its work on Scotland's fiscal framework and will engage further with it on the important work that will be done to ensure that the fiscal framework is designed in a fashion that meets the needs of the people of Scotland and the Scottish Parliament.

15:05

Jackie Baillie (Dumbarton) (Lab): Everybody loves a good mystery. There is nothing quite like a page-turner and those moments of dramatic suspense to keep a reader completely engaged. Finally, there is the moment of satisfaction when the plot comes together and we find out who done it.

What I have described applies to a work of fiction but, unfortunately, it rather resembles our experience of the joint exchequer committee. That is a far more serious matter, because that committee is where the discussions take place between the Scottish and UK Governments about the fiscal framework. Currently, those discussions are shrouded in complete mystery and, to be frank, I do not think that that is good enough.

The fiscal framework covers the rules and institutions that govern our approach to the nation's finances—how much we borrow, our debt levels and how we co-ordinate financial policy with the UK Government. It is essential to making sure that we have robust policies in place.

We are about to witness the single biggest transfer of power from the UK Government to Scotland since the creation of the Scottish Parliament, so we need to make sure that we take our responsibilities for raising taxes seriously and that the financial mechanisms that we put in place are robust and transparent. Therefore, I am genuinely at a loss to understand why the cabinet secretary is unable, or perhaps even unwilling, to share with members of this Parliament—who are allies with him in this project—and with the people

of Scotland precisely what is going on. It is quite difficult for us to engage in a meaningful conversation or dialogue if both Governments are not telling us about their proceedings.

I agree with the convener of the Finance Committee. I accept that there is a balance to be struck, that there are sensitivities and that we need to allow the negotiations to take place, but the information that has been provided so far has been insufficient.

We get communiqués from the joint exchequer committee, which has met three times. I have asked the cabinet secretary questions. I do not begin to know how long the meetings are, but the communiqués on what has been discussed are becoming shorter and shorter.

John Swinney: I understand the importance of parliamentary scrutiny and I am doing my level best to inform the debate—hence my response to the Finance Committee and my contribution to today's debate. Will Jackie Baillie set out what approach should be taken to help my discussions with Her Majesty's Treasury?

Jackie Baillie: I am happy to do so but, in the time that I have been allocated, it will not be possible to do that justice. I am happy to engage with the cabinet secretary, but the problem that I have is that his communiqués are so bereft of detail that it is difficult to know what discussions are taking place.

I recall that the cabinet secretary made a vague commitment to set things out in the autumn. My central heating is now on and autumn has arrived, but we are no closer to getting the detailed information that would enable a dialogue to take place between the Opposition parties in this Parliament and the cabinet secretary.

I am curious to know whether the cabinet secretary agreed to the lack of transparency. Will he now publish information on the discussions that have taken place to date? When does he expect the discussions to conclude? He has tied the fiscal framework to the Scotland Bill and the legislative consent motion, so are we to expect it after the Scotland Bill has been passed? Will an LCM run alongside the Scotland Bill? It would be useful for the Parliament to understand what his timetable is.

The Finance Committee's report makes a number of comments about transparency. It points to a need for much stronger and more transparent parliamentary scrutiny of intergovernmental relations, following the Smith agreement. In evidence to the committee, Professor McEwen observed that most

"intergovernmental exchange continues to take place below the radar",

which

"raises questions about the capacity of the Scottish Parliament and the UK Parliament to give effective scrutiny".

Similarly, the Royal Society of Edinburgh stated that, typically, intergovernmental relations in the UK

"have been ad hoc, informal and undertaken on an issue-by-issue basis with little opportunity for public scrutiny."

The RSE supports the development, as I do, of a much stronger joint ministerial committee system, with clearer guidelines, more regular meetings, enhanced transparency and, indeed, publicity.

Professor McEwen argued that there needs to be a degree of transparency prior to meetings of the formal institutions, so that the Parliament has the opportunity to contribute its views in advance. Likewise, there needs to be a degree of transparency in the aftermath of meetings, to allow for parliamentary scrutiny of discussions. It is fairly clear that there is a need for transparency and better scrutiny, yet the UK and Scottish Governments appear to be making backroom deals, cutting out both Parliament and people, subverting the democratic process and placing further devolution in jeopardy. That is simply not good enough.

I appreciate that negotiations will be sensitive, but there is a precedent for the publication of minutes and agendas. Mr Swinney will remember that the two Governments previously agreed to provide the minutes of JEC meetings to the Scottish Parliament and the UK Parliament. Minutes were received for the JEC meetings of 27 September 2011 and 18 June 2012, and papers were supplied in advance of the September 2011 meeting on an exceptional basis. If that could be done then, why can it not be done now?

I turn to the Finance Committee's deliberations on an independent arbiter. A number of witnesses agreed that there is a need to establish an arbiter—a genuinely independent body that is responsible for advising on the calculations that underpin the system and for adjudicating in the event of any disputes between the Governments that they cannot resolve between themselves. I find myself in the strange but happy position of agreeing with the former First Minister on this point. The cabinet secretary also agrees that there is a case for an independent arbiter. I welcome that.

I look forward to scrutinising the Scottish Fiscal Commission Bill, because Labour members do not believe that the proposals are ambitious enough or providing sufficient independence.

John Mason (Glasgow Shettleston) (SNP): Will the member give way?

Jackie Baillie: I think that I am in my final minute.

The Deputy Presiding Officer: I can allow you time if you wish.

Jackie Baillie: I am happy to give way.

John Mason: Does the member agree that having an independent arbiter would really take a change of culture and thinking at Westminster? Has she seen any sign that that might happen?

Jackie Baillie: I absolutely agree that it would take a change of culture. In fact, a lot of the committee's report is imbued with exactly that. I am not a mind reader as to what the Conservative Government thinks, but I hope that we might hear some of that when they speak next.

I thank the Finance Committee for its report. I was not part of the committee when its members developed the report. It is very robust and I commend the conclusions to the Parliament. I will remind the chamber of what they were. The committee said that

"the workability and effectiveness of further fiscal devolution is largely dependent on Scotland's revised fiscal framework".

There is no overestimating how important that is.

There needs to be a willingness to work together between the UK Government and devolved Administrations in a culture of mutual respect. From a parliamentary perspective, there needs to be a culture of openness and transparency when communicating intergovernmental discussions.

It is not appropriate for this to be a dialogue simply between the two Governments; this is a matter for Parliament, too. I concur with the convener's comments, but I believe that more transparency is required now.

At the moment, Parliament is, relatively speaking, in the dark. The people of Scotland are in the dark, too. The Scottish National Party Government must, as a matter of urgency, draw back that veil of secrecy and get on with developing a robust fiscal framework.

15:14

Gavin Brown (Lothian) (Con): I thank the committee clerks for all their hard work on the inquiry and I thank all the witnesses who gave written and oral evidence. We had some excellent witnesses, and the report is a pretty impressive piece of work. I also congratulate the convener of the committee on his speech, which reflected pretty fairly the conclusions that we reached.

The first point that I will make is about transparency. I entirely accept the Deputy First

Minister's argument that it is not desirable and probably not achievable to give a running commentary on all the negotiations and discussions between Governments, but I would like him to address, perhaps in his closing speech, whether there is something between a running commentary and the current position. Although the communiqués are clearly intended not to tell us terribly much—I suspect that that is pure protocol—I cannot help but think that there is some possibility that we could get a bit more information than we currently get, so that Parliament and the Finance Committee in particular have a slightly clearer idea of where we are going.

John Swinney: Will Mr Brown help me by dropping me some comments after the debate on what type of information he believes would be helpful? I would appreciate it if he dropped me a note to take forward the discussions.

Gavin Brown: I am happy to drop the Deputy First Minister that note.

Let us take revenue borrowing, which I know from the communiqué was one of the issues that were discussed at the last meeting. Can we get an indication of where there might be agreement or disagreement? Simply hearing that that was discussed does not tell us terribly much. There may be areas of revenue volatility borrowing that are completely uncontentious to the extent that both Governments agree that they do not merit further discussion. We could then see where the difficulties are and where the challenges that need to be faced are.

If the committee and parliamentarians had some idea of where the challenges are, we would be well versed to contribute and to send suggestions to the cabinet secretary. That would get both Parliaments involved, as opposed to both Governments. I cite that as merely one example.

Where there are agreements on revenue volatility borrowing—I am sure that there must be some—can we know what those are, so that there is not simply horse trading all the way through to the end and nothing is agreed until everything is agreed? I think that the cabinet secretary referred to that. If we are negotiating and discussing on principle, I suspect that much, but not all, could be agreed up front in the same way as, in legal cases, both sides outline their arguments before they get anywhere near a judge so that, when they get in front of a judge, they discuss only the areas of contention and do not waste time on areas in which there is no dispute.

It is important for the Scottish Government to lay out some of its stall, as it has said publicly and quite clearly and loudly, from the First Minister to the Deputy First Minister and all the way down,

that it will block the Scotland Bill or at least recommend that it be blocked unless the fiscal framework is fair. A press release spoke about the framework being “fair and flexible”; today, it has been said that the framework must be “fair and workable”. It is only fair to the Scottish public that we have some idea of what the Scottish Government deems to be fair. There should be some idea up front so that we do not get at the last minute the rather striking and bland statement, “We don’t like it because it isn’t fair.”

For example, what is the Scottish Government’s position on fiscal rules? Does it have any fiscal rules that it believes are required? Does it have a position on a fiscal rule regarding deficit and a fiscal rule regarding debt? Does it accept the committee’s recommendation that, once agreed, those rules should be put into statute? The committee discovered that, since 2010, only one fiscal rule has not been put into statute. Does the Scottish Government accept that recommendation?

Alex Salmond: Let us say for a second that Jackie Baillie’s promotion of Gavin Brown had come into effect and that he was a Treasury minister, but let us say that he was a Scottish minister. I presume that he would not agree to a fiscal framework that did not provide for independent arbitration, given the weight of the evidence to the committee and its unanimous recommendations. What would Gavin Brown do?

Gavin Brown: In relation to the former First Minister’s comments, I am not sure whether I have less chance of being a Treasury minister or of being a Scottish Government minister.

Alex Salmond said that paragraph 174 was agreed unanimously, but I will correct him. If he checks the record, he will see that it was not agreed unanimously at all. I dissented from two key recommendations in that paragraph because I was not persuaded by the idea of an arbiter who could go between the two Governments and put a final, binding arbitration on them—I was not convinced at the time and I am not convinced yet that that is workable and plausible.

Alex Salmond: Thank goodness the member is not a minister.

Gavin Brown: If the former First Minister had spent more time reading the report than he has on the Starship Enterprise, he might have been perfectly aware that I dissented from both those recommendations.

In my final few seconds, I will turn to the Scottish Fiscal Commission, which I will deal with more in closing.

The Deputy Presiding Officer: Mr Brown, I can give you the time back for the interventions.

Gavin Brown: I am grateful for that.

I have to say that the Scottish Fiscal Commission Bill that the Scottish Government has put forward is disappointing and a bit toothless. The commission needs a wider and deeper role, and the key issue, on which the Finance Committee made a unanimous recommendation, is that the commission should produce its own forecasts. Nobody dissented from that recommendation. We have had evidence from around the planet that that is what happens in almost every country. The Scottish Government has not been able to provide any examples of countries in which only the official Government forecast is looked at and only it is used to decide whether the Government’s fiscal predictions are likely to be accurate.

I know that the Deputy First Minister has staked his position on the issue, but I simply ask him to look at the evidence and at what the experts have said. I genuinely think that the Scottish Government has taken the wrong approach on that one. I make a plea to him to be open minded as the bill goes through and change the provisions so that we can have independent forecasts, which will give us a much greater chance of getting it right.

A lot is at stake—we could be out by tens of millions or hundreds of millions of pounds. The chances of getting it right are increased enormously by having a system of checks and balances and by having independent experts who have access to their own forecasts. There would be much more possibility of getting it right than if we relied simply on Government forecasts.

The Deputy Presiding Officer: We move to the open debate. Speeches can be of seven minutes or so, and I still have generous time in hand for interventions.

15:22

Mark McDonald (Aberdeen Donside) (SNP): While listening to Jackie Baillie’s speech, I was interested by her trying to conjure the image of a mystery thriller. Unfortunately, during the course of her speech the only image that I could come up with was of Jackie Baillie standing outside a room with a cup pressed against the door, trying to listen in on what was happening behind it.

