



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Meeting of the Parliament

**Thursday 17 January 2019**

**Session 5**



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# Scottish Parliament

Thursday 17 January 2019

*[The Presiding Officer opened the meeting at 11:40]*

## General Question Time

### Budget (Town Centre Support)

1. **Bob Doris (Glasgow Maryhill and Springburn) (SNP):** To ask the Scottish Government how the proposals in the draft budget could support town centres in the Glasgow Maryhill and Springburn constituency. (S5O-02779)

**The Cabinet Secretary for Finance, Economy and Fair Work (Derek Mackay):** I announced a wide package of measures in the budget to support town centres. That package includes: maintaining a competitive business rates package that caps the increase in rate poundage below inflation and ensures that 90 per cent of properties in Scotland pay a lower poundage than other parts of the United Kingdom; supporting small businesses through the small business bonus scheme that lifts small businesses out of rates altogether; and a new £50 million town centre fund to drive local economic activity and support town centres to become more diverse and thriving places.

**Bob Doris:** Town centres in my constituency suffer from the pull of Glasgow city centre as well as poor amenities and significant deprivation factors. That is why I was pleased to see the return of the town centre regeneration fund in the Scottish Government's draft budget. That fund previously secured £1.8 million for the renovation of the stunning Maryhill Burgh Halls in my constituency, which drove regeneration in that area.

Does the minister agree that it is important for applicants to the new town centre fund to demonstrate a strategic but community-led approach to regeneration initiatives? I am pleased to say that we are strongly developing that approach in two of the town centres in my constituency, Possilpark and Springburn.

**Derek Mackay:** I will make two points. I agree that Maryhill Burgh Halls are a great example of how town centre investment can have hugely positive impacts. I am familiar with the project and absolutely agree with that kind of community involvement and support.

I want to deliver the town centre fund in partnership with local authorities. I will engage with

the Convention of Scottish Local Authorities on how we distribute and allocate the investment. We want the fund to be transformational and to deliver it in partnership with local government, which of course means in partnership with local communities too.

### Cold Weather Payments

2. **Mark Griffin (Central Scotland) (Lab):** To ask the Scottish Government what its response is to statistics stating that eligible pensioners in Motherwell and Airdrie received double the number of cold weather payments as those in Bellshill and Coatbridge in 2017-18. (S5O-02780)

**The Cabinet Secretary for Social Security and Older People (Shirley-Anne Somerville):** The Department for Work and Pensions was responsible for the administration of the cold weather payment scheme in 2017-18.

In developing the new cold spell heating assistance benefit, we are engaging with households that have claimed the existing benefit and a wide range of expert opinion. We will seek the views of experience panel members who have applied for and benefited from cold weather payments as part of our research plan for 2019-20. We will continue to listen to views and consider ways in which we can better meet the needs of vulnerable households across Scotland.

**Mark Griffin:** Next week, it is likely that the trigger point for payments will be met at the Salsburgh weather station. However, it is less assured that it will be met at the Bishopton station. As a result, pensioners who are on pension credit in Airdrie are likely to receive a payment, while those who live on an adjacent street that falls into the Coatbridge postcode area are less assured of that money.

Will the cabinet secretary give a commitment today that cold spell heating assistance benefit will be fully delivered by Social Security Scotland by next winter, and that people in Coatbridge, Bellshill and other areas will no longer be worse off than their close neighbours in Motherwell and Airdrie?

**Shirley-Anne Somerville:** I recognise that many members have expressed concerns in the past about the number of weather stations that cover Scotland that are used to determine the trigger for cold weather payments; there are currently 18. Many members have asked questions about that and I have had correspondence with many members about it.

As I said in my original answer, those issues will be taken account of in the on-going work with experience panels. I will update Parliament in due course on the wave 2 benefits, including those relating to cold weather payments.

## East Coast Railway Line

**3. Lewis Macdonald (North East Scotland) (Lab):** To ask the Scottish Government when it will fulfil the commitment made by the then cabinet secretary for infrastructure in January 2016 to double-track key pinch points on the east coast railway line between Aberdeen and the central belt. (S5O-02781)

**The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson):** The report commissioned by the Aberdeen to central belt reference group considered that dualling the section between Usan and Montrose did not provide journey time improvements and may not represent value for money.

Although we acknowledge that some parties feel that there has been a lack of progress on the project, there is no question that everyone wants an appropriate and affordable solution to the capacity constraints.

The consensus of the reference group was that further work is required to identify the maximum possible benefits achievable for the £200 million that is being invested. The group is committed to achieving that as quickly as possible.

**Lewis Macdonald:** The cabinet secretary will recall that the commitment made three years ago was that the money was an initial £200 million, would include double-tracking of key pinch points and was intended to secure economic benefits for the north-east. Given that the options study presented by Transport Scotland to the city region deal committee before Christmas failed on all those requirements, what will he do to ensure that an improved investment plan is put in place, so that the £200 million is spent on ensuring that we have the right, modern rail infrastructure, specifically between Aberdeen and Dundee, which is the commitment that his Government made three years ago?

**Michael Matheson:** I recognise the value of ensuring that we make the right investments in the transport infrastructure in the north-east of Scotland, particularly in rail infrastructure. The £200 million of investment that we intend to make on that line remains in place. It is critical that we ensure that the investment maximises the improvements that we seek to achieve on that line, particularly in relation to speeding up journey times. That is why the Arup report has set out a range of different issues that need to be considered to ensure that we maximise the benefits that will come from the investment. I expect those decisions to be taken in line with the Aberdeen city deal, which goes up to 2026.

I assure the member that the members of the reference group are committed to working together

to ensure that the investment is utilised in a way that maximises the benefit for commuters who use that line in the future.

**Liam Kerr (North East Scotland) (Con):** Recent timetable changes mean that Montrose is now a major interchange station, but the facilities for passengers are totally inadequate, particularly for those who are travelling alone at night. When did the cabinet secretary last raise the issue of an upgrade to Montrose station with Transport Scotland and when does he expect such an upgrade to take place?

**Michael Matheson:** We look at investing in our rail infrastructure across Scotland on an on-going basis. In the next rail control period, we will invest almost £5 billion in infrastructure right across Scotland. We will look at prioritising different rail stations where there is a need for investment, which might include the station at Montrose.

The member will be aware of the significant investment that we are currently making in the north-east of Scotland. We are investing some £330 million in the Aberdeen to Inverness line, providing a new station and upgrading existing facilities. We will continue to ensure that we invest in rail services across the north-east of Scotland and the rest of the country.

## NHS Forth Valley (Performance)

**4. Alexander Stewart (Mid Scotland and Fife) (Con):** To ask the Scottish Government what its response is to NHS Forth Valley being escalated to stage 3 on the national health service board performance escalation framework. (S5O-02782)

**The Cabinet Secretary for Health and Sport (Jeane Freeman):** Following a sustained period of low performance against the national four-hour accident and emergency target, the board was escalated to stage 3 on the escalation framework in December 2018. Stage 3 indicates that there is significant variation from where performance should be and that tailored support is required.

We are now formally supporting NHS Forth Valley in a structured way, including supporting the development of formal recovery plans and clear milestones. We are working with the local team, including the chief executive and senior management team at Forth Valley, to return the board to a sustainable position of performance against the four-hour target.

**Alexander Stewart:** I pay tribute to the hard-working clinicians, doctors, nurses and auxiliary staff, who daily do all that they can to support patients in Forth Valley. Having that escalation is a damning indictment of health chiefs. What is the cabinet secretary doing as a matter of urgency to rectify the situation?

**Jeane Freeman:** I, too, pay tribute to the hard-working staff in Forth Valley and across our health service.

I do not accept that escalation to stage 3 is a damning indictment of anyone, and I do not think that that language helps the hardworking staff to whom he and I have just paid tribute. It does indicate that there is a need for structured and formal intervention and support from the Scottish Government to a board. That is entirely the right thing to do and, I am sure, what members and citizens across Scotland would expect me to do, in order to address situations where there is persistent underperformance in particular areas. In the area of Forth Valley, it is our A and E target—a vital target—that we need to meet, and with that support, I am sure that Forth Valley Health Board will return to the sustainable position that we need them to be in.

**The Presiding Officer:** Question 5 has not been lodged.

#### **Construction Industry Training Board and National Construction College**

**6. Neil Bibby (West Scotland) (Lab):** To ask the Scottish Government whether it will provide an update on the future of the Construction Industry Training Board and the national construction college campus in Scotland. (S5O-02784)

**The Minister for Further Education, Higher Education and Science (Richard Lochhead):** The Construction Industry Training Board recently announced, as a result of a review of operations across the UK, that part of its role will be transferred to Shared Services Connected Ltd.

As part of the announcement, the Construction Industry Training Board has placed on the market the national construction college at Inchinnan, but it has confirmed that it does not intend to close the training facility.

The responsibility for the changes lies with the UK Government, of course, but the Scottish Government will provide support to employees who potentially face redundancy.

**Neil Bibby:** This is a very concerning time for CITB staff in Renfrewshire, where the campus is based. I welcomed Jamie Hepburn's meeting yesterday with the GMB trade union. Although oversight of CITB is reserved, training policy is devolved. Will the Scottish Government therefore assess the impact that the changes could have on training standards in the Scottish construction sector? Will he make representations to CITB and SSCL to keep those jobs in Renfrewshire, including the 29 administration staff who face the prospect of being paid off in October? Is he also prepared to explore other avenues in order to

retain in Scotland the jobs and the knowledge of those workers?

**Richard Lochhead:** We are, of course, concerned about the impact that the change will have on employees who may not transfer as part of the process, and who may indeed face redundancy. As the member mentioned, my colleague, Jamie Hepburn, met the GMB yesterday to discuss a number of issues that arise out of the changes. We are convinced that our system for training in the construction sector remains robust. However, we will learn any lessons that have to be learned, and check whether there is any detrimental impact—which we are keen to avoid—from the changes to the CITB. Indeed, we are monitoring very closely many of the issues that the member mentioned, and we will keep him informed.

#### **Scottish Crime Campus (Parking)**

**7. Margaret Mitchell (Central Scotland) (Con):** To ask the Scottish Government what action it plans to address parking issues around the Scottish crime campus in Gartcosh. (S5O-02785)

**The Cabinet Secretary for Justice (Humza Yousaf):** The Scottish crime campus management board represents the partners that are located at the campus and continues to work with campus staff and other stakeholders to identify and implement a solution to the present parking issues. Scottish Government officials attend meetings of the management board and, through that forum, are engaging with interested parties to explore possible future options.

**Margaret Mitchell:** Is the cabinet secretary aware that the issue of inadequate parking at the campus dates back to 2014 and has resulted in cars being parked on verges, which has damaged the drainage system and caused flooding? Can he confirm the action taken to address that flooding, and, more generally, can he—or the Scottish Government, if he cannot—confirm whether all these issues will be included in the review of the suitability of Gartcosh as a possible site for the new Monklands hospital?

**Humza Yousaf:** I will absolutely ensure that the issues that Margaret Mitchell raised are part of that consideration. I have no doubt that they will be, but I will confirm that. I am aware, from my many visits to Gartcosh, that one can see the cars parked on the verges. There is clearly an issue there. Depending on what happens with the site adjacent to Gartcosh, it might be possible to look at short, medium and, indeed, long-term options to deal with those parking issues. I am happy to discuss that with Margaret Mitchell in more detail. Some of that will depend on NHS Lanarkshire's decision on where the new Monklands hospital will be.

**Elaine Smith (Central Scotland) (Lab):** Given the existing problems, which I have been dealing with for a number of years on behalf of constituents, I think that it is legitimate to ask the cabinet secretary whether he recognises that major building works associated with a new hospital would worsen the situation for crime campus staff and local residents. Does he recognise that?

**Humza Yousaf:** I have mentioned that there is a review under way, which is expected to report in February, and I am sure that all of that has been taken into consideration. I do not doubt that for a minute. Clearly, the member has put that on the record and I know that the health secretary has heard what she has to say.

### Teachers (Stress)

**8. Iain Gray (East Lothian) (Lab):** To ask the Scottish Government what its response is to a recent Educational Institute of Scotland survey, which found that 75 per cent of teachers experience stress due to their workload. (S5O-02786)

**The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney):** We take the wellbeing of all of Scotland's teachers very seriously, and we continue to seek to address undue workload wherever we can to free teachers to teach. We have sought to tackle bureaucracy and reduce workload through a range of measures, including the chief inspector of education's definitive guidance on curriculum for excellence, the publication of benchmarks in each curriculum area, the rationalisation of a significant volume of educational guidance and the launch of an online tackling bureaucracy toolkit. We have also taken steps to increase the number of teachers in our schools.

**Iain Gray:** The trouble is that teachers know that those measures have been taken, but they do not feel that they have addressed the pressures that they face. Indeed, Larry Flanagan, the general secretary of the EIS, said:

"The survey results confirm the deep-set impact of workload pressures on teachers and lecturers, largely arising out of the changes to the curriculum, and paint a worrying picture of a profession under the cosh."

The survey also highlighted that half of teachers would be reluctant to recommend teaching as a career.

Does the cabinet secretary understand that teachers' anger—their willingness to contemplate strike action—is about not just pay but workload? What new, concrete proposals does he have to reduce teacher workload and stress?

**John Swinney:** I will address a number of the points that Iain Gray raised. He quoted Larry Flanagan talking about changes to the curriculum. Over a number of years, the Government has been intent on involving the professional associations in much of the curriculum development work that we undertake. For example, the EIS is a member of the Scottish education council so that it can influence our thinking on many such questions.

As I indicated in my first response, we have taken a number of steps to reduce the workload of teachers. I remain absolutely engaged on the issue. It is essential that there is sustained activity at school, local authority and national level to take particular initiatives to reduce the level of administrative bureaucracy in individual schools. That will enable teachers to be free to teach, which is exactly what we want them to do.

### Commuter Compensation (Helensburgh Central Station)

**9. Maurice Corry (West Scotland) (Con):** To ask the Scottish Government what compensation it can offer to commuters who use Helensburgh Central railway station, in light of reports of frequent delays and cancellations. (S5O-02787)

**The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson):** The ScotRail franchise ensures that passengers can be compensated for disruption to their journeys through a delay repay compensation scheme, in which the amount of compensation is calculated according to the amount of delay to the passenger's journey over 30 minutes.

I have previously made it clear in the chamber that performance across the country, not least on the Helensburgh route, is below the challenging but achievable punctuality standards that we expect and demand from the rail industry.

ScotRail has recently announced a compensation promotion, although it is limited to the routes that were worst affected by the cancellations due to staff shortages that affected passengers during December.

There has been a steady improvement in performance on the Helensburgh line over the past couple of weeks. Whereas the public performance measure on the line was 80.7 per cent in period 10, the PPM to date in the period that commenced on 6 January is 89.2 per cent.

**Maurice Corry:** I met a constituent in my area—this is just one of many examples—who missed a job interview, and was not offered another one, as a result of cancelled and delayed trains. Under the standard scheme, he was offered only £1 in compensation. Will the cabinet secretary provide



an assurance that, in the future, such commuters will receive fair compensation?

**Michael Matheson:** I very much regret the inconvenience that Mr Corry's constituent was put at as a result of the delay in that service. Under the franchise agreement, ScotRail must implement a delay repay compensation scheme, and it is doing so. On the specific case that Mr Corry raised, I will ask ScotRail to contact him to explore the matter further.

### Ports

**10. Donald Cameron (Highlands and Islands) (Con):** To ask the Scottish Government what action it is taking to support the development of Scotland's ports. (S5O-02788)

**The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson):** The Scottish Government is committed to supporting Scotland's ports and harbours, while recognising that ports in Scotland operate in a commercial environment and are substantially self-funding. In certain circumstances, and in compliance with restrictions on state aid, the Scottish Government can provide grant funding to approved schemes.

In addition, ports will be a focus for the Scottish ministers as we take forward the Scottish maritime strategy that is being developed this year.

**Donald Cameron:** The cabinet secretary may be aware that the Stornoway Port Authority is seeking to invest in a new deep-water port, in order to allow Stornoway to capitalise on the leisure cruise industry. What support can the Government offer to ports, such as Stornoway, that are looking to expand and attract new business?

**Michael Matheson:** I am conscious that a number of ports across Scotland are engaged in providing greater access to those people who are on leisure cruises. It is important that we try to maximise the benefits that can come from that. We are engaged with a number of different parties in those ports in order to look at what further assistance can be provided. In relation to the port in Stornoway, we will give consideration to that and work in partnership with the local authority and the port authority.

## First Minister's Question Time

### Alex Salmond Investigation

**1. Jackson Carlaw (Eastwood) (Con):** With hindsight, does the First Minister now accept that holding private meetings with her predecessor to discuss the allegations that he faced was a mistake? If so, when did she reach that conclusion—after the first, second, third, fourth or fifth time that they met to discuss the allegations?

**The First Minister (Nicola Sturgeon):** Questions have legitimately been raised about those matters and I have set out an account of the decisions that I took. Beyond that, I now intend—fully, as the First Minister—to respect the work of the various investigations that have been established. Last week, at First Minister's question time, Jackson Carlaw asked me to support a parliamentary inquiry into those matters. I have done so, and the Parliamentary Bureau discussed that issue earlier this week. Last week, Richard Leonard asked me to make a referral of my own conduct to the panel of independent advisers on the ministerial code, and I have done that.