There is a balance to be struck. The point was made by the convener of the Finance Committee that we do not want a situation in which the Scottish Government is, essentially, outlining its negotiating position in full, in public. One of my difficulties is that although I listened very carefully to Jackie Baillie’s speech, I did not hear any detail on the kinds of things that Jackie Baillie wants the Scottish Government to lay before Parliament for

scrutiny. I appreciate that she had only a certain amount of time, but I suspect that she could have at least given us a flavour of those things, as part of this process, which might have given us an indication of what she expects from the Deputy First Minister.

For me, the questions around the fiscal framework come down to flexibility, fairness and transparency. Flexibility is an issue in so far as, if we are to have new powers devolved to us, we must have the ability to use them for the betterment of the people of Scotland. The fiscal framework will determine the flexibility that the Scottish Government has to use the financial powers that will be available to it in order to deliver on that.

That is why the UK Government's command paper and the subsequent comments by the Secretary of State for Scotland not sitting well together—as I have said previously—needs to be bottomed out. Paragraph 2.2.5 of the command paper is very clear:

"In the context of Scottish devolution, the fiscal framework must ensure that Scotland contributes proportionally to the overall fiscal consolidation pursued by the UK Government."

Essentially, that ties Scotland to the austerity agenda. However, at the Devolution (Further Powers) Committee, the secretary of state was explicit that the fiscal framework is not intended to restrict the flexibility of the Scottish Government.

Two different positions are being articulated by the UK Government; it is important that the two positions be explored forensically to determine what exactly the position will be in relation to the fiscal framework and the ability of the Scottish Government to operate within it and to use the powers that are being granted to it.

That is equally true when it comes to borrowing powers which, as has been highlighted, are not explicitly mentioned in the Scotland Bill, although we know that borrowing powers are to come to the Scottish Parliament. There is a question about those powers: will they be supplementary to the current capital DEL budget, or will they be in place of the capital DEL budget? That is a not immaterial consideration. If the powers are to replace capital DEL, we will face a revenue hit simply to stand still as far as capital expenditure is concerned. To go beyond a standstill would incur a further revenue hit. That is a material consideration in relation to how fair and flexible the fiscal framework will be.

Independent arbitration is important. Gavin Brown says that he does not agree that independent arbitration is needed. The weight of evidence that came before the Finance Committee indicates that having the Treasury as sole arbiter—I think that that was the term that we used

in the report—or as judge and jury on such matters does not suggest an image of fairness in how the fiscal framework will be dealt with. If the Treasury has an interest in the outcome and is also the ultimate decision maker for that outcome, it does not take too much of a leap of logic to suggest that it will serve its own interests rather than necessarily reflecting on the balance of interests and coming to a conclusion on that basis. I therefore think that having an independent arbiter would be important for ensuring that the Treasury plays fair in the process and does not simply look after its own interests, to the detriment of the abilities of this Parliament to exercise the powers that are being devolved to it.

Also on the subject of fairness, both the Finance Committee and the Devolution (Further Powers) Committee have spent a long time trying to come to terms with what exactly the second no-detriment principle will mean in practice. We are still a long way from getting to that point. The point about a high-level principle is fair enough, but the difficulty lies in knowing in what circumstances it would apply and what element of future proofing there will be around it, so that, for instance, an outcome five years hence is not traced back to a decision that was taken now, and a call for compensation made under the no-detriment principle. There has to be some indication of the period of time over which a no-detriment principle applies when the second no-detriment principle is being examined.

On transparency, the Devolution (Further Powers) Committee did some work and published a report on intergovernmental relations. One of the recommendations that the committee has come up with is that intergovernmental relations and scrutiny, examination and exploration of those relations should become a responsibility of a committee of the Parliament. The committee also said that that should be done both before and after formal meetings of the two Governments. My question is this: although it is fair enough for us to take those steps in this Parliament, what is happening at the other end? How do we ensure that appropriate scrutiny is applied to intergovernmental relations at the Westminster end of the process? Our ministers are coming to our committees and are talking about both the discussions that they are going to have and the outcomes of discussions, so scrutiny has to be applied to the role of the Westminster Government in that respect, too.

We cannot compel Treasury ministers or any Westminster Government minister to attend a committee meeting here, but that power exists for Westminster Parliament committees. It may be worth their while to explore how they would scrutinise intergovernmental relations.

I pay tribute to the clerks for supporting the committee's work on outlining the areas around the fiscal framework that really need to be probed. One of the things on which the Scottish Government is focused—and that we should support it in—is ensuring that flexibility, fairness and transparency lie at the heart of the fiscal framework that we hope will be presented to Parliament once the negotiations have been concluded.

15:30

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): The report contains many important recommendations, all of which I agree with. I suppose that the most controversial part relates to the Fiscal Commission, and we should welcome the fact that the convener and other SNP members have been willing to challenge the Government both on the need for the commission to carry out its own forecasts, and through the committee's recommendation that the commission should judge

“the performance of the Scottish Government against its fiscal targets”

and assess the

“sustainability of the public finances.”

I have to say that I have become a little concerned by the way in which the commission appears to be acting as much as advisers as independent scrutineers; that needs to be addressed in the forthcoming bill.

Intergovernmental relations form another important part of the report. Just by chance, the Devolution (Further Powers) Committee published a report on that very matter yesterday. Although we cannot debate that report this afternoon, I think that its main theme can be summarised in one phrase: the importance of far more parliamentary scrutiny of such matters. That clearly chimes with a main theme of this debate, particularly as articulated by Jackie Baillie. Both it and the Finance Committee are absolutely clear that the existing institutions for intergovernmental relations are not fit for purpose and, crucially, the Finance Committee has made the recommendation, from which Gavin Brown dissented, that

“consideration be given to establishing an independent body to advise on the calculation of the block grant.”

Mark McDonald: Malcolm Chisholm and I are both members of the Devolution (Further Powers) Committee so does he agree that, on further scrutiny, it takes two to tango and that there will need to be agreement from the UK Government for some of the detail of ministerial meetings to be made public?

Malcolm Chisholm: I absolutely agree with that.

The block grant adjustment is a key issue for the whole fiscal framework, and the Finance Committee has emphasised that the calculation of the block grant must be “open and transparent”, which clearly it is not now and never has been. We need the right initial adjustment to the block grant and then, crucially, fair indexation. That has already been established for our initial taxes. Of course, the key issue is income tax, and it seems that the UK Government has accepted the Holtham method, which indexes to the growth in the UK tax base. However, the committee raises the interesting question whether that should be per capita growth in the UK tax base and has asked the Government to look not only at that but at the number of higher-rate taxpayers increasing faster in England than it is in Scotland. I am glad to hear that that analysis is being carried out: it will be interesting to see the results.

The block grant adjustment relates to no-detriment principle 1. Far more problematic is no-detriment principle 2, which, according to the Finance Committee, should apply only to a major and calculable impact of the budget of the other Government. We are absolutely clear that it should not relate to tax competition, in the context of which the example of air passenger duty is often highlighted. I am reassured that George Osborne appears to agree. There might not be too many issues on which most people in the Scottish Parliament will agree with Mr Osborne, but during his appearance at the Treasury Committee earlier this year, he said that tax competition is something that should be allowed. In fact, he also said that the whole principle of no detriment relates principally to the block grant, so I am modestly reassured by his comments in that respect.

Another main theme of the report is flexibility. Concerns have been expressed that the UK Government might want to constrain this Parliament's fiscal flexibility, just as concern has been expressed that it appears to be trying to constrain our social security flexibility in some of the provisions in the Scotland Bill. I agree with the report that we must have

“flexibility to pursue distinct fiscal policies consistent with the overall UK fiscal framework”

but, as the cabinet secretary said, the policies should not need to mirror each other.

The committee also pointed out that we should have flexibility on how we spend any tax surplus, if such we should have. We should not really need the UK Government to dictate what we do with that. Although the committee has recommended a debt rule in the medium and long terms, that rule should not necessarily be the same as the UK's.

The theme of flexibility on a wide range of issues runs through the report.

Finally, and perhaps most important, is borrowing. There is borrowing to cover cyclical volatility and revenues, and as Gavin Brown suggested, there is probably quite a lot of agreement about that, although we do not know the details. Far more contentious is capital borrowing, because one of the main differences between the Scottish Government's economic policy and that of the UK—and, indeed, the Labour Party—is the greater emphasis on the positive role of capital borrowing. We are prepared to do more of that than the UK Government is currently countenancing. The committee recommends

“prudential capital borrowing ... on a statutory basis”.

That is an important recommendation

Related to that is moral hazard. John McLaren and Angus Armstrong were interesting in that regard. John McLaren said that there should be free access to capital markets for borrowing. Dr Armstrong supported that, but he emphasised that responsibility and liability need to be aligned and said that

“It would be anomalous for one government to control its tax and spending and another government to have ultimate responsibility for the debt that arose.”

That is the trade-off. We need prudential capital borrowing on a statutory basis but we clearly have to take full responsibility for repayment of the debt.

My seven minutes are up, so I conclude by agreeing with the Scottish Government that the fiscal framework must be fair. I hope that everybody in the chamber agrees. From the report, I draw the conclusion that an unfair fiscal framework could torpedo fiscal devolution, so we must have a fair fiscal framework before we agree the Scotland Bill.

The Deputy Presiding Officer: Many thanks. I have indicated that speeches should be of seven minutes or so, but if members feel that they wish to contribute a bit more, there is time in hand.

15:37

Linda Fabiani (East Kilbride) (SNP): I welcome the report, which mirrors part of the evidence that the Devolution (Further Powers) Committee has heard on the proposed Scotland Bill.

My overall feeling is that the Finance Committee's report is focused. It consistently calls for flexibility, which is essential in the debate as we look towards a fiscal framework. Paragraph 24 of the report says:

“For fiscal devolution to work it is essential that the Scottish Government has some flexibility to pursue distinct

fiscal policies consistent with the overall UK fiscal framework.”

No one should disagree with that. After all, we want that flexibility so that we can ensure that Scotland retains the rewards of success, just as we must bear the risks.

The Scottish Government reflects flexibility when it talks about looking to balance risks to, and opportunities for, Scottish funding, and about allocating the risks to the Government that is best equipped to manage them. It also looks at providing incentives and increasing accountability, and says that the framework should give Scotland as much genuine fiscal choice as possible, which is extremely important.

Of course, the Deputy First Minister has previously made it clear that the Government feels very strongly that the fiscal framework has to be the right one for Scotland. We could not possibly agree to a legislative consent motion that would cause any risk to Scotland and which would not give Scotland the best deal. I find it difficult to imagine why anyone could possibly disagree with that. Surely everyone in the chamber agrees that we should always look for the best deal for Scotland.

Jackie Baillie alluded to a separation of the Scotland Bill and the fiscal framework when she was talking about transparency. I do not believe that we can separate them at all. I am willing to get clarification on that.

Jackie Baillie: I was simply seeking information from the Government as to what its intentions were in introducing the legislative consent motion. I hope that, in his summation, the cabinet secretary will shed some light on that.

Linda Fabiani: I reiterate that the fiscal framework is integral to the Scotland Bill. We cannot possibly separate the two. Borrowing is also integral. Borrowing both revenue and capital is something that the Finance Committee has talked clearly about and, again, it is looking for that flexibility—the ability for the Scottish Government to adopt its own fiscal policies within the overall UK fiscal framework. The committee has stated that

“the level of borrowing powers for current spending will need to be significantly increased and should be commensurate with the risks faced by the Scottish Government post-Smith”

because a degree of volatility will have to be addressed. Currently, the Scottish Government borrowing limit is just over £2 billion over 10 years, which is not adequate for anything—even the limited powers that may come to Scotland through this latest Scotland Bill.

There was a lot of discussion from witnesses about borrowing and I think that there is some concern, too, about capital borrowing, which must be in addition to the capital DEL when the borrowing for capital spending comes in. The committee

“supports the introduction of a prudential capital borrowing regime on a statutory basis”,

as did many witnesses. Other members have spoken about that. Scotland’s councils are already able to borrow under a prudential regime, so it seems that it would be sensible to consider seriously such a regime for the Scottish Government.

Moral hazard was raised by Malcolm Chisholm. It was interesting that not an awful lot is said about that in the Finance Committee report, but quite a few of the submissions that were received by the Finance Committee mentioned the moral hazard facing the UK Government from the actions of a devolved Scotland. I felt that they somewhat disregarded the relationship between revenue raising and the expenditure that revenue is raised to support.

The submissions also ignored the moral hazard that could face this Parliament from the actions of the Westminster Parliament, which we have to guard against. We have already witnessed UK Governments playing games over the years with the devolution settlement and the Barnett formula. People will remember that although local government finance is a devolved responsibility, when this Parliament wanted to design a new system of local taxation, it turned out that the then Government, under Gordon Brown in the Treasury, took the view that if Scotland exercised its devolved power and responsibility, the UK Treasury was entitled to bank the £400 million windfall arising from council tax benefit being withdrawn from Scotland. That is the kind of moral hazard that the UK Government might impose.

I am very pleased that John Swinney is clear that we will not enter into any kind of agreement that could have a detriment to Scotland—we have to guard against any detriment, which brings me to the next point. The no-detriment principles are also addressed in the Finance Committee report. However, it is difficult to see how those principles can operate in a simple and “mechanical” way. I guess that that will have to be subject to regular negotiation between Scotland and the UK, if we go ahead. It is a difficult issue and I know that there was a lot of discussion about what “no detriment” means.

There was also a lot of discussion about how the Barnett formula was worked out. It was quite interesting, having listened to all the calls for transparency, that Professor Keating—as good an

expert as we will ever get—in evidence talked about how impossible it is to work out how the Barnett formula works, and about the secrecy that is apparent in the UK Treasury. I have to say that I have not heard the unionist parties in this chamber screaming for transparency and openness when it comes to the Treasury rules. It seems that there is still an element among members in the chamber that is more interested in criticising the Scottish Government than in getting behind it to fight Scotland’s corner.

The reality is that, despite all our discussions about the fiscal framework, we in Scotland will, without a significant change in attitude at UK level in the Treasury and among some of the parties in this chamber, be negotiating with the UK Government with one hand tied behind our back.

I would like today’s debate to be a turning point. Members should recognise that the Scottish Government and John Swinney, as Deputy First Minister, are absolutely right: we cannot expect Scotland to enter an agreement that could damage it. If everyone gets behind that idea, it will be a very good footing from which to move forward.

15:45

Chic Brodie (South Scotland) (SNP): I, too, welcome the debate. It has been just over a year since the historic referendum took place. It has been a year of change in Scotland, which is as a consequence continuing to evolve and grow in confidence. The fiscal framework that we espouse should allow for that growth in confidence and should set out an economic and monetary approach that covers all aspects of society. As the Finance Committee report notes, a key question at the outset should address the extent to which the Scottish Government’s fiscal policy is constrained or limited by the UK Government.

The Smith commission stated that Scotland’s fiscal framework should be consistent with the overall UK framework. In my opinion, that is misconceived: allied to, yes—but consistent with, no. As the committee pointed out, the command paper seems to go beyond that interpretation, stating that the framework must ensure that

“Scotland contributes proportionally to the overall fiscal consolidation pursued by the UK Government”.

The Chartered Institute of Public Finance and Accountancy, which recognises that point, agrees that, although the fiscal framework must be consistent, that does not necessarily mean that the content must reflect exactly the UK fiscal policy objectives, guidelines or mandates.

In fact, as in any devolved situation—temporary though it may be—there must be flexibility to pursue distinct fiscal policies as an input to an

overall agreed fiscal framework. If we are to bear risks in that framework, we must secure and recognise the reward that goes with those risks.

On borrowing and on fiscal rules, the International Monetary Fund has stated that the most common rules—although not all of them—at a sub-national devolved level within the European Union and the Organisation for Economic Co-operation and Development seem to be a combination of a budget balance rule and a limit on the overall accumulation of debt.

The report gives examples such as Belgium, where the borrowing is supervised by an independent high finance council that is independent of both parties. Another example is Spain. In Germany, the Länder use borrowing to finance the shortfalls in revenue, and central Government has no power to place restrictions on their borrowing activities. The Länder have their own constitutional and statutory framework to control borrowing. There are other examples of arrangements with even greater flexibility—for example, in the Canadian provinces and in Australian states.

I agree with the Finance Committee that fiscal rules should be agreed through negotiation with the UK Government and should not be imposed on Scotland. There must be parity of esteem and respect with regard to the different elements of an overall framework.

John Mason: My question to Chic Brodie is the same one that I asked Jackie Baillie. Does he see any sign of a change in attitude or culture at the Westminster end?

Chic Brodie: I believe that the capabilities of our negotiators will encourage them to see the light.

The definition of balanced budget rules is important. The IMF has pointed out that devolved Governments should be allowed the flexibility to absorb cyclical variations in their revenues over a number of years. CIPFA's view is that there should be a balanced approach to the current budget over the economic cycle as agreed between the separate Governments.

In that regard, I agree with the Finance Committee that the level of borrowing powers for current spending will need to be increased and that there should not be a cash limit on current borrowing but the respective Governments should instead agree a balanced budget fiscal rule.

We have already mentioned independent arbitration. I refer to the Belgian authorities, which have an independent high finance council to agree that.

Greater powers over revenue and expenditure imply that we accept greater risk and volatility in

Scottish budgets, so borrowing powers need to be flexible, up or down, to accommodate the risks. Countries such as Canada, Switzerland and the US do not impose limits on their devolved states. Scotland should have free access to capital markets. We have talked about the issue of moral hazard being addressed by the agreed framework. I believe that Scotland is mature enough financially. Over the past seven years, the cabinet secretary and his officials have provided a background of balanced budget capability, and they are more than able to deal with the issue and to negotiate on changing the culture at Westminster.

The no-detriment principle has to be agreed from the outset. The decisions on local determination of tax and policy making have to be made from the outset and made public in the interests of fairness and transparency. As I said, esteem and respect are required of both Governments. The funding model for Scotland, the Barnett formula, is becoming even more confusing, so there needs to be a clear understanding of the methodology and operation of Barnett going forward. Flexibility will be required as more revenue-raising powers are devolved.

The Scottish Government has published a consultation on a bill to place the Scottish Fiscal Commission on a statutory footing, which is an important step forward. Scrutiny and forecasting are of vital importance to the performance of Scotland's economy. Forecasts for the Scottish economy are often based on UK Government assumptions, which are often questionable and not based on real data. Two years ago, in the UK fiscal outlook, the Office for Budget Responsibility said on Scottish taxes that its methodology in attempting a realistic forecast was a work in progress. That was bad enough then but, in 2015, it said that there had been no substantial change in the methodology.

The Finance Committee report questions the availability and quality of economic and fiscal data for Scotland. The Scottish national accounts project—SNAP—was set up seven years ago to

“try to fill in some of the gaps”—

some of them are large gaps—

“in the national accounts data that are available for Scotland.”—[*Official Report, Finance Committee*, 13 May 2015; c 1.]

That is, the data from the OBR. Scottish Government officials were recently asked to give an idea of the progress that is being made and they responded that they consider that they are not even halfway to where they need to be. They believe that that is because of a lack of appropriate UK data, as I have already pointed out in relation to the OBR.

That is an extremely important issue. In fact, it is probably the most important issue that we have faced recently. Scotland needs data that are reliable, accurate and as up to date as possible. We need support to ensure that we have accurate national accounts that are not based only on UK Government assumptions. We need a macroeconomic forecasting model for Scotland. I ask the committee to investigate further whether the current models for producing national accounts and forecasting are of sufficient size and scale to deliver that accurately for Scotland.

It was stated in evidence to the committee that we should consider a Scottish equivalent of the OBR. There might be an argument for going a step further and ultimately establishing a Scottish treasury as part of the implementation of a fiscal framework, to oversee borrowing within the devolved framework. That probably will come. Such a Scottish treasury would provide accurate forecasting and national accounts. The two comunidades forales, or autonomous regimes, in Spain, the Basque Country and Navarre, have their own treasury departments. The Basque autonomous community ranks first in Spain on per capita income, with gross domestic product per capita being 40 per cent higher than that of the European Union as a whole and 33.8 per cent higher than Spain's average.

I agree with much of what the committee report says, but I believe that we must take the opportunity to set up a framework and perhaps a treasury and enable Scotland to continue to prosper and grow with confidence, and to grow its economy.

15:54

James Kelly (Rutherglen) (Lab): I thank the Finance Committee for its work on the report. To the outside eye, this might seem a fairly dry parliamentary debate on a dull Wednesday afternoon. It is dull outside and people might see it as dull in the chamber.

Jim Eadie (Edinburgh Southern) (SNP): James Kelly can liven it up.

James Kelly: I will do my best, Mr Eadie.

In fact, the issue that we are debating is very important. We have impassioned debates in the chamber about, for example, how best to grow the Scottish economy, how we build a strong health service, how we achieve attainment in education, or how we get a fair local government funding settlement, but a lot of that flows from the Scottish budget. Clearly, the fiscal framework will have a dramatic impact not only on the size of the Scottish budget, but on the choices and priorities that the different political parties in the chamber

are able to outline—I will touch on that aspect later.

The report makes a number of important points, the first of which relates to the no-detriment principle, which is very important in ensuring that the forthcoming changes will have no adverse effect on the Scottish Government. It should be remembered that that principle is so important because with regard to UK spending in a Scottish context, as the Government expenditure and revenue Scotland figures point out, we spend more than we take in in tax.

There is general agreement on the first no-detriment principle that no Government should gain or lose through any of the changes that will be made, with an emphasis on the importance of transparency in terms of implementation. The second no-detriment principle relates to policy changes, and I have looked at the report and listened to contributions to this debate on that principle. Mark McDonald is not in the chamber, but I agree with his point that it is not clear how that principle would operate, although it seems that there will be guidelines. However, it is important that there is transparency about the discussions between the two Governments to ensure that, as the second no-detriment principle requires, there are no adverse effects.

John Mason: I take the member's point that it is not clear how that principle would operate, but I think that some people would go further and say that it is impossible to see how it would operate. Would the member go that far?

James Kelly: I just observe that from the committee's deliberations on the issue, the evidence of the witnesses who appeared before the committee and members' contributions to this debate, it seems that people are struggling with how the principle would operate. We must try to engage with that in order to find a way forward. Ultimately, what the principle is driving at is that any policy changes should cause no detriment to the Scottish budget. That must be the objective, so we must try to find a way through to that.

Members have made important points about financial forecasting and the independence of the Scottish Fiscal Commission. Particularly in light of the vast array of changes that are coming, forecasting is very important to the Government's financial planning, not only for how the budget is organised but for the potential impact on the economy. Forecasting is absolutely crucial in that regard.

The Government's performance targets are also important. I know that the Government and the Finance Committee have struggled with that issue through the years, not just in terms of looking at the targets but in trying to link them to outcomes.

The Scottish Fiscal Commission provides an important way forward in independent forecasting and the proper monitoring of performance.

The impact of the forthcoming changes will alter some of the political debate around the Parliament. The emphasis will change from a simple block grant arrangement to one in which we are responsible for collecting the taxes and spending the money. That will have some interesting implications when it comes to election time, because the parties will need to outline in their commitments not only their spending plans but how they would directly raise the money to fund them. When we had a debate on education a couple of weeks ago, Labour talked about creating a new 50p tax rate in order to promote educational attainment. There was quite a lot of silence from members on the SNP benches when that was proposed. It will be interesting to see how the different parties tackle such things as the new powers develop.

A lot of the discussion this afternoon has been about the technical detail. It is important not to forget how we link that back to our local areas and the challenges that we face. For example, Shelter Scotland said yesterday that it reckons that, to tackle the housing crisis, Scotland needs 12,000 more affordable homes a year, and we know that there are still nearly 600,000 people in Scotland who are not being paid the living wage. In my constituency, there are now more people in the population but fewer general practitioners to cover them. One of the challenges is to determine how we can use the new powers and arrangements in order not only to fund the Scottish Government's existing commitments but to look at some of the new challenges that are coming up.

It is important that we get the fiscal framework correct and that there is respect and transparency between the two Governments. That is important because the fiscal framework will impact on the Scottish budget, on the Scottish economy and, ultimately, on people in all our constituencies and regions.

16:02

Jim Eadie (Edinburgh Southern) (SNP): I agree with James Kelly that, although this is a dry and technical subject, it is of critical importance to the decisions that will be made in the chamber, and also to changing the terms of the political and economic debate in Scotland.

It seems to me that the overriding imperative must be to ensure that the fiscal framework that is agreed by the UK and Scottish Governments allows the Scottish Government, whichever party or parties form it, the flexibility to raise much more of its own revenue, the ability to determine its own

spending priorities and the capacity to benefit from increased tax revenues in the event that we are able to successfully grow our economy to a far greater extent than is currently the case.

Other members have focused on the role of the Scottish Fiscal Commission, so I do not intend to address that in my remarks this afternoon. Instead, I wish to focus on the specific issues of the borrowing powers that will be available to the Scottish Government, which other speakers have touched on this afternoon, and the block grant and funding formula that will underpin the further powers that are coming to the Scottish Parliament.

The Finance Committee's report states:

"One of the key questions to be addressed in developing a revised fiscal framework is the extent to which the Scottish Government's fiscal policy will be constrained by the UK Government."