In addition, the Scottish Government will establish a review. I can tell the chamber today that that review will be externally led—I will have no role in it. I have asked the Deputy First Minister to perform instead any role that I would have performed in the establishment of that review. There is also an on-going police inquiry.

To Jackson Carlaw and the chamber I say that I will answer any question to the fullest extent possible and that my Government will co-operate fully with all and any inquiries. Other members in the chamber now need to recognise that, having asked for these investigations, they are obliged to respect them.

**Jackson Carlaw:** The First Minister cannot hide behind an inquiry and a likely forthcoming police inquiry without answering the obvious questions:

"who knew what, when and how."

Those are not my words; they are the words of Nicola Sturgeon in 2007, when, as the Deputy First Minister, she was demanding answers of Wendy Alexander over donations to the Labour Party. By Nicola Sturgeon's own definition then we have both the right and the responsibility to ask questions now. We also have the right to get answers from the First Minister.

Since we last discussed the matter at First Minister's question time, we have learned that there were other contacts beyond those that the First Minister revealed to Parliament last week. We have learned that her chief of staff met a former aide of Mr Salmond's not once but twice

prior to the first meeting on 2 April. It has been reported that, at one of those meetings, the First Minister's chief of staff—to quote Mr Salmond's team—"tipped them off". She said that she suspected that an investigation was under way.

Two inquiries will get to the bottom of all of this but, surely, the First Minister does not need an inquiry to realise that, if that is indeed what happened, it was just plain wrong.

**The First Minister:** If Jackson Carlaw now takes the view that respecting inquiries that have been established constitutes hiding behind them, that begs the question: why did Jackson Carlaw ask for such an inquiry to be set up last week? His challenge to me last week was to support a parliamentary inquiry, and I have done that. The challenge from the other side of the chamber was to refer myself to the panel of independent advisers on the ministerial code, and I have done that as well. There will be a Government review of the process and, of course, there is an on-going police inquiry.

I have set out an account of the decisions that I took. I have also corrected inaccurate claims that have appeared in the media. Beyond that, it is time to respect the inquiries that Opposition members have called for and that I and my Government have supported. That is the right thing to do.

On the inquiries that I have spoken about and the work of the information commissioner, which the Scottish Government is co-operating fully with, it is fair to say that the decision-making processes involved in this matter may turn out to be the most scrutinised of any decision-making processes in the lifetime of this Parliament. That is right and proper. However, it strikes me that people cannot call for inquiries and then refuse to respect the work of those inquiries. I will respect the work of those inquiries; the question is, will others across the chamber?

**Jackson Carlaw:** As I pointed out, that is precisely what the First Minister did. She seems quite happy for her advisers to brief the media on these questions as they arise but is reluctant to answer them here, in Parliament. The problem is that we have two completely contradictory versions of events. In Mr Salmond's version, the First Minister's team knew about the complaint before 2 April. In the First Minister's version, she and her team were completely in the dark until they all met at her house on that date. Both versions simply cannot be right. Will the First Minister put on record today—it is something that needs to be clarified now—that, contrary to what is being alleged, neither her chief of staff nor, indeed, any other Government special adviser had any knowledge of a complaint before 2 April?

**The First Minister:** I have already set out the account of when I first became aware of the complaint, and we have corrected inaccurate claims in the media this week relating to my chief of staff. Jackson Carlaw has said—perhaps this is a point on which I can go some way to agreeing with him—that there are differing accounts of the matter. That is why it is important to allow the scrutiny of the inquiries that have been established.

Now that those inquiries have been called for—and now that I, my Government and my party have agreed to support the establishment of those inquiries and co-operate fully with them—it is incumbent on all of us to respect those processes. That is what I will do. The question for Jackson Carlaw is this: is he really interested in getting to the heart of these matters or does he simply want to continue to make party political points about them?

**Jackson Carlaw:** I am interested in asking questions about the matters that have arisen since I questioned the First Minister last week. I am concerned that, although her advisers are briefing the media in response to inquiries of this nature, she seems reluctant to respond to such inquiries here, in the chamber. If nothing else, that has shown why the parliamentary inquiry, which we requested, is necessary. We must all hope that it can begin as soon as possible, because numerous questions beyond those that I have asked today are outstanding. What did the First Minister and Mr Salmond discuss? Why did the First Minister continue to meet the former First Minister as late as July last year, despite subsequently telling us that she could not get involved? Did the permanent secretary approve that final meeting in advance or was she informed of it only afterwards? All of us are asking, "What on earth did you think you were doing?"

The First Minister will have to answer those questions sooner or later. So, for the avoidance of doubt, will the First Minister confirm today that she will make herself available personally to appear before the parliamentary inquiry? In her answer to me last week, she said that she would be prepared to supply information to the inquiry, but will she be prepared to appear personally before the inquiry? Does she accept that this tawdry business and her handling of it in the past seven days have fundamentally undermined trust in her Government?

**The First Minister:** If I heard Jackson Carlaw correctly, he asked whether I am prepared to appear personally before an inquiry. Yes, I am. As the First Minister, I do not consider appearing before committees of the Parliament optional—that is a part of my job and a part of my responsibility. I cannot believe that Jackson

Carlaw would have doubted that for a single second.

I understand why Jackson Carlaw has posed those questions today, but those are exactly the questions that the various inquiries will look at. I say to Mr Carlaw again that it is incumbent on all of us to respect those inquiries. Perhaps more than anything right now, given that at the heart of this issue are the women who brought forward complaints, it is incumbent on all of us to respect the on-going police inquiry, and I call on everyone to do that.

Jackson Carlaw asks me what on earth I thought I was doing. I think that I know what Jackson Carlaw is doing today in raising the matter, notwithstanding the fact that I have opened myself to complete scrutiny on all of these issues. I think that Jackson Carlaw is trying to avoid talking about the mess that his party is making of the Brexit negotiations. He talked about a “tawdry business”. The tawdry thing that is happening in Scotland right now is that we are being taken out of the European Union against our will by the Tory Government. Our country faces untold damage because of the chaos and mess that his party is presiding over. What on earth do the Tories think they are doing? That is the “tawdry business”, and that is what the people of Scotland want to hear answers about.

### Alex Salmond Investigation

#### 2. Richard Leonard (Central Scotland) (Lab):

The establishment this week of a special committee of inquiry into the Government’s handling of the serious allegations that have been made against Alex Salmond is an unprecedented step, but a necessary one. It is the right thing to do in order to rebuild trust and confidence in a system that has been badly dented.

However, what also counts is how we—MSPs, Parliament and the Government—conduct ourselves. Therefore, is the First Minister willing to accept that her Government has not conducted itself in a fit and proper way this week by using vocabulary such as “vendetta” and “smear” in connection with the case?

**The First Minister (Nicola Sturgeon):** I have corrected inaccurate claims that were made, which I think is important. As I said last week, I believe that I and my Government have acted appropriately in the matter. However, as I said at the weekend, when I took the decision to refer myself to the independent advisers, I also believe that it is important to convince Parliament and the wider public of that. Therefore, I agree with Richard Leonard about the importance of the parliamentary inquiry and of the decision that I took. Those are processes that I think are necessary. I hope that Richard Leonard will agree

with the point I made to Jackson Carlaw, which is that it is important for all of us now to respect the work of the inquiries and the decisions that they take.

**Richard Leonard:** We all understand that the situation is very difficult for the First Minister’s party, but that cannot be allowed to overshadow the serious question of how the First Minister’s Government has handled the grave allegations.

Last week, the First Minister told me:

“If there is a parliamentary inquiry, we will, of course, make all appropriate information available.”—[*Official Report*, 10 January 2019; c 14.]

Can she confirm today that “all appropriate information” includes not only all internal Government correspondence, but all internal SNP correspondence?

**The First Minister:** The inquiries will be able to request whatever material they want, and I undertake today that we will provide whatever material they request. That is the definition of full, thorough and open inquiries. It will not be for me to decide what material the parliamentary inquiry, when it gets under way, wants to request. My commitment is that the Government and I will co-operate fully with it, which is, I think, appropriate.

Richard Leonard talked about difficulties. None of what is happening has got in the way of me, the Government and my party doing the right thing this week in agreeing to and supporting the establishment of a parliamentary inquiry, and it has not got in the way of me doing what I consider to be the right thing with regard to the referral to the advisers and to the ministerial code.

A point that Richard Leonard has made, and which I agree with, is that, at the heart of the matter—the part that is most important and which leads me most to regret the error that was made in the Government process—are the women who brought forward complaints. It is important that we respect the processes in investigation of those complaints. That means all of us respecting the fact that, as well as the inquiries that we are talking about today, there is an on-going police inquiry. I hope that we all respect that in how we conduct ourselves over the time to come.

**Richard Leonard:** The First Minister is right—we should not forget that two women have been badly failed by the system and are entitled to answers, which is why the parliamentary inquiry must be as thorough as possible. That means that it must apply and follow the seven Nolan principles of public life, which are: openness, honesty, leadership, selflessness, accountability, integrity and objectivity. Therefore, the committee must meet in public, and there should be no limit on how long it sits for and how many meetings it has.

I hope that the First Minister agrees with that in her reply.

There is a further issue, Presiding Officer. According to parliamentary precedent, the position of committee chair is due to be offered to the SNP, but this is an unprecedented situation. The inquiry is about restoring trust and confidence, so will the First Minister's party do the right thing? Will it step aside and ensure that an MSP from another party chairs the inquiry?

**The First Minister:** I say with respect that I think that Richard Leonard misunderstands my role in the establishment of the inquiry. It is not me who is establishing the inquiry and it is not me who will decide who will conduct the inquiry, when the committee will sit, how long it will sit for, what its remit will be, who will chair it and who will be on it. Those are decisions for the Parliamentary Bureau, and I am making it clear that I will respect whatever decisions the Parliamentary Bureau makes on the inquiry.

There would be something deeply wrong if, having supported an inquiry into the matter, I then started to try to dictate—even if I did so in response to questions from Richard Leonard—the terms on which the inquiry was to be conducted. Those matters are for Parliament. The commitment that I give to Parliament is that my Government and I will co-operate fully, whatever terms Parliament decides.

**The Presiding Officer (Ken Macintosh):** We have a number of constituency supplementary questions, the first of which is from Mark McDonald.

#### **Arjo Wiggins Fine Papers Ltd (Stoneywood Mill Closure)**

**Mark McDonald (Aberdeen Donside) (Ind):** Stoneywood mill in my constituency has been producing paper for 250 years and employs nearly 500 people. This week the business was placed in administration after a takeover deal collapsed. It is clearly a worrying time for the workforce and their families. I have spoken with the company and with union representatives and will continue that dialogue this week. The resolve to secure the future of the business is strong and is shared by all.

The Scottish Government has indicated that it and its agencies stand ready to support the business. Will a task force be established, as has happened in other areas, that brings together agencies and stakeholders to look at how best to support the business and help to generate investment, find a new buyer, safeguard highly skilled jobs and secure a positive future for that vital employer in Aberdeen?

**The First Minister (Nicola Sturgeon):** I thank Mark McDonald for raising this important issue. I was also very concerned to learn of the situation with Arjo Wiggins, which is based in Aberdeen. I can tell Parliament that the Minister for Business, Fair Work and Skills has already spoken directly with the managing director of the company and the general manager of Stoneywood mill, and has communicated our full support. He also spoke to the union Unite this morning.

At this stage, our focus is on supporting the business to find a new buyer, and on doing all that we can to try to minimise the impact on the workforce. Scottish Enterprise has been in contact with the management to support the company in its plans to try to secure a new buyer.

In response to the specific question about a task force, we consider whether that approach is appropriate in all such circumstances. I will ask the Minister for Business, Fair Work and Skills to consider that specifically, and to correspond or discuss directly with Mark McDonald how best to bring all the key individuals and organisations together to ensure that we make the best possible response.

#### **Gender-based Prejudice**

**Bob Doris (Glasgow Maryhill and Springburn) (SNP):** The BBC's "The Social" highlighted the practice of gaming by a so-called male pick-up artist in Glasgow, which included footage from Maryhill Road. I will make no further comment on the specific matter, given that it is now the subject of a police investigation. Does the First Minister agree that it presents a timely opportunity to encourage the public to participate in the Scottish Government's hate crime consultation, which is currently seeking the public's view on, among other things, recommendations around potential changes to the law on "gender hostility" and

"the stirring up of hatred".

**The First Minister (Nicola Sturgeon):** I thank Bob Doris for raising the issue. I am sure that everybody in the chamber would, as I was, have been shocked and appalled by the BBC's investigation into so-called gaming. I watched the BBC's "The Social" film and was utterly sickened by what I saw. As Bob Doris said, it highlights why there is a clear need for action to be taken to tackle gender-based prejudice and gender-based violence.

Lord Bracadale's view in his report on hate crime was that there are patterns of offending that relate particularly to hatred that is based on prejudice towards the victim's gender, and which should be addressed through reformed hate crime legislation.

The current consultation seeks views on how best to tackle misogyny and gender-based prejudice in Scotland. I certainly encourage everyone who has an interest in the matter—that should be all of us—to make their views known through the consultation process, which runs until 24 February.

### **New School Butterstone (Closure)**

**Mark Ruskell (Mid Scotland and Fife) (Green):** The First Minister will be aware of the plight of young people who attended New School Butterstone, who were forced out of their specialist boarding school two months ago and have been completely out of the education system in the eight weeks since. What message can she give to the families who are now faced with alternatives that fall far short of what New School Butterstone was providing, and how can councils be better resourced to ensure that there is enough specialist and mainstream provision for pupils with extreme special needs?

**The First Minister (Nicola Sturgeon):** I thank Mark Ruskell for raising the issue. As he and others are aware, the decision to close the school was taken by the board of the school. It is a sad event, and I have no doubt about the impact that it will have on the whole community, and especially on the young people who attended the school.

Since the board made its decision, all seven local authorities that are affected have been working closely with the families to identify the appropriate care and support for the young people who attended the school. Every family has been offered support in education by the local authorities and, for most of the young people, alternative places or interim provision have now been agreed.

Of course, the local authorities recognise that the challenging individual circumstances of each child or young person have to be taken into account, which is why the local authorities are working closely with the families. The Deputy First Minister and Cabinet Secretary for Education and Skills met parents and staff in November last year and listened to their concerns. He will continue to receive regular updates on progress. I am sure that he will be happy to liaise and discuss the situation again with parents and staff, if that would be considered helpful.

### **Free Personal Care**

**Jamie Greene (West Scotland) (Con):** I have been contacted by the concerned family of a 90-year-old lady who lives alone on the Isle of Arran. They have asked that I do not name her publicly in the chamber, but I am happy to provide details in private. She suffers from macular degeneration, memory loss and mobility issues. Her family

requested social care at home, but they were told that that was not possible because of staff shortages on the island, despite the fact that she had been assessed as requiring it “several times a day”.

Is the First Minister confident that that is an example of the Government delivering its flagship policy of free personal care to people in Scotland? Whatever happened to the commitment to island proof access to public services?

**The First Minister (Nicola Sturgeon):** As I hope Jamie Greene will appreciate, I do not know the details of the individual case. It certainly raises concerns in my mind and in the mind of the Cabinet Secretary for Health and Sport. I completely understand why Jamie Greene has not named the individual, but if he wants to pass on the details—as he indicated he would—to me and Jeane Freeman, I undertake that we will look into the case as quickly as possible and reply to him.

I do not want to assume that wider issues are at play, but if there are, which this case suggests, the health secretary will discuss that with the local health board and the local authority. We are happy to look into the case and to take whatever action is considered necessary.

### **Class Sizes (Renfrewshire)**

**Neil Bibby (West Scotland) (Lab):** At a time when council budgets are under pressure and teachers are raising concerns about workload, the SNP-led Renfrewshire Council will this afternoon consider increasing primary 2 class sizes from 25 pupils to 30 pupils. Is that not another example of the impact that Scottish Government cuts are having on communities, including in the Cabinet Secretary for Finance, Economy and Fair Work's own back yard? What does it say about the First Minister's statements that local councils are getting a fair funding deal and that education is her number 1 priority?

**The First Minister (Nicola Sturgeon):** In the draft budget, we offer a real-terms increase in the funding that local government has for day-to-day services, including education. In the past couple of years, we have also seen a rise in the number of teachers in our schools.

We will have discussions and votes in Parliament on the budget over the next few weeks. I repeat to Neil Bibby the offer that I have made previously to Richard Leonard. If Neil Bibby's view is that the Government should be making additional resources available to local government, we are happy to listen to suggestions from Labour about where those resources should come from. There are no unallocated resources in the draft budget, but we remain happy to discuss options with other parties. If Labour ever gets round to

making any constructive suggestions, we will be happy to engage with those suggestions.

### Scottish Independence

**3. Patrick Harvie (Glasgow) (Green):** Listening to the opening questions from Labour and the Conservatives, we could be forgiven for thinking that the country was not facing the biggest political crisis for generations. Perhaps that tells us something about why a Parliament that is dominated by those two parties has brought us to a situation in which the word omnishambles sounds like timid understatement. I recognise the First Minister's position that extending or revoking article 50 is necessary and that a people's vote is necessary. Those options must be taken. Both May's deal and no deal have clearly been rejected. The United Kingdom Government must be under pressure to accept that.

However, the First Minister has also said for a long time that the case for Scottish independence depends on a material change of circumstances. Given the level of chaos, there is no single aspect of the circumstances that has not changed beyond recognition since 2016. The First Minister has spoken to the Prime Minister this week. Can she confirm whether she explicitly raised independence and made the case for Scotland's right to decide about our own future during that conversation with the Prime Minister?

**The First Minister (Nicola Sturgeon):** The Prime Minister is well aware of my views on independence. I support independence and think that the sooner Scotland is independent, the better for all of us.

On Brexit, Patrick Harvie is absolutely right that the Prime Minister is in the process of driving the whole of the UK off a cliff edge, but right now Jeremy Corbyn is sitting in the passenger seat of the car that is taking the UK off that cliff edge. The way in which both the Government at Westminster and the official Opposition have failed to stop this catastrophe from developing is disgraceful.

There is obviously some water to go under the Brexit bridge over the next few weeks, but let me be very clear: as Patrick Harvie said, the case and support for independence grow with every day that passes. Given the catastrophe that Scotland faces in our economy, our society, our living standards, the prospects for the next generation and our reputation in the world, it is essential that the option of independence is open to people in Scotland. When people in Scotland have the ability to choose independence, I believe that the country will opt to be an independent one.

**Patrick Harvie:** It is, indeed, extraordinary that, two and a half years since the European Union referendum, there is no more clarity in the mind of

the UK Government about the future than there was at the start of the process. With just 10 weeks to go until the UK Government's self-imposed Brexit deadline, for which it is completely unprepared, surely nobody except the disaster capitalists who are the Brexit extremists can think that time can simply be allowed to tick away. At the very least, extension of the process is surely inevitable now.

Yesterday, the First Minister said that she will have more to say about the timing of an independence vote in the coming weeks. In the face of incompetent misrule from Westminster, that clarity is needed. Can the First Minister confirm that timing—that she will provide information in the next few weeks—even if article 50 is extended?

**The First Minister:** Yes. I will expand on that, because I enjoy talking about these things. Patrick Harvie is absolutely right when he says that extension of article 50 is now essential. Theresa May has wasted time. It seems to me that her tactic has been to run down the clock and hope that she can panic people into backing her deal—the one that was rejected in a historic defeat in the House of Commons this week—and that Jeremy Corbyn is happy almost to collude with her in doing that. That cannot be allowed to happen. Article 50 should be extended and I think that, across the UK, the issue of EU membership should go back to the electorate.

Of course, it could be that the extension of article 50 is simply a reprieve from Brexit, not a solution to it. There is water to go under the bridge in the next number of weeks. When it has done so, I will make my views on the timing of a choice on independence clear. It is then, of course, for all of us who support independence—which certainly includes me and Patrick Harvie—to get out there and make the case. I believe that that case has been strengthened by what has happened in the past two and a half years, and that, if we get out and make that case, people in Scotland will choose to be an independent country and we can get on with building a better future than the one offered to us by the chaos and incompetence of Westminster.

### Second European Union Referendum

**Gillian Martin (Aberdeenshire East) (SNP):** We know that Theresa May's proposed deal is finished, that the confidence vote to force a general election has failed and that a no-deal Brexit is unthinkable. For any progress to be made to end the Brexit stalemate, does the First Minister agree that we need a second European Union referendum, and will she call on Labour to join us in that demand?

**The First Minister (Nicola Sturgeon):** It is time for Jeremy Corbyn and Labour to get off the fence that they have been sitting on for so long. Labour wanted to force a general election first. The debate on and vote of no confidence in the United Kingdom Government took place yesterday, and SNP MPs voted that they have no confidence in the Government. We backed Labour in that attempt, but it did not pass. There is not going to be a general election right now, so the time is right, and it is urgent and pressing, for Jeremy Corbyn to say whether he backs a second EU referendum. I call on him to do so without further delay. The longer that he prevaricates, the more that he becomes just as responsible as the Tories for the disaster that the United Kingdom is now facing.

### **Cancer Strategy (Cross-party Group on Cancer Report)**

**Anas Sarwar (Glasgow) (Lab):** Cancer touches us all. As the co-convenor of the cross-party group on cancer, I am pleased today to publish the report on the implementation of the Scottish Government's cancer strategy. The review was led by experts, professionals, charities and campaigners, and the report supports the ambition of the Government's strategy; recognises where progress has been made; and highlights areas of concern that mean that the strategy will not be implemented in full by the end of the parliamentary session, as promised.

Does the First Minister recognise the impact of workforce planning issues and high vacancy rates in undermining the ability to diagnose early, to treat quickly, and therefore to improve survival rates?

**The First Minister (Nicola Sturgeon):** I welcome the implementation report that has been published by the cross-party group on cancer, which says that real progress has been made.

As Anas Sarwar said, the report marks the halfway point in the strategy's five-year lifetime, and it finds that 47 out of 54 of the strategy's actions and investments have been completed or are on track. It also raises concerns about staffing, and we recognise that there are challenges in recruiting the right specialist staff for some services. That is why the Scottish cancer task force is already feeding into the development of our integrated workforce plan, which aims to address workforce needs right across Scotland. I say in passing that the staffing challenges will be exacerbated by Brexit; that is something that we should all keep in mind.

The health secretary met representatives from the Scottish cancer coalition earlier today to discuss how we continue to drive the strategy forward. The implementation report that has been

published by the cross-party group will be a helpful contribution to making sure that we do exactly that.

### **Universal Credit (Pensioners)**

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** This week the United Kingdom Government used Brexit as a smokescreen to announce that pensioners who have a younger partner will be forced to move to universal credit rather than pension credit, which will cost couples up to £7,000 a year. Does the First Minister agree that that shameful approach to our pensioners should be ditched immediately? Will she join me in, once again, demanding a halt to universal credit?

**The First Minister (Nicola Sturgeon):** Whenever universal credit is raised, it is interesting to look across the chamber and see how many Conservative members are studiously looking at their phones rather than engaging with the discussion.

The decision is absolutely shameful. It says to pensioners that, in future, if a pensioner's partner is under pensionable age, they will require to apply for universal credit. That might not sound like a particularly big thing, until we consider that it will cost some of the poorest pensioners in the country up to £7,000 a year. It is absolutely disgraceful and yet another reason why universal credit should be halted in its tracks. I repeat again today the call that I have made many times for the United Kingdom Government to do just that. I also repeat the call that I have made many times for responsibility for these matters to come to the Scottish Parliament so that we can make our own decisions and not be at the mercy of decisions taken by an uncaring, unfeeling Conservative Government.

### **Teachers' Pay**

**4. Clare Adamson (Motherwell and Wishaw) (SNP):** To ask the First Minister what progress has been made in reaching a deal over teachers' pay. (S5F-02982)

**The First Minister (Nicola Sturgeon):** Negotiations are on-going and progress is being made. The Scottish Government has made an enhanced proposal to the Educational Institute of Scotland and has asked the Convention of Scottish Local Authorities to also agree it. The proposal would mean that all teachers would receive a minimum 9 per cent increase between January 2018 and April 2019, with a further 3 per cent in April 2020. That is a clear indication of our commitment to recruit and retain teachers, and it is the best offer in the public sector anywhere in the United Kingdom. I urge COSLA to adopt the proposal as a formal offer, which is a necessary

step to resolving the dispute, and, if it does so, I urge the teaching unions to consider the offer favourably so that we can bring discussions to a positive conclusion.

**Clare Adamson:** Can the First Minister confirm that the funding for the pay increase will come from Government and will be in addition to the enhanced local government settlement for the coming year? What are the timescales for finding agreement with all parties involved in the process?

**The First Minister:** Yes, I can confirm that any additional budget allocation to fund a negotiated agreement will be met by the Scottish Government and that it will be in addition to the enhanced local government settlement for the coming year—it will not come from the education budget. On timing, teachers' pay negotiations are of course a matter for the Scottish Negotiating Committee for Teachers. However, the next SNCT pay meeting is scheduled for 28 January, when we hope that all parties can reach agreement on an offer that can be put to the teacher unions' membership, hopefully for ratification.

**Tavish Scott (Shetland Islands) (LD):** Why does the First Minister believe that teachers are contemplating strike action?

**The First Minister:** Teachers want a good pay rise, and I believe that they are being offered a good pay rise. I believe that they were being offered a good pay rise, but the enhanced offer underlines that fact. I again stress that, if the enhanced offer that the Scottish Government is making is agreed to by COSLA and then by teachers, in April this year, teachers' salaries will increase by 9 per cent compared to what a teacher will get in their pay packet this month. That will be the best pay rise for any public sector worker anywhere in the UK. It is a good offer, and I really hope that, over the next few weeks, we can get to a point where it is accepted. The offer is fair to teachers; it is affordable, which is a key consideration for the Government; and it means that we will resolve a dispute over pay, which is absolutely in the interests of young people across the country.

### Thrombectomy Service

**5. Miles Briggs (Lothian) (Con):** To ask the First Minister what the Scottish Government's response is to a letter reportedly signed by all stroke clinicians in Scotland calling for the urgent introduction of a thrombectomy service. (S5F-02970)

**The First Minister (Nicola Sturgeon):** Thrombectomy for stroke is a relatively new clinical intervention. We recognise that it can significantly improve outcomes and quality of life for people who have suffered an ischaemic stroke.

That is why the directors of planning thrombectomy advisory group has produced a national planning framework for the provision of this intervention for Scotland. The framework will be presented to the national planning board at its January meeting and will then provide the basis for the implementation and spread of thrombectomy provision in Scotland.

**Miles Briggs:** I raised the issue with the First Minister in September, and I know that she is aware that the national health service in England's long-term plan makes a commitment to invest further in thrombectomy services in England, which is expected to not only improve care but deliver long-term reductions in the cost of care. As it stands, Scotland has no thrombectomy service whatever, and NHS Lothian withdrew the service last year. Therefore, will the First Minister guarantee today that stroke patients in Scotland will be able to receive a thrombectomy this year?

**The First Minister:** We are working towards the provision of a service and, as I understand it, similar work is under way in England. This is a relatively new clinical intervention, so it is important that proper work and planning are undertaken to ensure that services are safe and that they deliver high quality to patients. As I said in my initial answer, the advisory group has produced a national planning framework, which will provide the basis for developing a service in Scotland, and that framework will be presented to the national planning board this month. At that point, we will be able to take decisions about how we will roll it out. The Cabinet Secretary for Health and Sport will keep the Parliament fully updated on that.

**Monica Lennon (Central Scotland) (Lab):** Can the First Minister confirm whether the commitment to thrombectomy in NHS England's long-term plan comes with equivalent Barnett consequential and, if so, how much are they? Will she guarantee that any such consequential will be invested in supporting the further development of thrombectomy to make sure that we do not fall behind the rest of the United Kingdom and Europe?

**The First Minister:** I will get back to Monica Lennon on whether a specific consequential flows from the decision in England, although I suspect that it does not, as I think that the decision was made after the budget decisions were made. Such consequentials are also often rolled up, so the lines that they flow from are not specified.

That aside, as I set out, we are determined to have a service rolled out in Scotland, but it is vital to do that on the basis of proper clinical planning. That is why the process that I outlined in response to the previous question is important. As I said, decisions will be able to be taken after the national



planning board's meeting this month. Jeane Freeman will keep interested members fully updated.

### **Local Government Budget (National Performance Framework)**

#### **6. Alex Rowley (Mid Scotland and Fife) (Lab):**

To ask the First Minister what impact reductions to local government budgets could have on the national performance framework. (S5F-02984)

**The First Minister (Nicola Sturgeon):** Despite a reduction to the Scottish Government's budget as a result of United Kingdom Government austerity, we have maintained overall funding for local government as a share of overall spending at about 27 per cent. Our most recent budget also provides a real-terms increase in the revenue and capital support that we provide to local government.

The national performance framework sets out the clear purpose of creating a more successful country with opportunities for all of Scotland to flourish. Providing local government with a real-terms funding increase reaffirms our commitment to a strong partnership with local government and will allow us to meet our shared ambitions for the people and communities that we serve.

**Alex Rowley:** That is well and good, but the reality for the majority of people is cuts to services in communities up and down Scotland. In Fife, millions of pounds are being cut from front-line school budgets. In Clackmannanshire, the council is on the brink of collapse. In Edinburgh, bins lie uncollected because of cuts. In the Highlands and the Borders, public toilets and leisure facilities are being closed.

Across Scotland, in libraries, music lessons, swimming pools, education and social care, there are cuts, cuts, cuts. When will the First Minister wake up to the reality of not only failed Tory austerity but her Government's failure to protect vital public services? Will she agree to personally meet council leaders and hear at first hand about the desperate situation that councils are in as a direct result of successive Scottish National Party budgets?

**The First Minister:** As I am sure Alex Rowley recognises, the Scottish Government's budget is being cut in real terms over this decade. That creates a significant problem for the Scottish Government. Notwithstanding that, the draft budget that Derek Mackay presented before the end of last year offers local government a real-terms increase, although we do not suggest that that makes life easy.

I come back to a point that I have made several times in the chamber. We have allocated every penny that is available to us in the budget. We

have given health services more than £700 million extra and we have given local government a real-terms increase.

If Labour wants to propose budget alterations, it is not enough for it to say where it wants more money to be spent; it must also set out its suggestions for where the money would come from. Unless the finance secretary tells me that he has had something recently, I think that Labour has not yet made any budget proposals to the Scottish Government.

Alex Rowley asked me about personally meeting people. If Labour wants to suggest where we can take money from in the budget to give local government more money, I will personally meet Richard Leonard and anybody else. However, I am still waiting on those proposals. Maybe they will come this afternoon or maybe they will come next week—let us wait and see.

**John Scott (Ayr) (Con):** The First Minister will be aware of the £17.1 million budget shortfall in South Ayrshire Council. On social care performance indicators, she should also be aware that about 60 hospital patients cannot be discharged because the council has no funding to provide packages of care for them. Will the Scottish Government consider further support to the council to deal with that problem?

**The First Minister:** These are really important issues that John Scott raises, but the lack of self-awareness of Tory members is quite staggering. He talks about a shortage of resources. I remind him that the Scottish Government's budget is being reduced in real terms by decisions taken by his party at Westminster over this period.

I also gently remind the member that if we were to follow the budget proposals that have been put forward by his party in this Parliament, to give tax cuts to the highest earners in Scotland, we would be faced with taking an additional £550 million out of budgets for schools, hospitals and other public services.

The Tories really have no shame at all. They are cutting our budget and calling for tax cuts that would cut our budget even further, and yet they call for more money. Maybe when the Tories get their own sums to add up they will be taken seriously when they ask questions such as that one in this chamber.

**The Presiding Officer:** That concludes First Minister's question time. Before we move on to members' business, there will be a short suspension, to allow time for the public gallery to clear and for ministers and members to move seats.

12:45

*Meeting suspended.*

12:47

*On resuming—*

## Hospital Television Charges

**The Deputy Presiding Officer (Linda Fabiani):** I ask people who are leaving the gallery to do so quietly.

The next item of business is a members' business debate on motion S5M-14486, in the name of Edward Mountain, on fairer hospital television charges. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament believes that charges for bedside televisions in hospitals must be proportionate and affordable for all patients; understands that many hospitals in the Highlands and Islands and across Scotland are charging adult patients up to £9.90 per day to access bedside television; considers that accessing bedside television in hospitals can be prohibitively expensive for long-stay patients; understands that NHS boards receive no income for providing this service, and notes the calls for all NHS boards to renegotiate bedside television contracts when they are next up for renewal to ensure the best possible value for money for patients across Scotland.

12:48

**Edward Mountain (Highlands and Islands) (Con):** I am very pleased that we are having the debate at this time, and I thank the members of other parties who supported my motion—in particular, David Stewart, Monica Lennon, Neil Findlay, Mike Rumbles and Liam McArthur.

I am disappointed that no Scottish National Party politician signed my motion, but I am not deterred. I believe that, despite their reticence about standing up and being counted, the majority of SNP members will support me in my wish to end unfair hospital television charges. This is a cross-party issue that should unite us all.

Since I raised the issue of TV charges, I have received a huge response. There is a huge amount of interest in the matter not only in the Highlands and Islands but across Scotland. I welcome now the people who are following the debate live on the BBC. To people who are in hospital and are having to pay to watch the debate, I say that I hope that their Parliament can make a real change.

I decided to raise the issue after visiting a friend in Raigmore hospital. He has spent all his life in the countryside, which makes his time in hospital difficult. After two months of being confined to bed, he is longing to go home. As I chatted to him, I saw the bedside TV unit, and I tried to console him by saying that at least he had something to watch. He responded with a laugh and said, "You've got

to be joking. The costs for using that thing are ridiculous."

It is hard to explain to members who have avoided having to spend a long time in hospital the boredom that the routine of eating, sleeping and being treated creates. I remember sitting with my father during the last weeks of his life; he would have welcomed the distraction of a TV. Moreover, when I was in Dr Gray's hospital in Elgin five years ago, I had to wander off my ward to find a TV to break the monotony of lying in bed, and I gave up counting the amount of times that I was rebuked by nurses for doing so to watch a TV that was not there for patients.