Mr Gibson, in his opening speech, mentioned Governments following ill-disciplined policies. In all the discussions about the need to ensure that the Scottish Government operates in a fiscally responsible way, it is worth reflecting that, at quarter 1 of 2015, UK debt stood at a staggering £1.65 trillion, which is 81.58 per cent of gross domestic product.

One of the key issues is the direct controls that central Government exercises on the amount that the Scottish Government will be able to borrow. The Smith commission proposed additional borrowing powers for two purposes—first, to ensure budgetary stability and provide safeguards to smooth public spending in the event of economic shocks, and secondly to support capital investment. The committee examined the options for fiscal rules that will act as a constraint on the level of borrowing that the Scottish Government has at its disposal, and the options for current and capital borrowing.

As the committee said in its report,

"There was a general agreement among witnesses that current borrowing powers should be commensurate with the additional level of risk faced by the Scottish Government following further devolution."

Linda Fabiani referred to paragraph 58 of the report, where the committee said:

"it is clear that the level of borrowing powers for current spending will need to be significantly increased".

The committee went on to say that

"the Scottish Government will require substantial new borrowing powers to manage ... volatility",

and that

"The Committee is, in principle, supportive of examining the proposal to allow current borrowing for preventative spending on the basis that it is about investing in the future."

It is clear that the method for indexing the adjustment to the block grant will have a direct impact on the scale of current borrowing powers that is required. Although there is agreement to use the Holtham method for indexation of the block grant adjustment following introduction of the Scottish rate of income tax, there are doubts about the extent to which the mechanism will enable Scotland to withstand risks at UK level and UK-wide economic shocks to which Scotland is exposed.

The main concern is that the Scottish tax base might grow more slowly than that of the UK as a whole, due to the relatively lower number of higher-rate taxpayers in Scotland compared with the rest of the UK and the impact of relative population growth. The relatively lower number of higher-rate taxpayers in Scotland explains why Scotland's income tax contribution to the UK Exchequer is 7.3 per cent, which is less than our 8.3 per cent population share.

That brings home to me that the further powers that are coming to the Scottish Parliament primarily rely on income tax as our main source of revenue raising. Why should we not have power over national insurance contributions, so that we could reduce the burden on employers, or over capital gains tax, so that we could devise a fiscal regime or set of incentives for entrepreneurs and manufacturers?

The disproportionate number of very high incomes in London and the south-east of England means that our income tax base is lower than that of the rest of the UK. In his paper, Dr Jim Cuthbert said:

"there are naturally going to be extended periods when the income tax base in Scotland grows more slowly than that of the UK as whole."

He told the committee that, on that basis,

"Under Holtham indexation, Scotland will be penalised."—
[*Official Report, Finance Committee*, 22 April 2015; c 21.]

Dr Cuthbert also expressed concern about the impact of relative population growth on indexation. He pointed out:

"over the last ten years, the rate of population growth in the UK as a whole has been higher than the rate of population growth in Scotland by an average of 0.22% annually."

That means that Scotland has to grow its per capita tax base faster than the UK does if it is not to be penalised.

Malcolm Chisholm said that indexation could be based on growth in the per capita tax base rather than overall growth in the UK tax base. That is a recommendation of the committee, which is worthy of further consideration. Given the real threats that have been identified in evidence to the Finance

Committee, it is vital that the issue be addressed and resolved.

Mr Salmond mentioned independent arbitration, and his comment led to a rare outbreak of agreement with Jackie Baillie. That is not just an essential prerequisite for the Parliament's agreement for the fiscal framework but the logical extension of the committee's conclusion, in paragraph 174, that

"there is a fundamental need to change HM Treasury's role as the sole decision maker at both a bilateral and multilateral level".

Linda Fabiani, who I think is no longer in the chamber, hit the nail on the head when she talked about transparency. Transparency cannot be a one-way street; it must apply to the UK Government and to the Scottish Government. There is no consultation or transparency when the Treasury takes decisions about the operation of the Barnett formula. For example, the Treasury decided that the Olympic games were a UK item and therefore a reserved matter outwith Barnett, so no Barnett consequential came to Scotland. In contrast, the Commonwealth games were considered entirely a matter of Scottish expenditure, to come out of Scotland's block grant.

I think that all members need to reflect on the point about transparency. In the words of Margaret Cuthbert, in evidence to the House of Lords Economic Affairs Committee:

"This arbitrary system, determined by one participant body in the system, has to change and become fully participative and transparent."

We need to take careful cognisance of that.

The successful conclusion of negotiations on the agreement of Scotland's fiscal framework is one on which the future effectiveness of further fiscal devolution will depend. We need a robust and credible fiscal framework that gives the Scottish Government the flexibility that it needs, and the Scottish Government's budget should not be adversely affected as a result of the decision to devolve further powers.

16:10

Joan McAlpine (South Scotland) (SNP): I congratulate the committee, as others have, on a robust report.

A *Herald* article on 15 March discussed a study by the University of Edinburgh's academy of government and was based on a series of interviews with senior figures connected with the Smith commission process. The article states that, having spoken with key individuals, the researchers concluded that the Treasury was very much in charge of the Smith process. Indeed, one

of its senior officials headed the secretariat supporting the negotiations.

After I read that article, I had a look at what the university researchers concluded, and their comments make for interesting reading. They say that their interviews made it clear that the Treasury was a controlling and steering force in the process. That conclusion is perhaps unsurprising given previous academic work on the Treasury's role in the UK public policy process. The Treasury provided numerous technical briefings to the commission's members and was the pre-eminent Whitehall department in the process of defining a fiscal policy package that was acceptable from a UK perspective.

It was with those comments from impartial academics in mind that I read the committee's report and viewed with increasing concern some of its observations and recommendations, which are clearly designed to ensure that the fiscal framework does not give undue influence to the Treasury in a way that is detrimental to Scotland. I congratulate all the members of the committee, from every party, who put Scotland's interests first. I particularly welcome the committee's expressed concern that the command paper suggests a much greater level of constraint on the Scottish Government's fiscal flexibility than even the Smith commission suggested, and I welcome the committee's comments on borrowing, no detriment and the block grant funding formula.

Reading the section of the report on the block grant, I was struck by the comments of witnesses on the Barnett formula. Professor Keating pointed out that

"Barnett has never been defined, so Barnett is whatever the Treasury says that it is."—[*Official Report, Finance Committee*, 20 May 2015; c 17.]

Dr Jim Cuthbert argued that the Treasury has, to date,

"signally failed to operate the Barnett formula transparently."

John McLaren suggested that the new complexities that will accompany the additional tax powers and the changes that come from Smith could make the lack of transparency even worse. Even the Economic Affairs Committee of the House of Lords, which is not an institution that I often quote favourably, said:

"On every funding decision the Treasury is judge in its own cause".

That really has to change, given what is at stake for Scotland's public services in the future.

That is why I whole-heartedly congratulate the committee on recommendations following paragraph 173. Paragraph 173 states:

"The Committee notes that it is abundantly clear that the existing institutional IGR framework is not fit for purpose. The increasingly complex nature of devolution and the degree of interdependency at both a bilateral and multilateral level requires substantial change to both the structure and culture of inter-governmental relations. In particular, the Committee agrees that it is clear that the 'machinery for devolved finance can no longer be left to the discretion of HM Treasury.'"

That is very well said.

That is followed by the committee's recommendations at paragraph 174, which I will not go through in detail because there are quite a few of them. I endorse the first recommendation—

"for inter-governmental relations to be meaningful in relation to fiscal matters ... there is a fundamental need to change HM Treasury's role as the sole decision maker at both a bilateral and multilateral level"—

and the penultimate recommendation, which is:

"consideration should be given to establishing an independent body to advise on the calculation of the block grant".

As Alex Salmond and others said, that is essential, given how the Treasury has operated in the past with devolved Administrations.

I also draw attention to some of Dr Jim Cuthbert's evidence. Other members have talked about the Holtham indexation method and how that could be detrimental to Scotland's finances, given our slower population growth and lower numbers of higher-rate taxpayers. I echo those concerns, and I am pleased that we are going to be looking at the issue again.

Dr Cuthbert raised another issue in his evidence to the committee that I thought was interesting and worth raising again. He posed the question of a UK Government deciding that it was going to fund extra expenditure on a reserved issue, such as Trident, by raising UK income tax rates:

"Since defence is a reserved function, public expenditure on Trident is regarded as 'benefiting' the whole of the UK. So public expenditure in Scotland will rise by Scotland's population share of the extra spend on Trident. Since aggregate public expenditure in Scotland has now risen by this amount, the principle of Clause 95(4)(b) is in danger of being breached, so to avoid this happening, Westminster will reduce Scotland's Block Grant correspondingly."

Dr Cuthbert goes on to talk about the implications of that being "stark":

"if Westminster decides to use an increase of rUK income tax to fund a reserve service ... (as it is perfectly entitled to do under the current proposals), then Scotland"

faces a stark choice: it can either cut its devolved services or raise its income tax rates. Dr Cuthbert says that there is not necessarily an easy solution to that quandary, although he offers a solution: a rest-of-UK income tax for devolved spending in England and another band for reserved taxes. That is probably a debate for another day.

The Deputy Presiding Officer: Many thanks. We now move to the closing speeches. I invite all members who have taken part in the debate to return to the chamber to hear them.

16:18

Gavin Brown: This has been a pretty fascinating debate. It has been aided in part by the fact that speeches have been made not only by members of the Finance Committee but by members of the Devolution (Further Powers) Committee. Although Devolution (Further Powers) Committee members are looking at the topic from a slightly wider perspective, they clearly have knowledge of the fiscal framework. The combination of those contributions from both committees has definitely supplemented the quality of the debate.

A number of speakers made the point that this topic is if not the most important then one of the most important issues that we will discuss, debate and agree over this parliamentary session. The results of that agreement will potentially span several sessions of Parliament. As Smith said, it is an issue that should not require on-going negotiation. We have to get it right first time, so I agree with the cabinet secretary when he says that it is more important to get it right than to make sure that we finish it exactly to a preset timescale—he is quite correct on that.

A point that has come through from a number of members is the issue of transparency and what is going on at the negotiations between the UK and Scottish Governments. I plea to the cabinet secretary that he addresses that issue in his closing remarks. Is there something that can be done to give the Finance Committee and other parliamentarians a bit more information on what is going on? I accept entirely that we do not want to have a running commentary as that would not be desirable; I simply ask whether more can be done.

There is a slight concern, certainly from my side, that the negotiations will conclude at some point in the autumn or later on in the year and that we will then have an unveiling of the fiscal framework—

Chic Brodie: I think we agree that, in general terms, once the conditions have been agreed there should be as much transparency as possible. However, the OBR works with HM Revenue and Customs to develop the budget input for the UK Government and, according to the policy memorandum to the Scottish Fiscal Commission Bill, the UK forecasts that are published by the OBR at each UK fiscal event

“are prepared by HM Revenue and Customs and subject to in-house review by the OBR. Neither the nature of this scrutiny, nor its impact, is made public.”

Do you not think that it would help us to develop the culture of openness if the basis of those forecasts was made public?

Gavin Brown: Anyone who has heard Robert Chote give evidence at Westminster or here at the Scottish Parliament would struggle to accept the notion that those forecasts are not independent and that they are overtly manoeuvred somehow by HMRC. Of course some of the initial raw data comes from HMRC, but I have listened to Mr Chote on a number of occasions and there is no doubt in my mind—and I think that I can speak for most of the committee on this—that it comes through loud and clear that he is particularly independent, and that the OBR will not be controlled or dominated by anyone, much to the unhappiness, at times over the past few years, of the Chancellor of the Exchequer.

The point that I was leading on to was that I have a slight concern that the fiscal framework will be unveiled and the Parliament will be presented with a binary choice: we will have to accept it in its entirety or reject it in its entirety.

I know that the fiscal framework is not a piece of legislation, but I will draw an analogy with the legislative process. We will be treating the fiscal framework like an affirmative instrument, to which we cannot propose amendments or discuss any of the terms; we simply have to accept it or reject it in its entirety. It would be preferable if the process for dealing with the fiscal framework were more akin to the process for dealing with primary legislation. In that way, parliamentarians and Scotland more widely would be able to make contributions, with the result that we would get the best fiscal framework for not just Scotland but the UK as a whole, and one that was enduring and sustainable and which did not need to be reviewed and negotiated every year or every couple of months. That is my hope, and I make a plea to the cabinet secretary to address that in some way in his closing speech or thereafter.