In the Highlands, many patients are moved from their communities to Raigmore hospital, which makes visits from their families difficult and creates a feeling of social isolation. The ability to watch local news and general TV helps to remove that feeling. That, to me, makes TV an important part of hospital life and recovery.

Some people might think it odd for me to criticise provision of a service by a private company. Let me be clear: I do not and will never believe that we should ever support a private contract that compromises the service that an individual receives. I am standing here today because, to put it simply, the cost of bedside television in NHS Highland is extortionate and prohibitive. No one can justify a charge of £9.90 a day, especially when we compare that with the price of online provision of films and entertainment: firms that supply such online services charge less per month than is charged per day in a hospital.

I do not want to be accused at the end of the debate of mincing my words. Hospitals have a captive audience. I believe that the charges for bedside TV are a rip-off for short-stay patients and are just daylight robbery for long-stay patients. The situation has gone on for way too long. Health boards such as NHS Highland signed exclusive contracts for 15 years. Moreover, we should not forget that all the revenue from bedside TV goes to the suppliers. The NHS receives nothing—not a penny. The Scottish Government should ensure that that never happens again.

The contract for bedside TV is up for renewal in NHS Highland in June 2019, so now is the time to secure a better deal for patients, which is why today I am launching a petition for the campaign for fairer hospital TV charges. It reads simply:

"We believe that bedside television in hospitals is vital to prevent social exclusion and feelings of isolation for patients.

We call on local health boards to secure a fair deal with companies providing bedside television and to provide free WiFi for patients in hospitals to allow them to access television via video streaming services."

I urge all MSPs to go out and get people to sign up to my petition if they do not want to extend the extortionate fees that are being charged at the moment.

I welcome the promises that the Cabinet Secretary for Health and Sport made only last week to work with NHS Highland to ensure that patient television is more affordable, and to identify the feasibility of supplying free bedside entertainment via wi-fi across NHS Scotland. Those promises are a huge step forward, but they need to be delivered.

However, that is not the whole solution. Offering free wi-fi assumes that every patient has access to tablets and laptops to use the services. To me, that is a big assumption. We also need to question how we can make devices available to patients who do not own them. The Scottish Government and our local health boards need to think outside the box about how to address the issue.

Hospital TV charges would make Dick Turpin blush. They are not only highway robbery, but are daylight robbery of a captive audience who are often vulnerable due to illness. The time is right for change: it is right for patients, it is right for our health boards and, I believe, it is right for Scotland.

**The Deputy Presiding Officer:** We move to the open debate. I ask for speeches of four minutes, please.

12:54

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** I thank Edward Mountain for bringing the debate to the chamber and for giving me the opportunity to speak on the subject of hospital television charges.

When I spent two 10-day spells in hospital back in 2017, I found that being able to watch television between spells of reading helped to offset the boredom that Edward Mountain mentioned. It helped me to recover in the hospital ward and made my stay more bearable by taking my mind off my medical issues.

In my time in hospital, I was admitted to St John's hospital in Livingston and the Western general hospital in Edinburgh. Neither of those hospitals charges for watching television. The response from NHS Lothian to a freedom of information request in 2015 stated that only patients in the Royal infirmary of Edinburgh, which was private finance initiative funded, had to pay to watch television, due to a contract with Patientline UK—now Hospedia Ltd—that had been signed prior to the hospital opening, in 2001. NHS Lothian confirmed that no other patients in acute hospitals in the Lothian area were subjected to television charges.

I agree that the up to £9.90 per day that is charged by Hospedia to access bedside television is prohibitively expensive. Comparing the cost of the 25 channels that are provided by that company with what is available from a major satellite television provider that charges £22 per month for access to hundreds of channels highlights just how much patients are being ripped off.

A survey that was carried out by the Consumers' Association—or Which?—in 2011 found that hospital bedside entertainment systems were "expensive" and "confusing" for patients, with 61 per cent of respondents stating that they were very poor value for money and one third finding them confusing to use. Some patients were also unhappy about the quality of the service and the inflexibility of buying credits to watch television.

The issue of expensive bedside television provision relates not just to a number of hospitals in Scotland. Hospedia provides the same service to 160 NHS locations—or 75 per cent of acute NHS hospitals—across the UK, in which more than 65,000 patient bedside entertainment units are installed. The UK Government has taken no steps to cancel those contracts.

Hospedia claims that it is the market-leading provider of bedside communication and multimedia services to hospitals in the UK, with up to 10 million patients a year making use of its services. In 2010, the company was taken over by the Los Angeles-based firm, Marlin Equity Partners. The level of that foreign-owned company's involvement in our national health service cannot be blamed on the introduction of PFI contracts by John Major's Conservative Government in 1992, and nor can it be blamed on the subsequent Labour Government's continued use of PFI contracts. The contracts have cost the UK public purse £110 billion to date, and future payments up to the 2040s will cost a further £199 billion. No. The situation developed under the last Labour Government, which stipulated that all hospitals across the UK should offer a bedside television and telephone service. However, the difficulty was that it provided no funding for them to do so. Health boards and hospitals therefore had no option but to enter into 15-year to 20-year contracts with companies to provide the service, which was funded by patients and their families.

I am thankful that a number of the Hospedia contracts in Scotland will end this year. I welcome the fact that NHS Scotland is investigating the feasibility of free wi-fi enabled bedside entertainment units. It is great news that patients in NHS Lothian will trial the new free patient service, which includes access to video streaming. I look forward to seeing health boards across the UK follow Scotland's example, if it is successful.

12:59

**Monica Lennon (Central Scotland) (Lab):** I thank Edward Mountain for securing the debate. My colleague David Stewart is, unfortunately, unwell this week. He was keen to speak in the debate. I hope that Edward Mountain's friend has made a good recovery.

When we think about the pressures on the NHS and the daily needs of the service, hospital televisions are not what springs to most people's minds. However, when I saw that Edward Mountain had secured the debate, I was keen to speak in it because my mum has spent a huge amount of time in and out of hospital recently—this week she was even in a side room on her own—so I know that having access to a television, mobile phone and connection with the outside world is really important.

This week, I have learned that the situation in respect of hospital TVs varies across the country and within health board areas. My mum was a patient in Hairmyres hospital, in NHS Lanarkshire, where she did not have to pay to use the television but where the set is absolutely tiny, you have to be about 8 feet tall to reach it and there is no remote control. I had to warn my mum several times, "Don't you dare stand on a chair to change the channel." The nurses are rushed off their feet and patients do not want to disturb them to ask them to turn over the telly. I thought that it had got a bit much when I phoned her and she said that she was trying to watch "Coronation Street" but it had taken her two hours to watch it on her phone because the wi-fi was so poor.

There are many pressures on the NHS, but we know that people in hospital tend to be very sick and that our older citizens are the ones who tend to be in hospital for longer. I was visiting the Royal infirmary of Edinburgh recently and chatted to senior nursing staff about delayed discharge. They talked about people who had been in hospital for a year or even longer. For someone in that situation, access to a TV—preferably a free service—is absolutely vital.

Gordon MacDonald has set out some of the historical context, which is important, but the Government has been in administration for 12 years—this is 2019—and we know how important it is for people to be well connected.

I welcome the Government's work on the strategy on tackling loneliness and social isolation. When people are in hospital, they are extremely vulnerable. It is not just about people being able to watch "Coronation Street"—as important as that is—but about their having access to wi-fi and being able to use their phones. Often, people are co-ordinating what is happening in their life,

putting in place arrangements for family members and perhaps managing caring responsibilities.

I hope that we continue to consider the issue. I am interested in hearing more about the pilot in NHS Lothian. Even in Lanarkshire, in my constituency, there is variation, so, although in Hairmyres hospital there is no charge to watch the small, high-up televisions, patients in Monklands hospital have to pay to access the service from Hospedia. The charges are not as expensive as the ones that Edward Mountain mentioned, but there are people in my region who simply cannot afford even £2 or £3 a day.

I know that, from her clinical and professional background in mental health, the minister will have lots of knowledge of and expertise in the subject and will know the importance of ensuring that people do not feel lonely and isolated or a burden when they have to ask staff to change the channel so that they do not miss "Coronation Street". I am therefore interested in hearing what the minister has to say.

I will look at Edward Mountain's petition, and I thank him for bringing the issue to the Parliament's attention. There is something here that we can all work together on.

13:03

**Miles Briggs (Lothian) (Con):** I congratulate my friend and colleague Edward Mountain on securing the debate and on all his campaigning across the Highlands and Islands. He is rapidly becoming the voice of the Highlands and Islands NHS in Parliament, which is a positive thing. I know that clinicians and patients in the Highlands and Islands are grateful for his work and on-going support.

As has been outlined, having access to bedside television and telephone services is a subject on which many of us will have received letters and emails from constituents and their families who have spent time in hospital. Recently, two family friends of mine spent time in Ninewells hospital, in Dundee, and in Foresterhill hospital, in Aberdeen. I visited them both, and there was a clear difference in the patient experience in those two hospitals. It is clear from today's debate that there is a real postcode lottery in the provision of television in hospital, from Foresterhill in Aberdeen, where patients have access to bedside television, to Ninewells, where they do not.

It is clear that loneliness, boredom and isolation in hospital is impacted by people not having access to such services, especially as more of our hospitals look to move to single-patient rooms. Long stays in hospital can be dull for patients, so access to bedside television—probably at bedtime—and wi-fi is important for letting them

keep in touch with loved ones and know what is happening in the outside world.

Like Edward Mountain, I welcome the cabinet secretary's constructive comments to date on the situation in NHS Highland and the need to secure a better deal for patients who are splashing out on extortionate fees to watch television at Raigmore hospital, in Inverness.

I will use my time to highlight the situation in my own health board, NHS Lothian. At present, hospital bedside television is provided by Hospedia, with a basic bundle costing £17.50 for two days and—amazingly—£5 for just two hours. I hope that NHS Lothian will look at getting a better price for patients in Lothian when the contract is next up for negotiation.

It is also important that we look to the future. As has been outlined, patients are increasingly bringing their iPads into hospital, and there is the potential for those who do not have that technology to be given an iPad while they are in hospital.

Following research by the Scottish Conservatives, we discovered that NHS Lothian is the only health board in Scotland that does not provide free wi-fi to patients. It is an issue on which I have campaigned since I was elected, and I have called for wi-fi to be made available in NHS Lothian hospitals. The wi-fi pilot at St John's hospital in May 2018 was a success, and the wi-fi was used by 4,635 different devices over the month. NHS Lothian has told me that the Western general hospital will have wi-fi rolled out in August and that the Royal infirmary of Edinburgh planned to have wi-fi by the end of last year. I have today asked NHS Lothian for an update on the delivery of that wi-fi. It is important that we make sure that there is wi-fi to which patients have access, and I welcome the health board acting on that.

I am pleased that NHS Lothian has also committed to having operational wi-fi in place for when the Royal hospital for children moves to its new site—and, I hope, opens—later this year.

I hope that today's debate can highlight the opportunities for NHS boards to renegotiate bedside television contracts when they are next up for renewal, to ensure the best possible value for money for patients and families across Scotland. The Scottish Conservatives support a review of the provision of television across the NHS Scotland hospital estate, and I hope that is something that the minister, in her response, will undertake to look at with health boards.

As has been outlined, nobody wants to be in hospital, but, when they are, we have a real opportunity to make sure that their time there is not full of loneliness and boredom. Having access to television is part of that.

13:07

**The Minister for Mental Health (Clare Haughey):** I add my thanks to Edward Mountain for bringing the issue to the chamber and for providing the opportunity to take part in this debate, which allows me to update the chamber on our plans to enhance the patient experience across NHS Scotland.

As we have heard, NHS Scotland's patient entertainment services currently vary, depending on the locations and the specialties of the hospital sites. Each NHS board provides free access to communal televisions and telephones across its hospitals, either at ward level or in day rooms. In addition, some NHS boards—including NHS Highland, as we have heard—have opted to contract out the provision of entertainment to Hospedia, which provides bedside entertainment to patients on a pay-as-you-go basis.

The Hospedia contract term is 15 years, during which time Hospedia will provide and maintain bedside entertainment systems. Patients are charged to use those facilities, and, as Mr Mountain correctly stated, the NHS boards receive no income from providing the service. There is no provision within the contracts for early termination, which would have to be done via negotiated settlement and would likely be prohibitively expensive, diverting funds from front-line healthcare.

**Edward Mountain:** I thank the minister for clarifying that. It is exactly as I understood it. Can she confirm whether this Government and previous SNP Governments have looked at buying their way out of those contracts and, if so, what the results of that have been?

**Clare Haughey:** As I have stated, the contracts are negotiated by the individual NHS boards.

Although daily equivalent charges can be reduced by purchasing longer-term packages, I agree that the services need to be reviewed. The Scottish Government therefore expects all NHS boards to assess and adopt a patient-centred approach on the expiration of the contracts, with consideration given to both value for money and, importantly, the patient experience.

We recognise that televisions provide respite to many patients while they are in hospital. We should also recognise that technology has moved on since the contracts were introduced and that technology is important in enabling patients to remain connected to the outside world. It is particularly important in helping to prevent feelings of isolation and loneliness in patients who are admitted to hospital for lengthy periods of time and in allowing them—when they are able to—to continue their work or studies if they wish to do so.

With that in mind, and given the prevalence of mobile phones and tablets, a more effective policy might be for NHS boards to allow patients access to free wi-fi so that they can connect to online services through their own devices. NHS Lothian is in the process of piloting patient and visitor wi-fi throughout its major acute sites. That project was stimulated by the board's having received patient feedback that often highlighted the lack of wi-fi and suggested that the availability of wi-fi would improve patients' experience while they were in hospital. The body that looks after NHS Lothian's endowment funds, Edinburgh and Lothians Health Foundation, has supported that project, and it is providing additional funding to enable the board to purchase a large wi-fi package. At St John's hospital and the Western general hospital, patients have been able to stream live television, watch on-demand box sets using services such as BBC iPlayer, the ITV Hub, All 4 and My5, and sign into any accounts that they have purchased for at-home use, such as Netflix, BT Sport and Sky Goal, which can be watched on personal devices.

In addition to supporting media streaming, that provision of wi-fi has supported connectivity with the outside world and has reduced patients' isolation while they are in hospital—which, as we have heard from members, is a concern. Patients and visitors are now able to communicate using messenger services, emails and social media without worrying about limits and charges associated with personal data packages. They can also access news websites to keep up with current affairs and can continue to run their daily lives by doing things such as paying bills, working remotely and shopping online.

I acknowledge that other NHS boards might not have the same level of endowment funding, but I stress that all NHS boards should balance patient-centred options with value for money.

**Monica Lennon:** I want to raise a practical point. I mentioned telling my mum not to get up on a chair to turn over the TV. I have a genuine concern that some people might overstretch themselves or stand on a chair. I have been told that, over the years, all the remote controls at Hairmyres hospital have disappeared. I know that the minister, too, has a local interest in the matter.

Could we ask NHS Lanarkshire to look at that particular issue? I know that there are universal remote controls. Such a simple measure could make a difference and prevent people from injuring themselves.

**Clare Haughey:** I agree that NHS Lanarkshire should consider that, particularly if people attempting to change the channel is a health and safety issue. We certainly do not want staff, patients or relatives to fall while they are in hospital.

I spent a considerable amount of time visiting my father in hospital over Christmas and the new year, so I appreciate how important it is for patients to have access to TVs and to have entertainment available. At that point, such access was free and he was able to access his television by touching it rather than by using a remote control.

Last week, the Cabinet Secretary for Health and Sport announced that she expects NHS Highland to actively consider providing free wi-fi services or other suitable alternatives to the current Hospedia contract. We recognise that the Highlands and Islands region is subject to inconsistencies in internet provision, so it is important to ensure that any option for future patient entertainment that is selected has the appropriate infrastructure in place to support it. That does not mean that the Scottish Government would be supportive of NHS Highland taking out a further 15-year contract with Hospedia under the current terms. It is expected that the continuation of any such contract should be an interim solution based on maintaining services.

We are in agreement with Mr Mountain's request for all NHS boards to review bedside television contracts when they are next up for renewal. Indeed, we would go further than that and stress that it is our expectation that boards will not simply renegotiate existing contracts but will consider all available options, putting patients at the centre of any decision that is made.

The Scottish Government is also in agreement with Mr Mountain that any charges for bedside television in hospitals must be proportionate and affordable. In addition to striving to reduce or eliminate patient charges, we urge boards to explore options for putting in place services that will provide more than just television and that will keep patients connected to their friends, their families and their lives.

13:14

*Meeting suspended.*

14:30

*On resuming—*

## Credit Unions

**The Deputy Presiding Officer (Christine Grahame):** Good afternoon. The next item of business is a debate on motion S5M-15426, in the name of Aileen Campbell, on celebrating the role of credit unions in Scotland's communities.

**The Cabinet Secretary for Communities and Local Government (Aileen Campbell):** January is traditionally the time for resolutions and, for many of us, taking control of our personal finances is at the top of that list. Whether it is paying off debt or saving for the future or for a specific item or event, many people will be thinking about how they can manage their finances better, and I hope that people will look to their local credit union to support their aims.

Credit unions are communities of people who unite and pool their money to provide each other with ready access to credit. That philosophy of people helping people is at the core of the credit union movement. As member-owned financial co-operatives, credit unions exist for the benefit of the people who use their services. They are not for profit and, as such, any funds that they make go right back into providing competitive rates on savings and loans, which is why they can use the line "People, Not Profit" with pride. At their heart, credit unions have the principles of individual responsibility and mutual assistance and are driven by a single purpose: to serve their members. Credit unions improve people's lives through encouraging the wise use of credit and teaching the importance of budgeting, and some also provide complementary services in addition to savings and lending, such as current accounts and mortgages. Credit unions are diverse, ranging from small community models to large organisations that handle millions of pounds.

Many people are surprised to learn that more than 420,000 people in Scotland are already members of the 90 credit unions here. That is approximately 7.7 per cent of the population, compared with a figure of around 1.4 per cent in England and 2.7 per cent in Wales. That is why it is so important that the Parliament and its members continue to celebrate and support the important role that credit unions play in our communities as providers of ethical financial services, and that we look to what else we can do to promote credit unions to the people of Scotland.

In November, at Capital Credit Union in Edinburgh, I launched a new national campaign, funded by the Scottish Government, to make more people aware of credit unions and the ethical and affordable services that they provide. I hope that

members saw the campaign's key message of "People, Not Profit" on posters, buses, online and in newspapers across Scotland or heard the adverts on the radio. The campaign sought to do two things. First, it sought to challenge the prevailing myths that surround credit unions, such as that they are only for the financially excluded or that they are less secure than banks. Secondly, it sought to promote the unique strengths of the sector in easy-to-understand messages, which included that credit unions are owned and controlled by the people who use services, that credit unions know that people are more than their credit score, that all customers will receive a friendly and professional service, that credit unions are for people from all walks of life and that folk should actively consider joining the 400,000 plus people who already benefit from being credit union members.

**Neil Findlay (Lothian) (Lab):** It is a very good campaign. This week, I have been trying to find out what the Scottish Government's total investment in credit unions is. Can the cabinet secretary confirm that figure for me in her speech?

**Aileen Campbell:** I will confirm that. We are investing in a number of areas to support credit unions, not least of which is the junior savings work, which I will say a bit more about shortly. I have a figure here somewhere, but I just cannot locate it. There is also the funding for the advertising campaign to support credit unions. That is in addition to the softer support that we are providing around payroll deductions to try to promote the benefits of credit unions. I will absolutely get back to the member with a figure, and I will come on to the work on junior savings.

When I launched the campaign at Capital Credit Union, I had the chance to meet wonderful people who work and volunteer there. I met Jessica, a young volunteer whose words help to illustrate the unique qualities that set credit unions apart from other lenders, which are also known as the credit union difference.

Jessica said:

"You feel like they genuinely have your best interests at heart and staff are keen to teach you how to manage your savings.

What I particularly like is the fact that you must save alongside"

paying any

"loan repayments, it's very ethical ... I also like the way they promote their products, but don't encourage people to go over their financial limit."

Those are strong words. I understand that Capital Credit Union is marking its 30th anniversary and I congratulate its staff and volunteers on its continued success and growth.

Last month, I visited the NHS Credit Union for its 20th anniversary. I understand that that union began around a kitchen table 20 years ago and was founded by passionate problem solvers who were determined to build a culture of financial resilience among national health service staff and to offer a safe and convenient place to save and borrow. In the union's 20 years, it has grown to have more than 17,000 members, who live not just in Scotland, but in the north of England and other parts of the United Kingdom. That is another example of a credit union carrying out its business for the common good and doing so with success.

**Claudia Beamish (South Scotland) (Lab):** I went to the 25th birthday party of Blantyre and South Lanarkshire Credit Union, which the cabinet secretary will know of from her constituency. It has been highlighted to me a lot that improving the geographical spread and rural reach of credit unions is a challenge, which is partly because of difficulties with getting online. Is that being addressed through a Scottish Government campaign or in another way?

**The Deputy Presiding Officer:** I tell the cabinet secretary not to worry about taking longer interventions—

**Claudia Beamish:** I could go on then.

**The Deputy Presiding Officer:** —because I have time in hand. Let me get there, Ms Beamish, as I say this on your behalf.

**Aileen Campbell:** Presiding Officer, you normally have us so regimented that we are determined to make things quick, so I thank you for that comfort.

**The Deputy Presiding Officer:** I give you guidance as always.

**Aileen Campbell:** I am pleased that Claudia Beamish raised that point, because I am about to talk about the role that she and Ruth Maguire play in the Parliament. Claudia Beamish's substantive point was about the geographical challenge of access for people in rural areas and support for online accessibility. Credit unions might also compete with banks. We absolutely need to look at that, support credit unions and work collaboratively on solutions to those challenges. I am acutely aware of them and I thank Claudia Beamish for raising them.

I recognise the work of Claudia Beamish and Ruth Maguire, who are, respectively, the deputy convener and the convener of the Parliament's cross-party group on credit unions, which has worked hard to provide a useful platform for discussing issues that affect credit unions. It offers a place to showcase good practice and possibly to influence policy decisions.

I understand that, at the CPG's most recent meeting, delegates heard from representatives of 1st Alliance Ayrshire Credit Union, who spoke about their work with their local council and other partners to collectively improve money management by offering a holistic advice service that covers, for example, energy advice, housing advocacy and white goods provision. That has helped hundreds of people to get the advice and support that they need. A representative from East Kilbride Credit Union who was at the meeting spoke about a scheme that it launched last year that aims to assist first-time buyers on to the property ladder by working in partnership with an independent financial adviser and encouraging all participants to save for a set time before they are provided with a loan for a deposit.

Those are examples of the extension of the people helping people philosophy that underpins the credit union movement. That shows the breadth of the work and the scope of credit unions, and the imagination and innovation that they employ. Credit unions across Scotland are using their services in such creative ways to address a raft of social problems—from loans that alleviate funeral poverty to savings accounts that help people to stop smoking.

Credit unions frequently adapt their services to address specific problems that face the communities that they serve. As well as developing financial capability in the heart of our communities and workplaces, credit unions are important providers of financial education—they run programmes in local schools to improve financial literacy and encourage our young people to start good habits of saving.

Since 2016, we have invested £274,000 in credit unions to develop new junior savers schemes in schools across Scotland—from Dumfries and Galloway to Morayshire. I am pleased that there are now more than 58,000 junior savers in our credit unions.

We want to build on that good work, so I am delighted to announce that a further £85,000 will be provided, to extend the junior savers programme until the end of September 2019. That will enable even more children to engage with a credit union and learn about the importance of saving and managing money. We are currently evaluating the junior savers programme and drawing out the key learning, as we identify longer-term steps in relation to this important work. I hope that that goes some way towards addressing the issues that Alex Rowley set out in his amendment, which we are delighted to support.

The Scottish Government seeks to support the sector in other ways, notably by supporting credit unions to partner with employers to offer payroll



deduction schemes, to encourage saving and provide access to funds at a time when credit is needed.

Every workforce should have access to safe, ethical and affordable finance. There are clear links between financial health and levels of wellbeing and productivity. Research shows that one in four workers reports having lost sleep over money worries and that almost 60 per cent of workers say that financial worries negatively impact on their performance at work. There is a wider cost to society; it is estimated that financial stress costs the United Kingdom economy £121 billion each year.

That is why we encourage employers from the private and public sectors to ensure that staff have access to regular saving and ethical loans by partnering with a credit union. Unlike financial institutions that are driven by the profit motive, credit unions are keen to help members to understand what they can afford to save, and they encourage their members to save regularly.

For example, many credit unions use a save-as-you-borrow model, encouraging members to put an amount into a savings account as part of making a loan repayment. Research by the Fairbanking Foundation found that the approach converted 71 per cent of the credit union borrowers who were surveyed into regular savers, with almost three-quarters of those borrowers having never or only occasionally saved before.

The emphasis on encouraging a saving ethos, purely for the financial wellbeing of members, is typical of this unique sector. The Scottish Government is trying to lead by example. We encourage staff to take up credit union membership. I know that the Parliament encourages its staff to do so, too. By making it easier for people to build up a savings buffer, we can help to keep more people out of the hands of high-interest, predatory lenders.

Being in poverty or on a low or insecure income is, of course, a particular barrier for people who seek to access credit. There are many people for whom access to mainstream or high-street lending is not an option, perhaps because of credit rating issues or because they do not have a bank account. We know that people in such situations can be vulnerable to exploitative lenders who prey on communities in which poverty reduces choice for many people.

That is why there is a need for a more developed and sustainable, affordable credit market, to ensure that people have choices over how and when to access the credit that they need, and to ensure that people have better access to financial services, including basic bank accounts. It is therefore important to support our credit

unions and encourage people to save and borrow with their local credit union.

Support for credit unions dovetails with our wider work to increase the availability of affordable credit. Last year, we invested £1 million in the Carnegie UK Trust's affordable credit loan fund, which will help to grow the community lending sector and support not-for-profit organisations such as credit unions and community development finance institutions, which are vital to ensuring that fair, dignified and affordable lending is available to all. The resource will be used by the sector to provide genuine alternatives to high-cost credit lenders for people on low incomes, in a variety of ways, including access to financial capability support, debt advice, savings opportunities and banking products and services.

I am delighted that, last October, Fair for You Enterprise CIC became the first lender to draw down a loan from the affordable credit loan fund. Our support for the sector over the next decade will help social lenders to work with people on low incomes to increase their financial inclusion.

This Government understands the important role that good financial advice plays in helping to lift people out of poverty. In November, I launched our financial health check service, which will be delivered by Citizens Advice Scotland and the nationwide network of citizens advice bureaux, backed by more than £3.3 million of Government funding over the next two years.

People who contact the service will have the option of receiving tailored advice, either via the freephone number or face to face in a local CAB. The financial health check aims to ensure that low-income families with children—and other people—can maximise their income. It aims to reduce the poverty premium, whereby the poorest pay more for basic services because their choice is limited. We want people to make the most of their money by accessing good-quality financial advice, including on benefit uptake and switching to lower-cost utilities.

The financial health check is made up of a number of elements, including access to free school meals, school clothing grants, council tax reduction uptake and cheaper deals on energy and other utilities to reduce household costs. This new service, which will benefit at least 15,000 households a year, is yet another example of the action that this Government is taking to increase the financial wellbeing of people across the country.

In conclusion, I want to reaffirm the Scottish Government's commitment to continuing to work collaboratively with the credit union movement to ensure that it continues to thrive, develop and be as innovative as it can be. I certainly look forward

to working with members across the chamber on that shared ambition, and I no doubt will hear their views and opinions about what more can be done to support the movement. I am also sure that many members will want to highlight the excellent work of credit unions in their constituencies, and I look forward to hearing about such examples in the course of this afternoon's debate.

I move,

That the Parliament celebrates the vital role of credit unions in reducing inequality in Scotland by offering affordable loans and savings in the heart of communities, thereby protecting people from predatory lenders and unmanageable debt; recognises that these not-for-profit financial cooperatives provide ethical financial services to a combined membership of over 400,000 people living in Scotland; supports action to further raise the profile of this important sector, building on the Scottish Government's recent national campaign, Credit Unions: People, Not Profit, and welcomes the continued collaboration between the Scottish Government and the sector to ensure that credit unions continue to thrive for the benefit of Scotland's communities.

14:45

**Alex Rowley (Mid Scotland and Fife) (Lab):** I am pleased to open this debate for Labour, and I welcome the opportunity to celebrate the role of credit unions in Scotland's local communities.

As a long-term member of a credit union in Fife—the Kingdom Community Bank—I know first hand of the benefits of credit unions and their impact on communities. Earlier this week, I met members of staff, directors and volunteers at the Kingdom Community Bank, and they asked me to pass on to the cabinet secretary their appreciation and support for the recent people, not profit promotion campaign, which they said had resulted in an increase in people joining their credit union. I pay tribute to Kingdom and all credit unions here in Scotland, and I want to recognise the role that the staff and the hundreds of volunteers play. I hope that this debate will help spread the positive message of the benefits of joining a credit union.

With the financial crash in 2008, a breakdown in trust between people and the banking sector became evident, and with bank closures and the unwillingness of executives to listen to the needs of local communities, that mistrust remains. Although the concept of credit unions is not new, they are more relevant now than ever if our aim is to foster a culture of saving and sustainable credit. They have a huge role to play in the development of more ethical and alternative banking services, in which the drive to satisfy the need for profit is not the priority of the business model.

As the cabinet secretary has said, Scotland has more than 90 credit unions in operation, with a combined membership of more than 420,000, including more than 58,000 junior savers. They

have over £624 million in assets, £350 million out on loans to members and £537 million in members' savings. Clearly, credit unions are of major economic importance to Scotland, but we still have a long way to go in growing the membership figures. The Association of British Credit Unions Limited has pointed out that, in the USA, there are more than 100 million credit union members, serving around 44 per cent of the economically active population.

As a result, one of the key asks today is how we will manage to grow the credit union sector. A number of reports and indeed the Parliament's credit union working group, which published a report in 2016, have argued that one of the most effective ways of doing that is to support partnerships between local employers and credit unions. According to ABCUL's work not worry campaign,

"Worrying about money affects the health and performance of millions of workers. Employers can help by working in partnership with credit unions. This reduces stress, increases productivity and costs very little. Everyone is better off."

As for why we need to do something about this issue, the statistics speak for themselves. One in four employees lose sleep over money worries; 59 per cent of employees with money worries say that they are not working at their best; 26 per cent of working-age adults in the UK have no savings at all; and a further 29 per cent have less than £1,000 in savings.

Offering a payroll deduction facility would encourage more employees to save and borrow with a credit union, which would benefit the employer, the employee and the wider community. A number of companies and organisations already offer such a facility, including the national health service, local authorities, John Lewis, Royal Mail and British Airways. I hope that the Scottish Government recognises that and I am pleased that it has said that it will accept Labour's amendment today. It is now for the Parliament to come together and work together to encourage more companies and organisations to follow that approach.

Credit unions bring wide benefits to individuals, families, communities and employers. They also offer a way to tackle the unacceptable levels of poverty that pose one of the biggest challenges in our society. The Joseph Rowntree Foundation recognised the role that credit unions can play in reducing poverty in its report "We can solve poverty in the UK".

As well as helping people out of poverty, credit unions offer a viable alternative to the payday lenders on which, sadly, many in our communities have to rely. Given that more than one quarter of people in the UK have no savings in the bank, and

that even more people have less than £1,000 in savings, not only the poorest but the majority of the population of Scotland could benefit from being part of a credit union.

Credit unions want to stress that they do not offer services only for poorer people; they are community services for all people. Credit unions can provide access to loans at much better rates than those that are offered by many large, well-advertised and highly visible payday loan sharks. Many members will have seen the adverts of loan sharks online and on television, which sing the praises of quick and easy access to loans, but with outrageous levels of interest charges. However, credit unions are less visible and not as convenient to access and sometimes people do not really understand what they are.

It is therefore vital that we share the benefits of credit unions as widely as possible. Partnership working at a local level could play a big part in raising awareness. Educating children about the benefits of credit unions means that we can set up a future in which poverty is reduced and children have a better understanding of money and budgeting. I am glad that the Government supports that point in our amendment.

I will highlight a great example of educating children about credit unions in the form of the work that is being done by Benarty and Lochgelly Credit Union. It is Fife's oldest credit union and has developed strong links with the local primary and secondary schools. The pupils themselves take responsibility for organising credit union savings in the schools, which embeds the savings habit at an early age. Hopefully, that habit will stay with the children for a lifetime. That model could be extended across all schools in Fife and Scotland and, indeed, ABCUL's credit union charter includes a call to establish

"a credit union champion in every primary and secondary school across Scotland who will lead that school's partnership with a local credit union and facilitate pupils' involvement."

I am glad to see that the Benarty and Lochgelly Credit Union is among those that are leading the way in delivering those services.

To put it simply, credit unions are community banks. They exist to support and assist the community in saving and lending. They put money directly into local communities and the members share in the profits. The Parliament has much to gain from ensuring that credit unions flourish in the future.

I move amendment S5M-15426.1, to insert at end:

", and calls on the Scottish Government to do more to promote the value of payroll deductions among employers

and increase awareness of credit unions in schools as part of a broader programme to build financial capability."

14:54

**Michelle Ballantyne (South Scotland) (Con):**

On behalf of my party, I am pleased to open the debate on the important role of credit unions in Scotland. It will be a consensual debate, because credit unions have attracted strong cross-party support. There is a well-attended credit union cross-party group and members of all parties have spoken strongly in favour of credit unions, both in the Scottish Parliament and at Westminster.

In that spirit, I start by saying that the Scottish Government has done some really good work on credit unions, through its people, not profit campaign. I recognise that the UK Government has also done some good work through its initiatives.

We are united in our desire to see the promotion of the uptake of credit unions and to ensure that all Scots have access to finance and independent banking, alongside the regular high street banks, which have their own role to play in the market.

Credit unions bring a variety of benefits to our economy and can encourage an uplift in productivity—something that we would all want to see. An American credit union, the Filene Research Institute, found that a financially capable workforce not only improves productivity and employer profitability but results in

"less absenteeism, fewer accidents, less job turnover"

and lower benefit costs. Alex Rowley made that important point when he talked about the role that credit unions have to play, not only in day-to-day banking but in wider society. The cabinet secretary also touched on that. The institute's research also revealed that, ultimately, employees who are financially secure are

"better able to learn, change and grow with the company".