I also make a plea for us to be told a bit more about what goes on in the discussions. Quite fairly, the cabinet secretary asked me to prepare a note for him on what kind of information would be useful, which I will happily do after the debate. I mentioned revenue borrowing in my response to his intervention. Could we have information on capital borrowing, too? Although there might not be agreement on whether there should be a limit, is there broad agreement at this stage between the Scottish Government and the UK Government that there should be some form of prudential borrowing regime, as suggested by Smith and as proposed by the Finance Committee, or are we not there yet? Has the issue simply not been discussed yet? Has it been discussed and put on ice, or is progress being made?

Information on what discussion there has been on the no-detriment principle would also be useful. There are two parts to the no-detriment principle. The first part seems to be broadly accepted by everyone, but there seem to be misgivings on both sides of the political divide on what is described as no detriment 2. There seems to be a lack of clarity on what it means and what the implications are. Has there been discussion between the Scottish and UK Governments in which they have agreed that it should be looked at only in a high-level way, not a mechanical way? I refer to the suggestions that the Finance Committee made in its report. The two Governments said in a joint communiqué that options for future governance of the fiscal framework were discussed, but what does that mean? What kind of options might have been on the table?

Members talked about the Scottish Fiscal Commission. The biggest issue that has been discussed over the past couple years is the production of forecasts. I reiterate my view—which I think is the committee's view—that the Fiscal Commission must have the ability to produce its own forecasts. Whether they are treated as the official forecasts is less important than the fact that the Fiscal Commission must have the ability to make them if it is going to be able to scrutinise rigorously and do its job properly. That becomes more important with every year that passes, as we get greater financial control.

Most finance ministers will not want to cede control—there is nothing unique in the Scottish Government there—but I genuinely believe that, given the optimism bias errors that occur among Governments across the planet, it is too important to leave forecasting in the hands of the Government's finance department.

Greater transparency is needed in the on-going process and on the Scottish Government's red lines, given that it is threatening to potentially vote down the Scotland Bill if it is not "fair", to use its word. The Finance Committee has a clear role to play in that. Given the spirit of the Smith commission and the fact that all the political parties were involved in it, along with other stakeholders, where is there a chance for us to make a contribution so that the ultimate fiscal framework that is agreed is one that endures, stands the test of time and does what we all want it to do?

The Deputy Presiding Officer: Many thanks. Before I invite Richard Baker to speak, I put out a call to Kenneth Gibson. If he is in the building, would he please return, as the convener of the Finance Committee, to hear the debate on his motion on Scotland's fiscal framework?

16:26

Richard Baker (North East Scotland) (Lab): If we behaved like that at the committee and did not turn up either on time or to hear all the evidence, we would certainly be for the high jump. Presiding Officer, I echo your encouragement to Mr Gibson. I hope that he will come to the chamber to reflect on what has been a very good and constructive debate.

In fairness to the convener, the quality of the debate reflects well on the committee's assiduous work in considering the fiscal framework that the Scottish Government will have to adopt as it takes on significant new powers over the money that it raises. Determining how the framework should operate will be a key decision for this Parliament, for the future of the Scottish Government's fiscal policy, and, crucially, for the fulfilment of the principles and policies that were set out by the Smith commission, as a number of members have said.

There has been a broad consensus around the chamber today. As Gavin Brown pointed out, there was not agreement across the committee on every point in our report, but there was a broad consensus that we need a framework that secures a sensible approach to fiscal policy and allows the Parliament to scrutinise its operation effectively.

In the few minutes that I have to close for Labour, I will reflect on three broad themes that members have raised in the course of the debate. The first is the need for a framework that secures a disciplined approach to fiscal policy. The second is the need for flexibility, which many members spoke about, so that the Scottish Government can take a distinctive approach to fiscal and economic policy. Finally, we had a lot of debate around transparency in the negotiations between the Governments on agreeing the framework, but of course transparency will be crucial once the framework is in place. Its roll-out and operation must be subject to parliamentary scrutiny, and that scrutiny must be allowed to happen.

The committee has made the case for a framework that underpins a robust approach to fiscal policy, which is why we recommended that there should be a legislative requirement for ministers to bring to Parliament a charter for budget responsibility. Clearly, the committee has got its message across on that issue. There is an implicit need for Parliament to be assured that ministers are not taking on unsustainable borrowing that would be incompatible with the UK fiscal framework. However, as Mark McDonald said—and organisations such as CIPFA agree—Scottish ministers must have flexibility in the framework to pursue distinct fiscal policies. That flexibility is necessary for fiscal devolution to be meaningful. If ministers are to have the flexibility

that they need, the Parliament needs appropriate borrowing powers to accompany its new tax powers. Members have spoken about their concerns in that regard.

I was a member of the Scotland Bill Committee ahead of the passage of the Scotland Act 2012. Linda Fabiani, whose convenership of that committee I enjoyed, rightly referred to borrowing. In the evidence on the Scotland Bill, a limit of £1.5 billion was proposed. At that point, I accepted that there should be a far higher cap on borrowing of around £5 billion.

In the evidence on the fiscal framework to the Finance Committee, we heard the case for a higher cap and the case for a prudential borrowing regime. Ultimately, the committee recommended that we have a prudential regime. In any event, it is clear that, if the Parliament chooses to take a different approach on issues such as infrastructure or investment in preventive measures, there should be far greater flexibility on borrowing than is currently the case. Indeed, we heard that that could be achieved without a significant impact on overall levels of UK borrowing. The committee has therefore made a compelling case for the Parliament to have sufficiently greater borrowing powers. I hope that UK ministers will pay heed to the committee on that issue.

The third issue that I want to cover is transparency, to which a number of members have referred. Jackie Baillie and others have challenged ministers to provide more information on the discussions that are taking place on agreeing the framework, while acknowledging that we will not get a detailed running commentary on ministers' meetings. Once the framework is in place, clear protocols and procedures for parliamentary scrutiny need to be established. Parliament will need to be assured that the operation of the framework does not disadvantage Scottish Government budgets.

On the block grant adjustment, we might be persuaded of the case for Holtham's proposal on indexation, but as Malcolm Chisholm and others said, implementation will be crucial. If it is not based on growth in the tax base per capita in the UK, it could be disadvantageous to the Scottish budget. Whatever mechanism is decided for the block grant adjustment, it needs to be in line with that no-detriment principle.

Members have referred to the second no-detriment principle, and we need to be clear about how it will be applied. The committee has made the case, as Gavin Brown said, that it should be a high-level principle. In any event, it is vital that the Parliament is aware of any potential impact that the principle's operation will have on budgets before we agree any policy changes in the future.

Most important, there must be proper scrutiny in Parliament and in the broader public arena of the operation of the framework. That is why I said that, once the framework is in place, we need clear processes for scrutiny. Scottish and UK ministers must therefore be prepared to update Parliament regularly on its operation and to provide evidence to committees in both Parliaments.

Jackie Baillie powerfully made the point that the current joint exchequer committee meetings simply do not provide a transparent or effective mechanism for intergovernmental dialogue. That must change, and a new process must be put in place.

Several members made the case for independent arbitration of disputes between the two Governments over the framework. As Jackie Baillie said, Labour members agree with that proposal.

We are entering a significant new phase in respect of the Parliament's powers and responsibilities. The establishment of the Scottish Fiscal Commission is fundamental to securing both a smooth transition to the use of the new powers and confidence in the forecasts of Government revenues so that we can be assured that there will be no negative impacts on future budgets.

We now have an opportunity to establish a Fiscal Commission that builds on models of best practice that are already in place around the world. That will require a commission that is properly resourced and able to produce its own forecasts, as the convener of the committee pointed out in his opening speech. Giving the commission those powers will not only inform debate on the operation of the framework, but, as we know from international examples, mean good discipline for the Government. I ask the cabinet secretary again to consider carefully the case that we have made for the commission to be empowered in that way.

I know that there was not unanimity in the committee on every point in the report, but we reached a broad consensus, which has been reflected in the debate, on the great majority of issues around the fiscal framework. That is why I commend without hesitation the committee's report to Scottish and UK ministers. If the recommendations are adopted, that will secure not only a robust framework but measures that will be important and beneficial to good government and effective devolution.

16:35

John Swinney: I will begin with the issue of transparency, because it has percolated through the whole debate. In his closing remarks, Gavin Brown asked how a broad cross-section of opinion

can be involved in the discussions and the process. Frankly, I think that that is what today is about.

Today is an opportunity for Parliament to inform me. What the Smith commission requires us to do is bring together UK and Scottish ministers in the joint exchequer committee to negotiate a fiscal framework. I go into those negotiations to represent the interests of Scotland. I assure Parliament that I take that deadly seriously. I look to today's debate and the Finance Committee's thoughtful report to help me to be informed about the balance of parliamentary opinion on the issues that are of significance and at stake in this whole process.

Jackie Baillie: Will the cabinet secretary take an intervention?

John Swinney: Of course.

Jackie Baillie: I think that it is a two-way process. It would be extremely helpful to understand where the discussions currently are in order to facilitate the dialogue between the Parliament and the Government, which I believe could be allies in the negotiation process if there was more information available to the Parliament. I wonder whether there is some mechanism to facilitate that.

John Swinney: Let me make two points. The first is that I think that I have been very open with Parliament about all the discussions. I know that Jackie Baillie will furrow her brow at that statement, because it does not suit her narrative.

I have in front of me the *Official Report* of the Finance Committee meeting of 2 September, where across 30 columns I was questioned about the issues relating to the fiscal framework. I also have the Scottish Government's response to the Finance Committee's report, which goes to a further 15 pages of text on the Government's position and our thinking. I have also participated in this debate and set out our thinking.

I am one player in the negotiation. Where is the Treasury in all this? If the Treasury wants to work out my negotiating position, it only needs to look at the *Official Report* of the Finance Committee meeting, the Government's response to the Finance Committee report and what I have been saying all afternoon and on various other occasions when this issue has been at stake. I believe that I have been very open—as open as I can be—within a process that is a bilateral discussion between the Scottish and the United Kingdom Governments.

By saying that, I do not mean in any way to cut Parliament out of the process. I need Parliament. I need it to be supportive of me on the arguments that I put forward. As Linda Fabiani suggested in

her very thoughtful contribution, Parliament needs to create a unity of purpose around what it wants to see in the fiscal framework. It is as much in my interest to make sure that that is secure, because I want a deal that will satisfy Scottish parliamentary opinion. That is the only perspective that matters to me.

I ask members to reflect for a moment on how open the Scottish Government has been with the Scottish Parliament on our negotiating position, and how open the UK Government and the Treasury have been with the UK Parliament and UK public opinion on the issues from their perspective. In all these discussions, I am trying to find a way of being as open as I can be.

Mr Brown has been quite critical of the communiqués that we have issued after each of the meetings. He asked, for example, whether capital borrowing had been discussed. If Mr Brown had consumed the contents of the communiqués, he would realise that capital borrowing has, of course, been considered, because it is one of the topics referred to in them.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I will give way in just one second.

That is why I asked Mr Brown to provide me with some idea of what information he would like to see. I would then try to seek agreement with the Treasury to release it. I cannot, in good faith, release information unilaterally, as that would be a breach of the process in which we are involved, which is a joint ministerial discussion between the Scottish and UK Governments. That is the invitation that I have given to Mr Brown.

In her speech, Jackie Baillie did not have time—in a debate in which I have just been given a note to say that I now have even more speaking time than I thought I had—

The Deputy Presiding Officer: My pleasure.

John Swinney: —to cover any of the things that she would like me to negotiate on or argue for. She was immensely constrained on time.

I said that I would give way to Mr Brown.

Gavin Brown: I am sure that the cabinet secretary will accept that I was not asking him whether capital borrowing had been discussed. I have of course read the communiqués. I was asking to what extent it was discussed, and whether there was broad agreement on something that may be less contentious. For instance, is there broad agreement over having some form of prudential borrowing? That was my question—I was not just asking whether it was discussed at all.

John Swinney: The only thing that I can say to try to provide clarity—I hope that the Chief Secretary to the Treasury does not take exception to what I am about to say, but I think that this is the only way I can answer Parliament honestly on this question—is that the chief secretary and I have agreed that nothing is agreed until everything is agreed. Mr Brown shakes his head, but if he asks the chief secretary, he will find that that is his position. It is also mine. Parliament must understand that I could agree something during meeting 1, on day 1, but then find out during meeting 5, meeting 10 or meeting 20—however many meetings we have—that the detail is unacceptable. What do I then do about issue 1, on which I agreed at meeting 1? Parliament has to understand that we will have to consider the agreement in the round.