Credit unions have a real place in our economy.

There is also a place for credit unions in financial education, particularly through the junior saver schemes that members have talked about, which seek to instil the principle of saving in pupils at a young age. We can all agree that that is a commendable aim and one that we should all promote in our own constituencies. Often such schemes are geared towards a specific purpose or incentive, such as saving for a trip, and they demonstrate the value of saving for greater gain in the long term.

Unfortunately, the most recent figures that I have show that a majority of credit unions in Scotland do not operate a primary school junior saver scheme, with an even larger percentage

eschewing a secondary school project. I urge members to investigate credit unions in their constituencies over the weekend to find out whether they operate such a scheme and, if not, to engage in a conversation to see how they can encourage that good practice to grow.

I would also like to touch on payroll deduction schemes, which have already been mentioned. That idea enjoys the support of ABCUL, the Chartered Institute of Payroll Professionals, the Scottish Government and the UK Government. The benefits of payroll deduction are clear. It is a simple process, with administration largely handled by the credit union. Savings are covered up to £75,000 per person—I wish I could reach that sum—so savers are at no risk of losing that money and there is an added financial cushion to protect members. I support CIPP's efforts to encourage uptake among employers, and I encourage employers to open themselves up to the idea. CIPP has created a payroll data transfer standard that allows a smooth transfer of data to any credit union. The tools are there and all we must do now is promote them.

There are positive steps that have been taken to encourage the growth of credit unions. As the cabinet secretary has pointed out, there was a recent campaign, which we have seen everywhere—I hope that we will see more of it—that will contribute to that. An example that I read about recently was a project involving the Carnegie UK Trust and five Scottish credit unions to help workers in Scotland benefit from credit union membership through their employer by creating the new post of employer engagement officer. Given that building partnerships with employers is a major issue for credit unions, that step is most welcome.

The UK Government has also been working to encourage credit union growth. The chancellor announced a major package of measures in the autumn 2018 budget, which I hope the Parliament welcomes. Boosts for credit unions included the announcement of a prize-linked savings pilot scheme for credit unions, based on the United States save to win model, and operating in a similar fashion to a premium bond.

The Department for Digital, Culture, Media and Sport's affordable credit fund has also helped 66 credit unions lend more than £20 million to their members, with £5 million of direct investment so far. The positive impact of that has been welcomed by both ABCUL and the Lloyds Banking Group credit union development fund—such a long title.

However, one of the most significant measures by the UK Government has been to expand the common bond from £2 million to £3 million. That opens up the world of credit unions to a plethora of

new potential members and gives credit unions the scope to be ambitious with expansion plans, as well as adapting credit unions to the modern world in which people are perhaps not so closely tied together around a single business or area as they once were. That has refreshed the credit union landscape and I hope that we can work together to support that policy.

I recently came across the way in which credit unions interact with welfare payments and budgeting. At a recent welfare surgery in East Renfrewshire, I spoke to staff of the Pioneer Mutual Credit Union, who told me in detail about the partnership working that they are doing with East Renfrewshire Council management and Barrhead Housing Association to provide a free money management account for universal credit payments. Once a universal credit payment is made, the individual's rent is deducted, protected within their account and transferred directly to their landlord or council, ensuring that their rent is paid and removing the threat of arrears. For those experiencing difficulty with housing costs, that could prove to be a valuable tool, and it is a good example of how credit mutuals work very closely with other partners.

Credit unions are a vital source of microfinance in today's complex financial world. The variety, autonomy and specialisation on offer from the sector give it a depth that traditional banks lack, and a personal touch that cannot be replicated elsewhere. In support of those qualities, I suggest that we each become a champion for the credit union cause in our own constituencies.

15:01

**Andy Wightman (Lothian) (Green):** I thank the Cabinet Secretary for bringing this important debate.

Scottish Greens were elected on a manifesto to champion credit unions and realistic alternatives to the traditional banking sector. We are proud to support organisations that promote socially responsible lending and investment opportunities for individuals and communities across Scotland. We are a party that has an ethical banking policy that encourages co-operation, inclusivity, responsibility and favouring investing over speculating.

The defined purpose of credit unions, as asserted in the Credit Unions Act 1979, very much reflects that vision. According to the act, credit unions have a statutory basis for

"the promotion of thrift among members through the accumulation of their savings ... Creation of sources of credit for the benefit of members ... at a fair and reasonable rate of interest ... use and control of members' savings for their mutual benefit; and ... training and education of members"

to manage their financial affairs prudently.

I would like to mention other welcome initiatives. In December, I was pleased to speak at a round-table event in Parliament that was chaired by Richard Leonard, and at which the cabinet secretary also spoke. The event was on responsible finance and was organised by responsible finance community interest company Scotcash—which is now working closely with credit unions in Glasgow—and the Carnegie UK Trust.

As everyone knows, until recently the banking sector has, at times, with its domination by large multinational financial institutions, principally been the antithesis of everything that the credit union movement represents. As can be witnessed in their downfall more than a decade ago, banks including Royal Bank of Scotland, HBOS and Lloyds TSB too often operated not in the interests of their customers or wider society, but for the perceived short-term benefit of their shareholders.

Key politicians and policymakers were all in favour of light-touch regulation, as were myopic industry leaders, who took the view that the organisations were simply too big to fail. Our global economy was derailed because of a casino-style banking system that offered outrageous rewards to well-remunerated executives who were operating at the limits of legality. Individuals, families and communities who contributed to the public finances and to financial institutions' balance sheets were put at risk, as a consequence.

The financial crash should have been a wake-up call to begin the process of restructuring how we do banking and lending in the UK, but apart from some minor tweaks to the system, no fundamental reform has followed. It is abundantly clear that we need a financial-services model that is more mutual, more co-operative and more local. That is where credit unions play a significant role.

Alex Rowley cited UK statistics about where families stand with finance at the moment. The latest Scottish household survey showed that 22 per cent of households had no savings at all, and that 14 per cent had less than £1,000 in savings. If we break the figures down by housing tenure, we find that there are obvious inequalities. The study found that 49 per cent of people in social rented accommodation had no savings and 18 per cent had less than £1,000, whereas only 9 per cent of people in the owner-occupied sector had no savings and only 11 per cent had less than £1,000.

There is also a significant gender gap in household finances. It was found that households in which the highest income earner was female were more likely to report not having any savings. The figure was 26 per cent, whereas in

households in which the highest income earner was male it was only 19 per cent.

As the minister has made clear, the work of credit unions in delivering affordable loans and savings options should be encouraged. The Greens, too, welcome the Government's campaign on that. However, despite the existence of obvious demand in communities for such services, we are a long way from harnessing their full potential. If we are to proceed, we must learn from best practice elsewhere.

In 2016, the authors of the "Banking for the Common Good" report by Friends of the Earth Scotland, Common Weal, the New Economics Foundation and Move Your Money set out a plan for a turn away from highly concentrated, profit-driven banking to an ecosystem of institutions such as people's banks that could be structurally designed to work for the common good.

When one looks, one finds that many such institutions already exist in other European countries. In Switzerland, 45 per cent of people are customers at one of the local banks that comprise the cantonal bank network. Their branches hold more than £256 billion of domestic money, and a third of small and medium-sized firms conduct their business through a cantonal bank.

In Germany, there is the successful Sparkassen banking model, which involves local banks that are publicly owned and have a public interest mandate that restricts them to lending within their geographic area. Sparkassen provide financial services to 43 per cent of all German businesses and account for 70 per cent of SME lending. It is estimated that 60 per cent of German citizens have a relationship with their local branch, and no Sparkasse has defaulted since the 1970s, when a shared safety net was set up. In principle, that shows—as does the credit union model—that a prudence-over-profit model can be a successful business model.

I welcome Alex Rowley's amendment and, in particular, its focus on education. I welcome, too, the cabinet secretary's commitment to expand funding for that. Too much of the support and education around finance that I have seen in schools appears to be sponsored by large financial corporations, which I think sends a rather confused message to many young people.

Scotland's credit unions can be progressive and bold, but only if the necessary political will and sufficient funding and support are in place. I hope that we can be more ambitious than we have been in the past.

I will support the cabinet secretary in her efforts to build on what has been discussed today in order to ensure that we actively back the

development of the credit union sector so that it can be a strong and stable constituent of Scotland's banking sector and economy.

15:07

**Liam McArthur (Orkney Islands) (LD):** I am delighted to take part in the debate on behalf of the Scottish Liberal Democrats. As Alex Rowley did, I start by declaring an interest: I am a member of the HI-Scot Credit Union, which operates across the Highlands and Islands. I cannot claim that my savings are a major contributor to helping to keep HI-Scot in rude financial health, but it is encouraging to see the credit union making a positive contribution to communities across the region, 12 years after starting at its base in the Western Isles.

In the islands that I represent, HI-Scot works in close collaboration with Orkney Housing Association and Voluntary Action Orkney. That demonstrates the sort of partnership approach that is the hallmark of the movement as a whole, and which is absolutely critical to sustainability in more remote rural and island areas. HI-Scot has about 3,200 members across the Highlands and Islands, so it is fair to say that there is the potential for it to grow and to deliver the benefits of credit unions to more individuals, more households and more communities across the region, particularly in Orkney. I hope that that will happen.

As other members have pointed out, there is no question but that credit unions deliver tangible benefits—notably in Scotland, where they are used more than anywhere else in Europe, with the exceptions of Northern Ireland, the Republic of Ireland and Poland. Based on the principle of the common bond—the shared connection within a community—the movement is, as the cabinet secretary reminded us, all about people helping people. Whether we are talking about the smaller volunteer-run unions with hundreds of members or the larger unions with paid staff and premises, the principles, the ethos and the objectives remain the same.

Essentially, credit unions provide services that are crucial in helping people to combat financial exclusion, especially—but not exclusively—in less well-off communities. Alex Rowley was absolutely right to remind us that credit unions are not just for people who are in poverty; they are for all people in all communities.

By reducing the risk of people paying beyond their means for the financial services that we all need, while also encouraging a savings culture, credit unions help to build resilience, to improve financial capability and to nurture cohesion within communities. Those are all desirable qualities at the best of times, but during a period of economic

turmoil such as we have seen over the past decade, the role that is played by credit unions could hardly have been more important.

Since the Labour and Lib Dem coalition Government produced the first action plan for credit unions in 2001, followed by a series of financial investments and support for their development, we have seen consistent and strong support and progress being made. That is illustrated by the report that the Scottish Government working group produced in 2016, which underscores the contribution that is made by the 100 or so credit unions across the country. They have about 375,000 members, more than £0.5 billion in assets, and loans approaching £300 million. Those are all big impressive numbers. However, critically, the Government's 2016 report also identified ways in which to facilitate further development of credit unions—which was touched on by the cabinet secretary—principally in payroll deduction and financial education.

Payroll deduction is widely recognised as an ideal way of enabling people to save regularly and, where necessary, to manage loan repayments effectively. I know that the Scottish Government is keen to encourage more employers to offer that as a standard workplace benefit, and there is certainly, among credit unions that do not already run such schemes—most do—a real appetite for getting involved. However, all too often credit unions report significant challenges in persuading employers to sign up or—where they have done so—to promote take-up among staff.

I appreciate that there are no easy answers with which to address that, but Alex Rowley is right to argue in his amendment that the Scottish Government can do more to encourage employers to offer payroll deduction to credit unions. It can do so by emphasising that it is a simple process and that, largely, the credit unions take on the administration; by assuring employers that there is no risk to them regarding loan repayments and security around savings; and by highlighting the benefits to employees, who can access credit and can repay loans in affordable instalments, thereby making it easier for people to steer clear of high-cost lending.

The Government has done commendable work in promoting the living wage by incentivising businesses to sign up as living wage employers. However, even people who earn the living wage can be at risk of financial difficulty and exclusion. I suggest that there is an opportunity to link the work on promoting the living wage more closely to efforts to encourage employers to sign up to payroll deduction arrangements with credit unions.

There is still the question of take-up by staff. All the evidence shows that having a workplace champion can be pivotal. Again, the Government

can play a key role not just in getting employers to sign up to payroll deduction schemes, but to look at ways of promoting that within their organisations, including identifying individuals who could act in that champion role.

Many of the same principles could and should be applied to development of junior saver schemes. It makes sense to nurture a savings culture in people from an early age. After all, financial education is a perfect fit with what curriculum for excellence is supposed to be about. However, too often, schemes that are set up struggle to survive, as individual members of staff or pupil groups move on. Good work is being done—I commend Young Scot for its partnership in the matter—but there is a need for greater creativity in thinking about how such schemes can be established, expanded and sustained, including through more effective use of technology by credit unions.

I welcome the fact that we have been able to have this debate this afternoon, which has allowed Parliament the chance to acknowledge the vital role that is played by credit unions in communities across our country. However, despite the progress and successes of recent years, it is clear that more can and must be done to promote wider use of credit unions. I am confident that efforts to do so will command unanimous support across the Parliament.

I confirm Scottish Liberal Democrat support, not just for the Government motion, but for Alex Rowley's amendment.

**The Deputy Presiding Officer:** We move to the open debate. There is a little time in hand for interventions or for members to speak for a little over your allocated speaking time. The emphasis is on "little".

15:14

**Annabelle Ewing (Cowdenbeath) (SNP):** I am very pleased to have been called to speak in this debate on the vital role that credit unions play in communities right across Scotland, and indeed in many countries throughout the world.

As we have heard, there are more than 90 credit unions in Scotland, with a combined membership of some 420,000. As the cabinet secretary said, that means that around 7.7 per cent of the population are members of credit unions, although it is perhaps interesting to note that in the island of Ireland, there are some 351 credit unions and about 3.6 million members. Although we have a little way to go, it is fair to say that there has been steady progress in Scotland over the years. It is to

be hoped that the debate and the awareness-raising campaign that the Scottish Government recently undertook will help to raise the profile of credit unions even further.

Credit unions provide an invaluable service to the local communities that they serve. They can make available loan funding at affordable rates because they are owned and controlled by the people who use their services. They are not banks, which is evidenced by the fact that any profits are invested straight back into the credit union to keep interest on loans and savings competitive. However, like banks, credit unions are subject to prudential regulation. The Financial Conduct Authority is a lead regulator, which means that, as with standard bank deposits, deposits are guaranteed up to a certain threshold.

As has been referred to, membership of a credit union is based on a common bond, which used to be defined by reference to a geographical area alone but which in some cases has widened out to include, for example, a specific workplace or membership organisation.

The Kingdom Community Bank, which has been mentioned, is in my Cowdenbeath constituency, as is, I am also proud to say, the oldest community credit union in Fife—the Benarty and Lochgelly Credit Union, which has also been mentioned. Benarty and Lochgelly Credit Union was established in October 1989; its 30th anniversary is therefore coming up later this year. I am sure that its members would be delighted if the cabinet secretary could mark that 30th anniversary in an appropriate way and that they would love to meet her in person—I thought I would take the opportunity, while on my feet, to get that one in.

The Benarty and Lochgelly Credit Union has around 2,240 members and the membership—that is, the common bond—is drawn from Ballingry, Lochore, Crosshill and Glencairn in Benarty, and from Lochgelly. It currently holds assets of more than £1 million and the share value is around £1.5 million. The maximum amount that can be loaned is £10,000 and the current interest rate is around 12.7 per cent, which represents about 1 per cent per month on a decreasing balance basis. No credit check is carried out; rather, local knowledge plays an important role. There is also very much a feeling that everyone deserves a new chance. For example, even if someone has been sequestered in the past, consideration will still be given to whether a loan can be made, albeit perhaps at a lower level than the level originally sought. The Benarty and Lochgelly Credit Union has in fact proved very successful in its approach to credit management, with bad debt at the end of

December 2018 amounting to around £9,000 out of a loan balance of around £675,000.

The Benarty and Lochgelly Credit Union has also been a trailblazer for engagement with young people. I welcome the cabinet secretary's announcement of additional funding of some £85,000 to help to further extend the roll-out of the very successful junior saver scheme. However, even before the roll-out of the scheme, the Benarty and Lochgelly Credit Union had established children's accounts at Benarty primary school and St Kenneth's primary school, and at Lochgelly high school. It has also recently done the same at St Pat's in Lochgelly. In fact, some children in the local area were already members because their grandparents had opened an account for them. Children can be saver members only, because they cannot borrow money until they are 18. That focus on young people is extremely important, because it encourages school pupils to get into the habit of saving and to understand the value of money.

The credit union is run by a board, which is made up of volunteers who are elected to serve. The current chair is Willie Clark and the treasurer is Donna McEwan. I had the opportunity to have a chat with each of those founding members about the work of the credit union, and I thank them, their fellow board members and the staff for all that they do to help the local community thrive. Of course, that goes for everyone who is involved in the Kingdom Credit Union, too.

I stress that, regardless of whatever could be viewed as the key inspiration in the early days of the credit union movement, the Benarty and Lochgelly Credit Union is anything but a poor man's bank. Its membership includes all ages and all walks of life, and it has about as many members who are in employment as it has those who are retired or unemployed. Of course, the impact of Westminster austerity on communities such as Benarty and Lochgelly must not be underestimated, and there is a facility for emergency loans from the credit union to help those who, for example, have had the safety net of social security simply removed from them.

I commend the Benarty and Lochgelly Credit Union for all that it does to help local people and to make their communities more resilient. It is a shining example of people doing it for themselves, and of community empowerment generally.

I promised that I would make a plea today for people in Benarty and Lochgelly to consider becoming members of the local credit union, as new members are always welcome. I also promised to make a pitch for anyone in the area who may wish to get involved in the operation of the credit union to consider coming forward to sit

on the board. To the young and the not so young, I say, "Your community needs you."

**The Deputy Presiding Officer:** That was close to stretching the definition of "a little extra time", but it was not too bad.

15:21

**Maurice Corry (West Scotland) (Con):** I apologise for having to leave before the debate's conclusion, which I have been given permission to do, as you are aware, Presiding Officer.

It is a pleasure to join in this debate to celebrate the role of credit unions in Scotland. The credit union movement in our country has been a growing force. Its development over the years has helped to contribute to our society and, more specifically, our local communities. As has already been mentioned, there are about 100 credit unions operating in Scotland. These financial co-operatives, which together serve more than 400,000 Scots, offer loans and saving programmes to members who have a common bond. People can pool their resources and make loans to one another in a voluntary, co-operative structure. It is a simple, yet impactful, idea.

We are here today to appreciate the role of credit unions in our communities, and I do so gladly. The value of credit unions to society is most definitely worthy of note. In particular, we can all appreciate the way in which they promote inclusion. Indeed, as has been said, anyone can join a credit union as a member, no matter whether the shared bond involves living in the same local area, working in the same place or being a member of the same association or trade union. That bond is the true strength behind the credit union movement. Because of that inclusivity, people across Scotland can support that financial service alongside one another, whatever their circumstances.

Credit unions are moulded by their own composition—by the members themselves. That means that, rather than having a heavy focus on profit, the movement is instead one of a unique and strong service that is geared towards members. The fact that they are not only owned but influenced by their members means that this co-operative movement can advance its impact on local communities with its wide-reaching scope to provide financial assistance. As a credit union member, anyone can take control of their own finances. Surely that shows that, by fuelling entrepreneurship, Scotland's track record of economic ventures that are rooted in the community continues to stand out.

Through a local lens, more people are becoming active in the economy, which, in turn, has helped to build up areas in which economic activity has



been hard to come by. That contributes to a much-needed reduction of inequality across Scotland. For those who are perhaps more vulnerable to falling into financial debt, it also offers security and an agency that is their own.

The credit union movement encourages a broad scope in financial assistance. Credit unions offer a variety of savings accounts and affordable loans that suit individual needs. That means that members can choose what works for them. The benefits are obvious. With no third-party shareholders, members can enjoy competitive interest rates on loan and saving options.

I have had the privilege of meeting people in various local credit unions. Having witnessed what they do in my area of West Scotland, I see the professionalism that exists in credit unions. They have a social conscience at their core, which I am pleased that local authorities support.

The security that is provided by the credit union movement is invaluable to its members. Through the credit union's provision of a wide range of loans and savings, people can take some financial control and prepare for any unexpected loss. That security net is a major reason why credit union membership has become more attractive. The regulation of credit unions by the Financial Conduct Authority and the Prudential Regulation Authority means that they are viable and credible. Money in a credit union—up to £85,000 per member—is protected by the financial services compensation scheme, which is equal to the protection that is offered by building societies and banks, although it is provided to these more people-friendly co-operatives. Such security means that people are protected from the worries of being stuck in a mire of financial debt and from the predatory lenders that we all know about.

The UK Government has made moves to make stricter regulations on payday lending and to target illegal lending. Such moves are welcome and help to put credit union members' interests first. The awareness that such a great initiative is underpinned by security has helped credit unions to further develop, which surely shows why the credit union movement deserves to be celebrated.

Collaboration is at the heart of why credit unions are gaining momentum in Scotland. I am pleased to see co-operation between the Scottish Government and the financial sector continue, which will help to raise awareness of the movement and encourage more people in Scotland to become members of credit unions. The UK Government has also made significant efforts that have helped the expansion of credit union publicity.

As a veteran, I was especially pleased to see the launch of an armed forces personnel credit

union in 2015. Ex-servicemen and women can find it difficult to accrue a solid credit rating, as they move frequently, and they can be easily targeted by payday loan groups. However, by having a viable and simple alternative to building societies and banks, armed forces personnel have the opportunity to make savings and find affordable loans to make life easier.

In celebrating credit unions, I know that our shared hope is that there will be greater awareness of their benefit. The collaboration between the UK and Scottish Governments has encouraged publicity around what the movement offers. The fact that Scottish members have £511 million in savings shows that we should promote this avenue of financial management—it is abundantly worth while. Not only does it help people, but it encourages a better understanding of the best ways to manage money. Although Scotland has a good track record of membership, there is more to be done to increase membership. In order to create truly thriving, economically active communities, Scotland's credit union movement needs that awareness.

I welcome the appreciation of credit unions. They place their members at the centre and encourage an ethos of sustainability, inclusivity and security. I hope the debate will encourage the profile that the movement needs, as its positive impact on communities is clear.

15:27

**James Dornan (Glasgow Cathcart) (SNP):** As a member of a credit union for more than 20 years, I am delighted to take part in the debate. Just as I have, the people of Glasgow have trusted and used the credit union to borrow, save and manage their money in a healthy fashion. The credit union has always been a trusted financial organisation that is known for always putting its members first.

As other members have said, we live in an era of payday lenders and fast money. When I get money from the credit union—I do occasionally take money out—I usually use it for holidays, for doing an upgrade in the house or whatever, but the internet, television and newspapers are flooded with adverts for loans to help people to get by. I recently read an article in *The Guardian* that indicated that 57 per cent of people who took out a payday loan used the money to pay household bills and for day-to-day items such as clothes and even food. As more and more people suffer under the current social security arrangements, it is no surprise that people take such desperate measures to get by. With the roll-out of universal credit, that situation will only get worse. I will touch on that later.

Payday loans are a curse for many of my constituents, and the credit union is one real source of hope. The credit union in Castlemilk, in my constituency, is not just a financial hub but a cornerstone of the community. It is a safe, well-recognised organisation that provides a valuable service to the community. The manager of the branch, Elizabeth, has been aware of, and has subsequently been a member of, credit unions for 43 years. She grew up in the east end of Glasgow and her parents were not just advocates for the work of the credit unions but pioneers who fought to bring them to Scotland. Elizabeth's passion is clear to all who meet her, because she really believes in the results that the credit unions get when they assist people with financial planning and change poor financial habits.

The credit union provides not just fantastic interest rates but a real financial education to local people. For example, if a member takes out a loan, whether for personal purposes or to consolidate debt, on repayment they are also required to pay at least £10 per month into a savings account. That not only helps members to climb out of the horrendous debt they may have found themselves in but helps with future need, so that they can avoid borrowing should the unexpected happen—and it is amazing just how often the unexpected does occur for many of my constituents.

As we discussed earlier, fast money is a real problem and can often plunge the most vulnerable in society into a financial black hole from which they feel they can never escape. We should be thankful that the credit unions across Scotland are providing a real financial alternative.

The credit union also gives a fantastic service to those members who are in receipt of a social security benefit. Elizabeth explained to me that, with the Post Office no longer able to assist as it previously did, much of the traditional role of the Post Office has fallen to the credit union. With the agreement of the user, a portion of the benefit can be used to pay back loans, another portion can be placed in the member's savings and the rest can be allocated for daily living—once again, teaching members how to prioritise any incoming money.

That extra burden for credit unions can, at times, bring its own unique issues and requires a further commitment from staff to those who are most vulnerable. Elizabeth told me:

"Many of our members have major problems with literacy and are unable to understand some basic forms not only presented by us but from the DWP. My staff are committed to our members and often spend hours at a time on the phone to the DWP on members' behalf to ensure that no stone is left unturned when it comes to an individual's financial situation".

I am sure that members will all agree that that is customer service at its best.

The Scottish Government's people, not profit campaign was brilliant for raising awareness of the many services that have been mentioned. After the banks caused financial turmoil across the UK, it is about time we put people first, but, unfortunately, even the credit unions can face real difficulties. The Bank of England has increased the credit unions' capital adequacy from 1 to 3 per cent, putting real pressures on many of the branches, including the one in Castlemilk. That is why the Carnegie UK Trust investment of £1 million is most welcome.

Sadly, financial pressures are not the only pressures being faced by staff. The roll-out of universal credit has been a real challenge. Elizabeth explained that, when a member's money is paid directly into a branch, it can be difficult to establish who the recipient is. If it were not for her wonderful staff, it would be almost impossible to ensure that the money was allocated properly. Recipients must bring proof, and—as we discussed earlier—if there are literacy issues, that can be a real problem for many users.

The roll-out of universal credit is having a catastrophic effect on areas such as Castlemilk, and we should all be thankful for the committed organisations that are trying in earnest to mitigate the worst of the impact at the coalface.

It has been said many times that the only two certainties in life are death and taxes. Neither topic brings much joy to the chamber, but I want to make an important final point about another service that is provided by the credit unions. If someone over 65 passes away with £5,000 or more in their savings, the credit union will double that amount when it is paid out to families. Alongside that, any debt held will be wiped out. That is an incredible form of insurance for members who would, at times, be unable to leave anything to grieving families, especially when life insurance is not a predominant financial priority.

The credit union has been in my constituency for 29 years and has lent over £30 million to members. If that amount had been loaned by even some of the more established loan companies, people would have had to pay back over £300 million. So, credit unions not only employ local people and provide a face-to-face service and financial education but are a real source of hope for many people hoping to escape from a financial quagmire.

I thank each and every staff member, volunteer and manager in the credit union movement, and I look forward to this Parliament and this Government continuing to support the invaluable work they do for many years to come.

15:33

**Kezia Dugdale (Lothian) (Lab):** I will start by declaring a number of interests. I am a member of Capital Credit Union and of Castle Community Bank. As a Co-op sponsored MSP, I also believe fundamentally in co-operatives. In particular, I see credit unions not just as some sort of couthy, feel-good service but as a serious, mainstream alternative to a number of other financial options and institutions.

When I was first elected as a fresh-faced and optimistic MSP, I set up a campaign called debtbusters, which served three purposes: it sought to take on payday lenders, street by street; to improve debt relief mechanisms through this Parliament; and to promote the alternative, which is credit unions. Reflecting on that campaign five years on, I think that we made substantial progress in some areas. One of the first things that we did was take to the streets of Leith. I did that with Councillor Gordon Munro. At the time, there were no fewer than 11 payday lenders within two minutes' walk of the Kirkgate; there are now just three. We set up street stalls in the high street and had a shark costume to demonstrate the dangers of those lenders. I have to say that, five years on, Councillor Munro has fared far better than the shark costume.

We have made substantial progress, and big companies such as Wonga—which, at the time, was charging an annual percentage rate of 4,000 per cent—are on the verge of bankruptcy and are no longer offering the type of financial products that ruined people's lives back in the day. Our sights are now set on alternative financial services such as BrightHouse, which perhaps do not charge 4,000 per cent APR but which, in charging 160 or 200 per cent APR for white goods, cause families up and down the country tremendous amounts of debt pressure.

The second aspect of the campaign was improving debt relief. We made a lot of progress here, in Parliament, on introducing fast-track debt assistance schemes, which freeze people's interest on their debt from the minute they apply for assistance instead of waiting until they are on the cusp of bankruptcy to freeze it. I pay credit to the Government for listening to the campaign at that time and taking the advice of Mike Dailly, who led the charge on behalf of the Govan Law Centre.

The third part of the campaign was about promoting the alternative of credit unions. Although we have made some progress on that, it is arguably nowhere near as much as we should have made. It is important to recognise and respect the fact that there are a multitude of different types of credit unions with different objectives.

Some credit unions desperately want to offer an alternative to payday loans. I think that the first to do so was the Blantyre credit union, back in 2013. It had a product called the swift 500, which allowed people to access up to £500 on the day that they went into the credit union. The Blantyre credit union did a really interesting analysis of how that went. In the first year of the product, 2,900 people in the Blantyre area borrowed £500 from the credit union rather than from Wonga. The analysis established that that meant that the community saved £500,000 because of the difference between the interest that was paid to the credit union and what it would have cost people if they had gone to Wonga. That £500,000 went back into the community and could be spent on local services and in the local economy. The analysis further demonstrated that £113,000 of that £500,000 went back into the credit union in the form of savings. For the first time, people were able to put money aside and guarantee themselves the financial security that had often been absent.

However, we need to recognise that some credit unions think that the whole concept of a payday loan is fundamentally wrong and unsustainable. They do not want to offer those products, and we should not ask them to do so. They do not have to do that. Whatever support we offer credit unions, we need to recognise their right to operate in ways that they want to operate and that reflect their local circumstances.

Another major change in that time is in the amount of money that credit unions can access to develop and advance their information technology capability. Credit unions needed online banking facilities in order to appeal to the types of people who should be using their services, so something like £33 million was provided by the UK Government to make sure that credit unions had that IT capability. However, the minute that they had that capability, the financial sector and how we bank moved on.

I suspect that few people in this room would log on to a desktop computer to look at their online bank account; they are far more likely to use their mobile phone, and credit unions are miles behind high street banks with mobile phone technology. Credit unions are, of course, consistently behind the curve when it comes to technological advance because they do not have the capacity of the high street banks to invest development money in things like that. That is where the Scottish and UK Governments can step in and assist, and I encourage them to do more of that.

There are other high street issues. We could do a lot more to help credit unions to establish a presence on the high street. I mentioned the Kirkgate in Leith. Numerous high street bank

branches that were there when we were campaigning five years ago have closed, but I was delighted to see Castle Community Bank set up an office on the Leith high street. It was opened not long ago by Michael Sheen and Angela Constance, in her capacity as the Cabinet Secretary for Communities, Social Security and Equalities. When TSB and the Bank of Scotland closed in Craigmillar, Castle Community Bank moved in. It has premises opposite the neighbourhood centre, where most people go to access council services. More credit unions could do that if they had assistance from the local authority and the Government, which could be in the form of rent reductions, rates relief and many other things.

The cabinet secretary and I are of a similar age. I hope, therefore, that she remembers Super Squirrel, which was an initiative of the Bank of Scotland. Kids got lots of cuddly toys and money in their account if they opened a savings account with the Bank of Scotland. That is the type of thing that we should enable credit unions to do. Labour is keen to see the Scottish Government put some financial resources into setting up and opening credit union accounts for young people so that they can learn at an early age that they can and should save for their mutual benefit.

As long as we continue to have a vision of credit unions as a mainstream alternative to high street banks, we should show that ambition in the resources that we put into achieving it.

**The Deputy Presiding Officer:** I am advised that people actually got a squirrel. I did not know that. My clerks seem to know all about it.

Not a real squirrel, of course.

15:40

**Angela Constance (Almond Valley) (SNP):** This week has been dominated by all things Brexit, so it is uplifting to have the opportunity to participate in a debate to celebrate the achievements of the credit union movement in Scotland.

I remember the day after the EU referendum, when I was thoroughly depressed and wanted to greet, among other things, I had to get up out of my bed because I was due to attend an event organised by West Lothian Credit Union, which was celebrating the significant milestone of lending out £10 million to the West Lothian community. In its 20-year history to date, West Lothian Credit Union has lent £13 million to the West Lothian community; it should be congratulated on that.

Scotland's 90-plus credit unions have £350 million out on loan to members, so they clearly

make a massive contribution to tackling inequality, but they have the desire and the potential to do so much more, with the right support. The cabinet secretary spoke about how credit unions are developing products to assist with funeral poverty, for example. Some of the products developed by West Lothian Credit Union, which I am proud to be a member of, include its cash tray savings scheme, and it also set up Prior Communities Ltd in memory of the late Father Gerry Prior. That is the charity arm of West Lothian Credit Union and it funds the excellent financial education programme in West Lothian schools and aims to build on the existing 1,300 junior savers. I do not think that any of them have been given a squirrel, but many of them have been given West Lothian Credit Union piggy banks, which is perhaps far more appropriate.

West Lothian Credit Union has so many other projects. Its jam jar project is for vulnerable people who are on benefits, and its choices loan project helps people to pay off high-charging payday lenders or overdrafts.

Given the contribution that credit unions make, our focus should be on supporting them to grow their membership. As we heard from the cabinet secretary, because membership is based on the common bond, every resident in Scotland would qualify to join at least one credit union.

Perhaps it is time to set some ambitious targets to dramatically increase the portion of our population who have credit union membership. There should be no lapse into complacency because 7 per cent of the population of Scotland is a member, compared with 2 per cent in England and Wales. As I said yesterday during a debate on a completely different matter, I cannot be bothered with two-dimensional comparisons between Scotland and the rest of the UK when we should be setting our sights much higher and always basing them on the best international practice. We heard earlier from Annabelle Ewing about the Irish experience.

Increasing membership of the movement would make it more sustainable, and to do that, we need to do three things.

First, as many other members have said in the debate, we need to further increase the opportunities for payroll deductions and build on the good work that has already been undertaken. If one does not exist already, perhaps the cabinet secretary would consider an action plan that, over time, promotes and monitors the goals of increasing membership levels and increasing opportunities for payroll deductions across the public, private and third sectors.