I accept that there will be issues where I might not get everything that I want—although I will try my level best to get everything that I can. Parliament has heard from me directly—it could not have heard this any more clearly—that if I do not believe that the fiscal framework that is on offer is acceptable to the Scottish financial public interest, I will not support it, and I will not recommend that Parliament endorses such a proposition.

Jackie Baillie asked about the timescale. We have agreed that we will try to conclude the discussions in the autumn. I know that the heating is on—it is on in my house as well. The heating in my house was on at times during the summer, into the bargain. Anyway, the heating is definitely on.

Another issue that the Parliament must bear in mind is the fact that the Scotland Bill is not yet in its final form. It is still going through the parliamentary process in the House of Commons, and it is yet to go to the House of Lords. On the basis of what the Secretary of State for Scotland has said, when the House of Commons returns on Monday there may be substantive change to the Scotland Bill from what we saw before the summer recess. That may have a significant bearing on what the fiscal framework has to do.

That is the best that I can offer regarding the timescale, although I will of course update Parliament on the process.

Members of the Parliament have asked me for some sense of what issues the Government is pursuing. I thought that I had gone through that in my initial remarks, but I will go over some of it again. We very much agree with the Finance Committee on the recommendation that there be significantly increased revenue borrowing facilities. We have to be able to manage tax volatility and Scottish economic shocks. We agree with the committee that the Government needs to have

more capital borrowing powers in addition to the existing CDEL and Scotland Act 2012 provisions.

We had a very interesting discussion about the no-detriment principle. Members such as Malcolm Chisholm, Mark McDonald and Linda Fabiani correctly identified that it is easier to assess and apply the no-detriment principle at the moment of devolution than it is to work out any application of the principle once policies and proposals have been implemented over time.

On the question of the block grant adjustment, on which Mr Chisholm, Mr Eadie, Mr McDonald and others made substantive contributions, I have carefully listened to what Parliament has said to me about the Holtham mechanism and the importance of a per capita assessment being applied to the block grant adjustment. Those points have been made very clearly by members, and I will take them forward in the forthcoming discussions in relation to the fiscal framework.

Lastly, I want to cover the Scottish Fiscal Commission. The Government has made some changes to the Scottish Fiscal Commission Bill for its introduction, and one change relates to the commission's ability to prepare any report "as it considers appropriate". Ministers will in no way direct its agenda; it will be up to the commission to prepare reports as it sees appropriate. We have also put in place a requirement for an external evaluation of the commission's performance to strengthen both its independence and external scrutiny of it.

There has been quite a lot of commentary about the fact that the commission will not carry out its own forecasts. In that respect, it will be in pretty good company; the fiscal commissions in Austria, Belgium, Finland, France, Ireland, Portugal, Slovenia and Sweden are in the same position, in that they comment on the forecasts made by the Governments in those countries. We are no different in that respect.

Gavin Brown: Will the cabinet secretary give way?

Jackie Baillie: Will the cabinet secretary give way?

John Swinney: Presiding Officer, I will detain you even longer if I take these interventions.

The Deputy Presiding Officer: It is at your discretion, cabinet secretary.

John Swinney: In the interests of courtesy, then, I will take Jackie Baillie first.

Jackie Baillie: I thank the cabinet secretary for his courtesy. I wonder whether in any of those countries members of the fiscal commission advise as well as scrutinise the Government. Surely that is a conflict of interest.

John Swinney: I am not sure about the situation in other countries, but the Scottish Fiscal Commission does not advise the Scottish Government; it has a veto on our forecasts.

Gavin Brown: Is it not the case, though, that the fiscal commissions in all the countries that the cabinet secretary has listed work with not only Government forecasts but independent forecasts from elsewhere? Is that not the crucial difference?

John Swinney: I have just said that I have put into the bill the ability of the commission to prepare other reports "as it considers appropriate". The commission is therefore free to consider any other opinion that it might bring together, but its assessment of the forecasts is consistent with the approach that is taken in all the countries that I have mentioned.

Presiding Officer, I fear that I have detained Parliament too long on this question, and I apologise to Mr Mason if I have eroded his time. I think that the debate has been helpful, but I hope that the Parliament looks carefully at not only the substantial contributions that I have made on the Scottish Government's negotiating priorities but the fact that we need to negotiate in a way that protects the public interest of the people of Scotland.

The Deputy Presiding Officer: Many thanks.

I call John Mason to wind up the debate on behalf of the Finance Committee. Mr Mason, you have until almost 5 o'clock.

16:47

John Mason (Glasgow Shettleston) (SNP): Thank you very much, Presiding Officer. I know that in the past you have felt bad about cutting me short, so I appreciate all the time that I have been given today.

This has been quite a sensible debate. If we were being honest, we would probably say that we do not always have sensible debates in this place, but this debate has been quite good.

Before I address some of the key points that have been made this afternoon, I want to touch on a couple of the main issues in our report that the convener, through lack of time, was unable to cover in his opening speech but which, in fact, have featured in the debate. One of the main issues to emerge from the committee's recent work on further fiscal devolution is the need for much greater transparency and accountability in relation to the calculation of the block grant. The Barnett formula is viewed as opaque and there are real concerns about the role of the Treasury as the sole decision maker on the block grant; I will return to that point later.

The House of Lords select committee on the Barnett formula, which Joan McAlpine referred to, found Barnett's workings to be "opaque" and the data "inadequate and inaccessible". It recommended that the Treasury publish its workings on the operation of the Barnett formula

"in a single, coherent and consistent publication."

However, it has been pointed out to us that the recommendation has not been acted on in a comprehensive manner. The Finance Committee therefore recommended that the UK Government

"publishes details of the operation of ... Barnett ... and"

the block grant adjustments

"arising from"

further

"fiscal devolution alongside each UK budget and Autumn Statement",

and we will pursue that issue when we take evidence from the Chief Secretary to the Treasury following the publication of the fiscal framework.

The committee also examined intergovernmental relations, which Alex Salmond touched on during his interventions. In relation to fiscal issues, Lord Smith highlighted the weakness of the intergovernmental relations in his foreword to the commission's report, stating that

"a more complex devolution settlement means the problem needs to be fixed."

The Devolution (Further Powers) Committee has stated that the current arrangements are not fit for purpose and the Scottish Government has recognised that the IGR machinery requires overhaul. The United Kingdom Government has stated that reformed IGR will be underpinned by stronger and more transparent parliamentary scrutiny, but the committee identified two interrelated difficulties.

First, most bilateral relations between the two Governments take place on an ad hoc and informal basis, which leads to a lack of transparency and accountability. As one of our witnesses pointed out, most intergovernmental relations take place below the radar and that raises questions about the feasibility of effective parliamentary scrutiny. There is therefore a need for a more formal and structured approach, including at least biannual meetings of the joint exchequer committee and the finance ministers' quadrilateral. There also needs to be a more systematic approach to reporting of the meetings of the joint exchequer committee and the finance ministers' quadrilateral. That should include, as a minimum, advance notification of agendas to allow the Scottish Parliament to contribute its views, along with a detailed and timeous minute of

discussions to allow for effective parliamentary scrutiny.

A number of members touched on those issues, especially Jackie Baillie and Gavin Brown. To be fair, the committee accepts that there has to be a balance. Delicate negotiations cannot always be conducted in public so there is a trade-off between how open the two Governments can be with each other, and how open each Government can be with its respective Parliament.

Secondly, the formal institutions that exist are consultative bodies without any co-decision powers. In particular, as I have already said, there are concerns about the role of the UK Treasury as the sole decision maker on fiscal matters. As many members who have spoken today and many witnesses to the committee stated, that is not sustainable. The UK Government has to be willing to work with the devolved institutions in seeking agreement on fiscal matters post-Smith. That will require cultural change in the Treasury and at all levels of intergovernmental relations.

For example, the statement of funding policy that sets out the current fiscal arrangements for the devolved institutions has not been updated since 2010, despite the devolution of fiscal powers in the Scotland Act 2012. Although the statement is discussed with the devolved Governments, it is agreed between the Chancellor and the Secretary of State for Scotland. As the Deputy First Minister told the committee, that is absurd. As a minimum, the statement of funding policy needs to be agreed between the UK Government and the three devolved institutions.

A number of our witnesses suggested that there is a need to establish an independent body, like the Australian Commonwealth Grants Commission, to act as arbiter. That was the point that Alex Salmond made during his interventions. Such a body could be used to resolve disputes on issues such as the block grant adjustment. The committee recommended that consideration should be given to establishing such an independent body.

It is worth saying that this is one of the big differences between devolution and federalism. Yesterday, a large delegation from Bavaria visited the Parliament and the Finance Committee had a brief meeting with them, when we saw how they operate differently from us. Places such as Australia and the United States have written constitutions that make it possible for the two bodies that would be involved to go to the courts or to an independent arbiter, but that is not the case in the UK. It has to be asked whether it will ever be possible to resolve the issue satisfactorily without a written constitution.

The final area in the committee's report that I wanted to mention was the importance of economic and fiscal data for Scotland. A number of our witnesses questioned the availability and quality of that data, and there was also a question over access to HMRC data. The committee has requested that the Fiscal Commission identifies specific areas in which economic and fiscal data need to be updated and that they are addressed by the Scottish Government as a matter of priority.

I will now mention some of the issues that have been raised in the debate, some of which I have already covered in my remarks. The first and most obvious issue, which we expected to come up this afternoon, is the question of forecasting. It is perhaps the issue that Gavin Brown highlighted the most, with regard to whether the Fiscal Commission should be doing the forecasting.

It would be fair to say that there was a range of opinions within the committee. I think that we all agree that independent forecasting is absolutely essential. Various questions were raised, to which perhaps we did not really get answers. For example, if the Fiscal Commission was doing the forecasting, who would be checking the forecasts or looking at them independently? One member of the committee raised the example of Audit Scotland. That is quite a good example of an organisation that comments and looks at something from the outside. In my opinion, it is fairly highly respected and has a big impact because its reports often appear in the media, yet it is not involved in doing the work itself. That is certainly one valid way for the Fiscal Commission to operate, albeit that around the world there are examples of a number of ways of doing that.

Malcolm Chisholm raised the question whether the Fiscal Commission could be involved in giving advice and improving the system or whether that meant that it would lose its independence. We return to independence being the key thing, but I do not think that we have an answer to that question.

Chic Brodie mentioned that some people who gave evidence wanted to have a Scottish equivalent of the OBR. Committee members feel that we do not have to copy England in every regard and we could perhaps do things a little bit differently, in our own way.

The question of resources also came up at the committee. I do not think that that has been mentioned. If we have two parallel forecasting systems, one for the Fiscal Commission and one for the Government, there is clearly a resource issue as well as duplication and I wonder whether that needs to be the case. Richard Baker mentioned that the Fiscal Commission needs to be resourced. We were concerned about that as a

committee, but I think that we are now somewhat reassured that that will be okay.

This afternoon, we have had quite a lot of discussion about no detriment and Mark McDonald painted a picture showing that it is almost impossible in practice to work that out at the part 2 stage of no detriment. The example often given has been airport passengers who might not go to Newcastle but travel directly from Scotland if we have control of APD. However, the question then arises about some of the passengers possibly being in Newcastle because of detriment to Scotland so it would not be new detriment to England; it would be about undoing or rebalancing the detriment that is already there to Scotland.

I disagree with James Kelly, who raised the point that no detriment was important because Scotland was spending more than its income. That has clearly not been the case every year. It varies from one year to another. It is also true that the UK is still spending more than its income and has been for some considerable time. The no-detriment principle is more fundamental than that and is not about current spending.

Borrowing is another issue that has been raised a number of times. As Linda Fabiani said, prudential borrowing seems to work very well in local government—that is certainly my experience. However, preventative borrowing, which was mentioned by the Institute of Chartered Accountants of Scotland and was touched on by Jim Eadie, can be a bit of a vague issue and we did not really reach a conclusion as to whether we could pin that down.

The other issues—I will run out of time to cover them, even though I was given until 5 o'clock—were about changing the attitude at Westminster and whether there is any sign of that happening. However, the whole budget process at Westminster is clearly quite different. Here, there is a lot more consultation, as John Swinney explained.

I could also talk about data, which is an issue with regard to the block grant adjustment, as Joan McAlpine and others mentioned. There is also the issue of transparency. Gavin Brown talked about not wanting to make a binary choice, which I agree with.

This subject is extremely important. The Finance Committee has put a lot of time and effort into examining it. We are very grateful to the expert witnesses, to the clerks and to others who have supported us in the process. It is still unusual for devolved Administrations to have such a Fiscal Commission and I think that we have the opportunity in Scotland to lead the way. I look

forward to further debates on the bill itself and I commend the report to the chamber.

Inquiries into Fatal Accidents and Sudden Deaths etc (Scotland) Bill: Financial Resolution

16:59

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-13101, in the name of John Swinney, on the financial resolution to the Inquiries into Fatal Accidents and Sudden Deaths etc (Scotland) Bill.

Motion moved,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Inquiries into Fatal Accidents and Sudden Deaths etc. (Scotland) Bill, agrees to any expenditure of a kind referred to in Rule 9.12.3(b) of the Standing Orders arising in consequence of the Act.—
[John Swinney.]

The Presiding Officer: The question on the motion will be put at decision time.

Business Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-14455, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a revision to the business programme for Thursday 8 October.

Motion moved,

That the Parliament agrees to the following revision to the programme of business for Thursday 8 October 2015—

delete

followed by Financial Resolution: Smoking Prohibition (Children in Motor Vehicles) (Scotland) Bill—[Joe FitzPatrick.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-14456, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Tuesday 27 October 2015

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Ministerial Statement: The Scottish Greenhouse Gas Emissions Annual Target Report 2013 and Report on Progress Towards Meeting the Interim Target

followed by Stage 1 Debate: Apologies (Scotland) Bill

followed by Stage 3 Proceedings: Harbours (Scotland) Bill

followed by Standards, Procedures and Public Appointments Committee Debate: Changes to Standing Orders

followed by Business Motions

followed by Parliamentary Bureau Motions

5.20 pm Decision Time

followed by Members' Business

Wednesday 28 October 2015

1.15 pm Parliamentary Bureau Motions

1.15 pm Members' Business

2.00 pm Portfolio Questions
Social Justice, Communities and Pensioners' Rights;
Fair Work, Skills and Training

followed by Scottish Conservative and Unionist Party Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 29 October 2015

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

12.30 pm Members' Business

2.00 pm Parliamentary Bureau Motions

2.00 pm Ministerial Statement: Winter Transport Resilience

followed by Stage 1 Debate: Education (Scotland) Bill

followed by Financial Resolution: Education (Scotland) Bill

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

Tuesday 3 November 2015

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 4 November 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions
Finance, Constitution and Economy

followed by Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 5 November 2015

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

12.30 pm Members' Business

2.30 pm Parliamentary Bureau Motions

2.30 pm Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time—[Joe FitzPatrick.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-14457, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a stage 1 timetable for the Scottish Fiscal Commission Bill.

Motion moved,

That the Parliament agrees that consideration of the Scottish Fiscal Commission Bill at stage 1 be completed by 15 January 2016.—[Joe FitzPatrick.]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-14458, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a stage 2 timetable for the Interests of Members of the Scottish Parliament (Amendment) Bill.

Motion moved,

That the Parliament agrees that consideration of the Interests of Members of the Scottish Parliament (Amendment) Bill at stage 2 be completed by 20 November 2015.—[Joe FitzPatrick.]

Motion agreed to.

Parliamentary Bureau Motions

17:02

The Presiding Officer (Tricia Marwick): The next item of business is consideration of three Parliamentary Bureau motions. I ask Joe FitzPatrick to move en bloc motions S4M-14459 on the designation of a lead committee, S4M-14461 on substitution on committee, and S4M-14462 on parliamentary recess dates.

Motions moved,

That the Parliament agrees that, for the purposes of Rule 9.7.1, the Interests of Members of the Scottish Parliament (Amendment) Bill Committee be designated as the lead committee in consideration of the Interests of Members of the Scottish Parliament (Amendment) Bill at stage 2.

That the Parliament agrees that Rhoda Grant be appointed to replace Anne McTaggart as the Scottish Labour Party substitute on the Equal Opportunities Committee.

That the Parliament agrees the following parliamentary recess dates under Rule 2.3.1: 13 to 21 February 2016 (inclusive).—[Joe FitzPatrick.]

The Presiding Officer: The question on the motions will be put at decision time.

Decision Time

17:02

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-14432, in the name of Kenneth Gibson, on Scotland's fiscal framework, be agreed to.

Motion agreed to,

That the Parliament notes the 12th Report, 2015 (Session 4) of the Finance Committee, *Scotland's Fiscal Framework* (SP Paper 771), including its recommendations to the Scottish Government.

The Presiding Officer: The next question is, that motion S4M-13101, in the name of John Swinney, on the financial resolution to the Inquiries into Fatal Accidents and Sudden Deaths etc (Scotland) Bill, be agreed.

Motion agreed to,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Inquiries into Fatal Accidents and Sudden Deaths etc. (Scotland) Bill, agrees to any expenditure of a kind referred to in Rule 9.12.3(b) of the Standing Orders arising in consequence of the Act.

The Presiding Officer: I propose to ask a single question on motions S4M-14459 on the designation of a lead committee, S4M-14461 on substitution on committee, and S4M-14462 on parliamentary recess dates. If any member objects to a single question being put, they should say so now.

The next question is, that motions S4M-14459, S4M-14461 and S4M-14462, in the name of Joe FitzPatrick, be agreed to.

Motions agreed to,

That the Parliament agrees that, for the purposes of Rule 9.7.1, the Interests of Members of the Scottish Parliament (Amendment) Bill Committee be designated as the lead committee in consideration of the Interests of Members of the Scottish Parliament (Amendment) Bill at stage 2.

That the Parliament agrees that Rhoda Grant be appointed to replace Anne McTaggart as the Scottish Labour Party substitute on the Equal Opportunities Committee.

That the Parliament agrees the following parliamentary recess dates under Rule 2.3.1: 13 to 21 February 2016 (inclusive).

Stonehaven Dialysis Unit

The Deputy Presiding Officer (Elaine Smith):

The final item of business today is a members' business debate on motion S4M-13354, in the name of Lewis Macdonald, on a Stonehaven dialysis unit. The debate will be concluded without any question being put.

Motion debated,

That the Parliament commends the efforts of campaigners in Stonehaven and across the north east to raise funds to build a new renal dialysis unit at the Kincardine Community Hospital; understands that patients living south of Aberdeen often have to travel long distances as well as spending all day in the renal dialysis unit at Aberdeen Royal Infirmary and that a new facility in Stonehaven would make it easier for such patients to receive treatment; notes that the cost of starting up the Stonehaven Dialysis Unit, including equipment for a six-bed ward, is estimated at around £800,000; congratulates the efforts of all the local fundraisers, including the Stonehaven Rotary Club and Grampian Kidney Patient Association, and looks forward to the opening of the Stonehaven Dialysis Unit in the near future.

17:05

Lewis Macdonald (North East Scotland) (Lab): I am delighted to have the opportunity to celebrate the efforts of local people in raising hundreds of thousands of pounds for a dialysis unit at Kincardine community hospital in Stonehaven. I thank members from across the chamber who have signed my motion, and I welcome the campaigners from the area who are in the public gallery.

As members will know, dialysis is a vital service for those with kidney failure. It involves removing the patient's blood, cleaning it 10 times over to make it safe and putting it back. Patients undergo dialysis for at least four hours at a time, at least three times a week. Those who are no longer well enough to cope with a transplant will require the treatment for the rest of their lives. It is therefore a radical procedure and it is tough on patients. One patient told me that, after dialysis, he feels as if he has run a marathon. It is daily treatment that saves lives, but it is important to remember that people feel worse after it than they did before.

The staff at Aberdeen royal infirmary's dialysis unit work hard every day and provide dialysis to upwards of 120 patients several times each week. However, patients who travel into the city for treatment would really like to be treated closer to home, and that is why they have campaigned to have local units established across Grampian. There are now local units in Elgin, Banff, Peterhead and Inverurie, as well as for patients in Orkney and Shetland who would otherwise have to come for dialysis to Aberdeen.

There is no local unit for the south of the region in the historic county of Kincardineshire. That means that patients have to be brought into the city every day by a single patient transport ambulance, which collects patients everywhere from Cove Bay on the edge of the city to St Cyrus in the Mearns. The patient transport has to start with the person furthest away and wait at the hospital for the patient whose treatment takes the longest. Given the distances, that makes for very long days for all concerned.

One woman described how she gets up before dawn every morning to get into Aberdeen for four and a half hours of treatment, and then gets home hours later, feeling dog-tired with much of the day already gone. Her quality of life would be greatly improved if there was a local alternative, and that is what the campaign is all about. Fundraisers in Stonehaven have been inspired by the example of Inverurie, where local people helped to raise the money to pay for a local dialysis unit a few years ago. That example is very relevant to the debate.

In Kincardineshire, Stonehaven Rotary club alone has raised many thousands of pounds, and the social calendar in the area has been greatly enlivened as a result. The campaign has once again been anchored by the Grampian Kidney Patients Association, which has also provided the necessary bridge between fundraising in the community and decision making in the national health service. The vice chair of the association is Dr Ann Humphrey, who has been responsible for the care of many renal patients in Grampian over the years, including my father, Roddy Macdonald, back in the 1990s. She is in the public gallery today. The Grampian Kidney Patients Association continues to be among the most active of such associations in the country, and I have no doubt that that reflects Ann Humphrey's personal commitment over the years.

Also in the public gallery is local kidney patient Angus Simpson, who first asked me to highlight the campaign. Angus worked as a baker offshore, where he was an active member of Unite the union, speaking up for his fellow workers. Nowadays, he is equally committed to campaigning and speaking up for his fellow patients.

A patient who is fit enough to travel to Holyrood today is likely also to be able to manage his or her condition and to help develop a new model of self-directed care at a satellite unit in a place such as Stonehaven. Not every kidney patient who lives south of the city will be able to do that, as the most acute cases will still need to attend Aberdeen royal infirmary in order to have dialysis with full medical support nearby. However, for non-acute patients, who need safe access to dialysis with the minimum of fuss, the provision of a local service

will make a huge difference to their daily lives. Something like 10 per cent of those who currently attend ARI will be able to have dialysis nearer to home instead. That will of course help take pressure off the unit in Aberdeen and thereby benefit all those who attend the dialysis unit there at present.

The support of NHS Grampian for the initiative has been vitally important; if that is true up to now, it will be even more so as the project enters its next phase. NHS Grampian has recognised the project as a strategic priority, which has enabled much else to follow and is in line with the provision of dialysis in satellite units across the region and, of course, with the developing model of self-directed care.

NHS Grampian has provided the site for the new unit at Kincardine community hospital, which is one of the newer hospitals in the region and readily accessible from all parts of the Kincardineshire area. Now that campaigners have raised the bulk of the funding needed to meet the capital costs of the new unit, they are understandably impatient to move on to the next phase. They would like to have a timetable for construction and commissioning, and of course they would like the unit to be up and running as soon as possible.

NHS Grampian is clearly keen to make progress, and it has already taken professional advice on what needs to happen now. It is committed to meeting the future revenue costs of the service. Again, that is critical to the project going forward. Clearly, some additional funding is still required in order to complete the business case. I hope that ministers will support the local NHS as it seeks to bridge the remaining funding gap. The British Kidney Patient Association is willing to help, potentially with a substantial grant, but that support is conditional on the bulk of the necessary funding already being in place.

The fantastic work of local fundraisers continues to this day, and I believe that money is still coming in every weekend from one direction or another. However, in order for the business case to be completed, more needs to be done. I hope that ministers will do whatever they can to help NHS Grampian move the project forward and thereby help patients in the Stonehaven area to obtain access to a local dialysis service.

On that basis, I thank and congratulate again all those who have made things possible. I look forward to the successful conclusion of the campaign at the earliest possible date, with continued support from all concerned.

17:12

Nigel Don (Angus North and Mearns) (SNP): I congratulate Lewis Macdonald on bringing the debate to Parliament and thank him most sincerely for his very interesting speech, which covered the subject so comprehensively that he has not left me with much to add. However, that is fine because clarity and simplicity are always the order of the day here.

I start by registering that I first heard about this wonderful fundraising exercise at the Stonehaven feelin' market shortly after I was elected as the local MSP under the new constituency boundaries. I was required to pay some money to toss some balls at some old plates, which I was supposed to smash. I remember that distinctly because I failed to hit any of them at all, never mind smash them. So, I did not cost the fundraising campaign anything and I undoubtedly made a contribution. I think that that activity was typical of things that were being done by fundraisers across the area, but much more significant things were also done, of course. My understanding is that the amount that has been raised so far is £553,000, and that figure is not raised only from the kind of activity in which I participated. The fundraisers are seriously to be congratulated for their efforts over a sustained period.

As Lewis Macdonald pointed out, the proposal is to have a haemodialysis unit at Kincardine community hospital in Stonehaven. I note, as he did, that it is the only area in Grampian that does not have that kind of local renal unit, so having one will clearly fulfil a need.

I will express just one note of concern, however, on a matter of which I was reminded at the Audit Committee this morning. The capital costs are estimated at £800,000. I have no doubt that that is the best estimate that folk can come up with, but I sound a note of caution that it is only when something has finally been designed, has been seriously costed by quantity surveyors and people have quotes in front of them that they know what the real cost is even likely to be. Given that there is probably no underground work to be done, that amount should be the final answer, but let us be sanguine about quoting capital costs until we have gone through that process properly.

I note, as Lewis Macdonald did, that a design team has been appointed by NHS Grampian, so it is clearly committed to the project and to finding the 4.5 whole-time equivalent nurses who will staff it, probably by directly transferring folk from Aberdeen royal infirmary, where they will not now be needed. We seem to have buy-in from NHS Grampian. I, too, will be interested to hear the minister's comments.

I want to make one other observation as a constituency MSP—of course, my constituency crosses the border. I note that a facility in Stonehaven will be of value to people in Aberdeenshire and historic Kincardineshire, but given its proximity to the railway line, I wonder whether it might also be useful for people from the Montrose area, who are outside Grampian, but only just. We might want to be a little bit cleverer than we sometimes are about whether people can cross borders in order to make use of facilities. It would be a great pity if that point was missed. I mention that in passing. I do not think that the point will be missed, because I am conscious that the maternity facility in Montrose is used by folk from Kincardineshire on exactly the same basis, so I suspect that people will wise up to this. We just need to make sure that, once the facility is there, it is as well used as it can be.

I commend all those who are involved—Stonehaven Rotary Club and Grampian Kidney Patients Association in particular—for carrying out the difficult negotiation process that Lewis Macdonald mentioned. It would have been easy for the project to become just too difficult. Plainly, that has not happened, and on that basis I commend everybody who has been involved and thank Lewis Macdonald again for bringing the debate to Parliament.

17:16

Nanette Milne (North East Scotland) (Con): I, too, begin by congratulating Lewis Macdonald on securing this debate and bringing the campaign for a new renal dialysis unit in Stonehaven to the Parliament's attention. I confess that I was not aware of the campaign until I read the motion, even though Stonehaven is in my region and quite close to home. I hope that any local publicity that Mr Macdonald can get from this debate will help to increase the general public's awareness of the campaign and help the fundraisers to achieve their goal.

End-stage renal failure is a very trying condition to live with—the only long-term cure being transplantation and the only way of treating it being regular dialysis, which usually has to be undertaken at least two or three times a week and which lasts four to six hours, with a further hour or so before and after for preparation and recovery. That is a huge chunk out of people's lives. It is bad enough if one lives close to a major renal unit such as those in our cities, but if one lives at a distance, travel time has to be added.

Stonehaven lies in the south of the area that is covered by NHS Grampian and it currently has no dialysis facilities. The nearest unit is at Aberdeen royal infirmary, which is some 15 miles from Stonehaven and, obviously, further for people who

live further south. We are told that about 25 patients in the south Grampian area could benefit from a Stonehaven-based unit.

As the motion states, the cost of setting up a new unit at Kincardine community hospital is about £800,000. The fundraising campaign has a target of £150,000—over and above a bequest of £250,000 that has already been received—to cover the capital costs, with staffing and running costs to be met by the health board. I am told that thanks to the stalwart efforts of several local organisations and other fundraisers, the end is in sight and the new Stonehaven dialysis unit will soon be a functioning reality.

Soon after I became an MSP, I became involved with an almost identical campaign to set up a satellite dialysis unit in Inverurie, which Lewis Macdonald mentioned. Inverurie is about the same distance north of Aberdeen as Stonehaven is to the south. I apologise to the Presiding Officer for digressing slightly from the motion, but in that area Gordon Renal Dialysis Charity was set up to fund the capital costs. I was happy to help that organisation in a small way by helping to highlight its work and reinforcing its efforts to persuade the health board to take on responsibility for the staffing and running of the unit, which—from memory—was not on the cards when the organisation was set up. The unit, which was purpose built, opened at Inverurie cottage hospital in 2006, with running costs being shouldered by the health board. The first patients were treated there soon after, allowing the charity to wind up in 2008.

I know that many patients in the north of Aberdeenshire have had a better quality of life since being spared the time-consuming journey to Aberdeen two or three times a week and the hassle of trying to find a parking space close to a busy acute general hospital. A consultant clinic is held in the unit every month, so that patients can be reviewed locally, as well. Moreover, the unit provides an out-patient service for venipuncture and intravenous iron administration for local peritoneal dialysis and low-clearance patients.

I have visited the Inverurie unit and spoken to patients who have benefited from it: there is no doubt that people appreciate their local facility. Not only is it more accessible for patients, but the atmosphere in the unit is much calmer than can be achieved in a bustling major centre.

I had the greatest admiration and respect for all the fundraisers who put so much effort into securing the satellite unit in Inverurie, and not least for their dogged determination to press ahead without the health board's decision to take the unit over. I feel exactly the same about all the people who are working towards the new unit in Stonehaven, even though their task has perhaps

been made easier by the success of the earlier unit, which has no doubt influenced the board's decision to staff and run the Stonehaven unit. I congratulate everyone on their efforts and I look forward to hearing that the unit is up and running. I hope to see it in action.

17:21

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I, too, congratulate Lewis Macdonald on lodging the motion, and I join him in congratulating everyone who has been involved in the fundraising effort, including Angus Simpson—I am glad to see a Simpson featuring.

There are two aspects of the issue that I want to cover: haemodialysis and dialysis in all its forms in Scotland; and community support and the relationship between voluntary and statutory organisations in the context of issues such as we are considering.

Across Europe, some 250,000 patients are on dialysis, and the figure is going up by 4 to 6 per cent annually. In Scotland, we have 35 haemodialysis units, of which 25 are satellite units. That is important, because in the past the units were all centralised in places such as Aberdeen royal infirmary, and we did not have satellite units such as the Inverurie unit and the unit that will be established in Stonehaven.

The addition of satellite units is critical and is part of the approach that the Kerr report strongly recommended. Kerr said that services should be devolved to as close to patients as possible, when that is safe and helpful to patients.

Haemodialysis is a classic example of that. When we got a haemodialysis unit at Forth Valley royal hospital in Larbert, in my area, it was a useful step forward that saved patients from having to travel to Glasgow. It is important that 25 out of the total of 35 units in Scotland are satellite units; I understand that 10 years ago there were only 16 units. In addition, 11 of the 35 units provide home dialysis, which is becoming more common and safer.

There are also 15 peritoneal dialysis units in Scotland. That is of particular interest to me, because I was the first doctor in Scotland to apply peritoneal dialysis, in 1967, when it was a little-known technique. I regret to say that it was not successful for the patient, although they and their consultant had both been keen to try that novel technique. Peritoneal dialysis is an alternative when haemodialysis cannot work.

I think that Nigel Don and Lewis Macdonald alluded to the holiday and visitor dialysis that 31 of the units provide. That is also important, because dialysis tends to tie a patient to their unit. It is good

for patients to read on the website that they can get dialysis in another area.

The ability to do that is underpinned by another aspect of the service in Scotland. As far as I know, kidney dialysis patients in Scotland are the only group of patients who have total access to their laboratory results. That was evident when the Glasgow information technology system collapsed and was down for two days—we discussed that issue in the Parliament. At the time, the only group of patients who were totally safe were the kidney dialysis patients, because they could tell their consultants exactly what their results were.

Excellent work is going on in Scotland, including a couple of clinical trials. One trial, an important £2.2 million Europe-wide study on new techniques to improve the performance of the vascular access that underpins haemodialysis, is being co-ordinated in Dundee. Another important, four-year, trial with 2,000 patients is tackling issues to do with iron. We have good research in Scotland—we always do.

On voluntary support, agreement beforehand with the health board is essential. Raising the capital is one thing, but raising the money to meet the continuing costs is another. Communities should agree service development with the health board. That partnership between the voluntary and the statutory is exactly what is proposed in the series of documents by John Elvidge entitled "The Enabling State", which I have commended in other parliamentary debates. I believe that such partnership is a way forward because it gives the community ownership and a feeling of co-operation and partnership with the statutory body, and that is good for Scottish society as a whole.

17:25

The Minister for Public Health (Maureen Watt): I, too, thank Lewis Macdonald for bringing the matter to the attention of Parliament, and I thank other members for their contributions to the debate. The subject is close to my heart, as constituents of mine may prefer to travel south to Stonehaven rather than go to the ARI. However, tonight I am speaking as the Government minister.

I welcome to the public gallery the people from Stonehaven whose fundraising efforts have been absolutely marvellous. Funds were raised by Stonehaven folk club's cabaret night, by Stonehaven rotarians—who Lewis Macdonald mentioned—by the July music festival in Mineral Well park and by the harbour festival. A large sum was also donated by the Gammie family. In addition, there was a beer festival and a Christmas lights display by the residents of Malcolm's Way, and the sea cadets also raised money. That is to name just a few of the fundraisers—I have

probably missed some groups out, for which I apologise.

As other members have said, patients who require dialysis must go through continuous life-saving treatment, sometimes for several years, which inevitably means some disruption to their everyday lives. I make it clear that the Scottish Government is committed to ensuring that people with renal conditions are able to access the best possible care and support and that they benefit from healthcare services that are safe and effective and which put the patient at the centre of their care. We are committed to ensuring that patients who require renal dialysis are able to access those facilities as close to home as possible. However, because of the highly specialised nature of dialysis, people often have to travel a fair distance to their nearest renal unit. It is well established in research that renal patients do better when they receive treatment nearer to home with the support of family on hand, with less travel time and where set routines for meal times, for example, are easier to keep to.

An example of how we are seeking to ensure continuous improvement in the area and reduce journey times for patients in more remote areas is a pilot programme that is under way in which NHS Greater Glasgow and Clyde have provided two dialysis chairs in Campbeltown to provide a dialysis service to patients in the Argyll and Bute area. That two-year pilot, which was also co-funded by local fundraising, began in August 2015 and will be evaluated after one year; its progress will be analysed and consideration will be given to whether such a model of care might be workable in other parts of the country. The pilot was also co-funded by local fundraising. I look forward to seeing the results of the pilot and ensuring that any learning can be passed to other NHS boards.

In December 2013, there were nine adult renal units and one paediatric unit in Scotland, with 25 satellite dialysis units. As Dr Simpson said, their number is increasing.

The fundraising that has been done by the groups that I have mentioned is testament to the great work that can be done locally, along with health services, to ensure that services are delivered locally to patients. Indeed, NHS Grampian is committed to establishing a satellite renal dialysis unit in Kincardine and to meeting the staff, running and equipping costs, thereby meeting any difference between the cost and the final fundraising total.

As has been said, a design team has been appointed to work with the local community and the board to agree a cost for the facility, after which a commitment to the timetable for the establishment of the service can be given. That is great news for the 25 patients in the Stonehaven

area who regularly travel to Aberdeen for treatment.

Of course, for some—although not for all—patients, dialysis is a precursor to the requirement for a kidney transplant. In 2013, we published “A donation and transplantation plan for Scotland 2013-2020”, which sets out the ways in which we hope to improve donation and transplantation. We want Scotland to be among the best performing countries in that regard. The plan sets out the priority areas of work that we need to tackle over the period up to 2020 to enable us to reach that goal.

The Scottish Government is delighted to be working with Kidney Research UK to deliver a three-year peer educator programme that is specifically designed to raise awareness of kidney disease and the need for organ donation within the black, Asian and minority ethnic communities. I look forward to attending an event that it has organised in Glasgow next month to learn more about that important work.

On services for renal patients, the Scottish Government has, since 2010, funded the renal patientview service. As Dr Simpson said, the service enables patients to view their latest test results and diagnostic information online from anywhere in the world, and to share it with anyone they want to share it with. Information comes directly from existing records—for example, hospital and general practitioner records—although it may be entered directly or via other apps. Secure messaging functionality is also included.

The system provides a vital service to renal patients, allowing them to communicate with their clinician to discuss their test results and the ongoing management of their condition. The Scottish Government is working with clinicians and third sector organisations to develop the system for other long-term conditions.

I look forward to visiting the renal unit at the Edinburgh royal infirmary on 4 November to see the vital work that is being carried out there and, importantly, to meet some of the patients who regularly attend the hospital to receive their care.

Again, I commend the excellent fundraising work that has been done in the Stonehaven area. I look forward to hearing about progress—no doubt, members will hear about that in their regular meetings with NHS Grampian and the local community—and how plans are proceeding towards the establishment of a dialysis service at Kincardine community hospital, which will be welcome.

Meeting closed at 17:32.

This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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