Secondly, there is the credit union awareness campaign, which the cabinet secretary should be

commended for. It is important to get across the message that credit unions and their services are for everyone and are not just the poor man's bank. In our consumer-savvy society, if more people knew that deposits in credit unions are protected up to £85,000 per person under the financial services compensation scheme—exactly the same protection that is available for deposits in banks and building societies—more people from all walks of life would join.

Thirdly, as Kezia Dugdale intimated, supporting capacity in credit unions, through, for example, technological and capital investment, is crucially important. I acknowledge the work that the Government is undertaking in that regard in partnership with the Carnegie Trust.

However, we have another opportunity to strengthen the movement by enabling credit unions to access financial transactions. I raised that issue directly with the finance secretary when he was at the Economy, Energy and Fair Work Committee, and I have since written to him and other ministers in detail. The Welsh Government uses financial transactions to help credit unions to boost their regulatory reserves, but there are other potential uses for them. The Welsh Government has earmarked a modest amount of financial transactions—£1 million over two years—specifically for credit unions, which, in that instance, is for loans.

I hope that the cabinet secretary will explore that potential with the finance secretary. Given that credit unions are referenced in the tackling child poverty delivery plan, “Every child, every chance”, and that Mr Mackay said that he would give the matter some consideration, I hope that Ms Campbell will go and annoy him in the same way that I have.

I pay a heart-felt tribute to the West Lothian Credit Union and other credit unions the length and breadth of Scotland. They work day in, day out to make Scotland fairer.

15:47

**Jeremy Balfour (Lothian) (Con):** I thank the Government for bringing forward this debate. It is a pleasure to follow two Lothian region MSPs; it shows the quality of Lothian that we have three speakers in a row.

There is consensus and, since I am speaking slightly late in the debate, it is difficult to find new points to make. However, it is worth spending some time talking about and reflecting on credit unions, and seeing how we could do things better.

Last year, I had the privilege to travel to Rwanda, where credit union banks are starting to be based in local communities to allow people to

save and borrow, just as in Scotland and the rest of the United Kingdom.

There is support for the way forward from the UK and Scottish Governments. I agree with other members that we should not limit our ambition. Yes, we are doing well when compared with England, but we have a way to go when compared with Northern Ireland. We should set our sights high and encourage people from different backgrounds and with different needs to put money into such banks.

For a few moments, I will focus on older and disabled people. We have heard about younger people and people from other backgrounds, but there are benefits from this type of banking for those of us who are older or disabled—a couple of weeks ago, I had the privilege of visiting Age Scotland to talk about some of the issues that its members face and was slightly shocked to find that I am now in the Age Scotland age range.

The first advantage is that credit unions provide a safe alternative to other types of banking. For a number of years, Age Scotland and Age UK have campaigned against financial scams, which often affect older people. The security of a different type of banking allows older people to know that their money is safe and, as previous speakers have said, people's money is guaranteed to be safe up to a fairly high amount.

The second advantage is that, as previous speakers have also said, credit unions provide a good way to access fairer loans. People's loans are monitored, the service is community based and people can pay back their loan with small amounts over a period. To reflect again on my experience in Rwanda, a major advantage there is that people in local communities, who often really do not have a lot, can put in a little every week or every month so that, when they want to start or expand a business, they can get affordable loans that they can repay.

The third advantage, which is almost the opposite of what Kezia Dugdale said—it is not contradictory but reflective of another aspect—is that most credit unions do not offer internet banking. For those with disabilities and for older people, that can be an advantage. I am afraid that I have reached the age where I dislike internet banking; I still like going into a branch to see the eyeballs of an individual.

In a 2016 survey, 67 per cent of older people still did not have internet access in their homes or did not find the internet easy to use. Many older people want to go into a branch to do transactions face to face, for sociability and security. I understand Kezia Dugdale's comments about expanding services on to iPhones and the internet, but at the same time we must keep branches in

communities that people can walk to and benefit from. That allows a mixed economy in which people who want different styles can have them.

**Kezia Dugdale:** I agree whole-heartedly with Jeremy Balfour's point. As he would like credit unions to set up on high streets, does he agree with Labour that we could do more to support credit unions to do that, perhaps by offering rates relief or reduced rents? That would allow operators that cannot automatically compete with high street banks to do so.

**Jeremy Balfour:** We should absolutely look at that, particularly in communities that banks are leaving. Across the chamber, we have all faced closures of bigger banks in our communities that have left nobody there. Credit unions could be an alternative to, or competition for, mainstream banks; we should encourage that and look at ways of achieving it.

I thank the Government for the debate. The UK and Scottish Governments are working well together on credit unions and I encourage them to continue to do so. We must protect vulnerable people, so that they feel safe when doing their banking.

15:53

**Bill Kidd (Glasgow Anniesland) (SNP):** The role of credit unions in local economies and their capacity to help communities deserves discussion in the Scottish Parliament. Engaging in the debate requires us to look at whether the mechanics of the Scottish economy work in practice for the people of Scotland.

I have a conviction that a strong economy is not marked by gross domestic product alone; rather, in a strong Scottish economy, our neighbours can afford food, housing, energy, childcare and all the financial fundamentals that are required to get through day-to-day life. That means not having to rely on payday lenders and not being trapped in a cycle of debt.

I believe that good governance equates to policies that reduce inequality and thereby lead to a stronger Scottish economy and stronger Scottish communities. The Scottish Government's promotion of competitive and responsible lending through credit unions is a fine example of such an approach.

How do credit unions make a difference to the people of Scotland, and why is this relevant today? As many members said, credit unions are community-based organisations that offer membership to people who share something in common—it could be the area in which they live, the industry in which they work or membership of a trade union. An example from my Glasgow

Anniesland constituency is Drumchapel Credit Union, which next year will celebrate 50 years of serving communities in the west of Glasgow.

Credit unions are not-for-profit organisations. They offer financial products and follow strong guiding principles of responsible lending. They offer loans, cash individual savings accounts and current accounts, among other products. Their loans are capped at an APR of around 42.6 per cent, but more often than not they lend at a lower rate. Such rates are significantly better than the rates that payday lenders offer—their loans are capped at 1,500 per cent APR. Constituents find that banks often offer loans at around 3 per cent APR, but only for people who qualify for an account.

APR is the real amount that someone will have to pay, including the compound interest and any additional costs that accrue over the year, so it is very important that people consider those costs when they apply for credit. It is essential that people find the most competitive APR that is available to them and that they seek out credit only when they can afford to pay it back.

That is where credit unions come in. For people who are not able to access the headline rates or products that are offered by high-street lenders such as banks, credit unions might be able to offer a competitive loan. Responsible and fair lending is the most crucial thing in this regard. Credit unions often require members to save before they can apply for a loan. That is the case in my constituency.

Why is this so relevant today? In 2016, the Money Advice Service found that four in 10 adults across the UK did not have £500 or more in savings. A sum of £500 is a crucial amount, which is often called "buffer savings". Although it is not always possible for someone to have savings of £500, working towards saving such a sum can make the difference between an unexpected expense being affordable and such an expense not being affordable. Credit unions can offer a good and supported way for people to build up to having savings of £500; if someone saves £42 a month they can reach the savings buffer within a year.

However, the reality is that achieving the savings buffer is difficult for many people. In 2016, research by the Money Advice Service and CACI Ltd indicated that 48.4 per cent of adults in Scotland—almost half the people in Scotland—have less than £100 in savings. For people in that situation, regularly putting a small amount—even £5 or £10 a month—into a savings account will make a difference over time.

It is important to mention the free advice that is available from debt charities. StepChange Debt

Charity works in Scotland to provide free debt advice to anyone who needs it. I would recommend to anyone who is struggling with debt that they speak to StepChange or another approved debt charity as soon as possible. Such charities can help people to consolidate their debts or arrange an affordable payment plan, which often involves freezing interest on the debts.

People with less than £100 or £500 in savings, might have to seek out credit to pay unforeseen and unavoidable costs. In that context, credit unions are a much safer and fairer alternative to payday lenders. Given their focus on responsible lending, they can provide credit and, often, give one-to-one support that helps to avoid creating a cycle of debt.

I will end by reiterating the importance of safe and fair alternatives for people who cannot access high-street offers but who are seeking credit. Such alternatives must be competitive and responsible. We will have a fairer society when debt is reduced and when individuals are able to set aside and accumulate money that will help in times of emergency or cash-flow problems—or just help with day-to-day living.

The role of credit unions in providing a viable and fairer alternative to payday lenders is vital for many people. I thank them for their consistent approach and for their positive impact on the lives of many of our constituents, right across Scotland.

15:59

**Johann Lamont (Glasgow) (Lab):** I am grateful for the opportunity to contribute to the debate, but first, I should declare an interest as a Co-operative MSP. The Scottish Co-op Party is committed to building support for and sustaining co-operative initiatives in the economy, in education, in public services and in our communities, and I am proud of the role that credit unions play in supporting individuals and families, of the work of volunteers who, every day, make real their commitment to changing lives and of the pioneering and creative work carried out by credit unions across Scotland and internationally. Their initiatives are not decided by Government, but imagined and created by a movement that has a proud history and is as relevant today as it ever was.

This debate might be consensual, but we are making a mistake if we imagine that the credit union movement is cosy or comfortable. Credit unions have challenged and continue to challenge what might be perceived as the normal way of doing things, when “normal” has too often meant predatory practices, the exploitation of vulnerable people and a business model that relies on encouraging people to make financial decisions that are against their own interests. We need to

ensure that we do all that we can to support credit unions in offering a genuine alternative to such dubious practices, because any study of the work of credit unions reveals ambition, pioneering approaches to saving and reliable borrowing and budgeting, increasing financial confidence.

I have been privileged to see the work of credit unions across Glasgow, and I am in awe of their collective energy. The example of Pollok Credit Union is instructive. It saw huge growth when it was given the opportunity to be located in Pollok shopping centre, where its visibility, the fact that it looked like bank premises and its accessibility gave increasing numbers of people the confidence to become members. I ask the Scottish Government to consider how, through reduced rents and rates relief, we can make more credit unions visible on our high streets and whether public buildings, community centres, police stations and housing offices could host credit unions to increase customer access and reach. That matters in a broader way, because it is not unusual for shopping areas to be dominated by the betting shops and payday loan companies that all too often suck money out of local communities. They stand in stark contrast to credit unions, which generate and sustain local income and investment.

I am proud of Labour's record when in power of supporting credit unions, building capacity at a local level and allowing a greater range of services to be developed, and I urge the Scottish Government to endorse in full the Association of British Credit Unions Limited charter “A Credit Union Nation” as a means of building on the work that has gone before. We should support credit unions in their ability to deliver more banking services; indeed, the points made by my colleague Kez Dugdale in that regard are critical. We need to give credit unions the means to deliver these kinds of services in the modern world.

Continuing education on the role of credit unions is essential, and I welcome the payroll initiative in our amendment. Indeed, because of a decision made early in the Scottish Parliament, my salary goes into my credit union bank account.

**Neil Findlay:** Under the Parliament's system, does the member have a choice as to which credit union her salary goes to?

**Johann Lamont:** I do not know whether there is a choice, but I think that, initially, it was a partnership with Capital Credit Union. Colleagues might want to look into that, but it was a very important initiative at the time, as it signalled the importance of credit unions not just to people in impoverished and disadvantaged communities but to those in work.

I note the initiatives to support young people by giving them credit union accounts, but I want to express some concern about the impact of cuts on local authority budgets and local authorities' capacity to continue such initiatives. I hope that the Government will reflect on that. There is no doubt that learning about savings and developing financial awareness early on reduces the likelihood that people will accept exploitative financial offers. I also want to make a broader point about educating people about the co-operative model as an important, not marginal, part of the economic landscape. It cannot be right that a student of economics can go through school, college and university without being taught about the co-operative economic model.

In conclusion, I seek a commitment from the cabinet secretary that she will be open-minded and inquiring about some of the barriers to sustainability and development that have been identified by credit unions themselves. We have heard about some already in the debate, but as an example, I note concerns that were highlighted by credit unions at a recent meeting of the cross-party group on credit unions about the impact on them of the current procedures for debt arrangement schemes and debt management initiatives and the way in which they can be excluded from consultation on debt plans. That has massive consequences for them that are worrying in the longer term. I would be grateful if the cabinet secretary could say whether she is willing to meet with credit unions, perhaps at a meeting of the cross-party group, to discuss this very important issue.

It is great to recognise, celebrate and applaud credit unions. However, it is also a good time to take stock and ensure that we do all that we can to harness their huge potential to serve the people of Scotland. We should also ensure that our young people understand exactly what they are doing in a world in which the business model too often creates exploitation, rather than a safe place—for young people and others—in which to save.

16:05

**David Torrance (Kirkcaldy) (SNP):** I welcome the Government's motion and the valuable role that credit unions play in all our constituencies.

As we have heard, credit union membership in Scotland is growing. There are 94 credit unions, with almost 330,000 adult members, which means that 7.3 per cent of the Scottish population is enrolled in a credit union. In Fife, we are fortunate to have the volunteer-led Kingdom Credit Union, which believes in the delivery of a fairer Fife in which all residents have the capability to live good lives, make choices and reach their full potential,

and in which all children are safe, happy and healthy.

With a number of collection points across Fife, the credit union ensures that its services can be easily accessed by everyone, particularly those who may not have access to a traditional bank account and therefore have limited choices when it comes to borrowing.

During a recent visit to a local credit union in the Links area of Kirkcaldy, I spoke with the volunteers and some of its clients, and heard from one of the team about the extremely moving story behind the credit union's motivation to ensure that everyone in the community, no matter their financial position, has access to affordable credit.

I heard about how, several years ago, a well-known and well-respected man from the local area found himself in short-term financial difficulty. In desperation, he approached a local loan shark. He borrowed only £10, but it was to have devastating consequences. One week later, when he found himself unable to repay the full £10, the unscrupulous lender doubled it to £20. It was increased again the next week, and so on and so on. The gentleman became trapped in an escalating cycle of debt that he had no control over and no way of escaping. He could see no way out. The level of debt became so high that, despite his best efforts, he faced an amount that he would never be able to settle.

At first, the pressure to pay—and the threats of what may happen if he did not—were directed solely at him, but the threatening behaviour soon escalated to include his wife. Then the most unimaginable thing for a parent happened: his children became the victims of taunts, intimidation and violence in the playground and on the streets. The family felt so fearful that, in the middle of the night, they packed up two suitcases and left. They left behind their home and their belongings. They left behind their friends. They left behind the community in which they had been born and bred. They left because of £10.

I heard how that was the moment when the people who started the credit union vowed to ensure that nobody else in the tightly knit community found themselves trapped in such a desperate situation. The campaign and fight took several years, but, two years ago, their determination saw their wish become a reality. In the two years since its inception, more than 500 people in the local community have become members and regularly benefit from the services that the credit union provides. In a community with a population of 3,000, that is highly impressive and illustrates just how quickly it has become an integral part of the neighbourhood.



As I spoke with people in the credit union, it was clear to see why it has become so popular and well-used in the community. It is run by a small team of volunteers, all of whom live locally, and an enormous level of trust exists between them and their clients. That trust not only encourages membership, but gives individuals the confidence to speak openly and freely, which enables the right support and advice to be given.

At a time when many towns across Scotland have suffered from bank closures and the withdrawal of face-to-face services from local communities, the services that are provided by credit unions have never been more important. The importance of personal engagement and face-to-face contact when discussing financial matters for the most vulnerable in our communities cannot be overstated.

Several of the clients with whom I spoke highlighted the vital lifeline that the credit union provided during the recent troubles that were caused by universal credit. As we all know, thousands of families across Scotland have been left with no income for many weeks. I fear that many more families in my constituency would be facing even greater hardship were it not for the help, advice and financial support that is provided by the credit union. How many children would have gone without food, heat or the necessary clothing? How many parents would have found themselves dragged into an unmanageable situation, due to having no option other than to borrow from an unscrupulous lender or to access alternative credit and end up paying excessive rates of interest on loans?

An important function of the credit union, along with many others, is giving advice on matters from budgeting to the implications of borrowing. By being proactive and educating, the credit union encourages members to budget and to consider setting up a savings plan. The credit union tailors the plan to the individual's needs, with members able to choose how much, or how little, they want to save. Those small changes often build a level of stability that can have a hugely positive effect on people's lives.

Figures from the Scottish household survey show that 9 per cent of owner-occupiers report having no savings, whereas 49 per cent of households in social rented housing reported having no savings. Those are the people who are far more likely to be dependent on credit and who, without access to affordable credit, can all too often find themselves in a spiral of uncontrollable debt, which can then lead to far more serious problems. Those in our communities without the financial resilience to withstand any unexpected event, be it a major repair to their

home or a change to their benefits, should not be penalised.

I would like to highlight the recent announcement from NHS Fife that its staff will now have the opportunity to become members of the NHS Credit Union. Founded 20 years ago, the NHS Credit Union has gone from strength to strength and currently offers a wide range of financial services to more than 17,500 NHS employees and family members.

Over the coming weeks, several roadshows will be held across Fife to give staff the opportunity to learn more about the services provided and the benefits of becoming a member. I encourage staff to head along to one to find out more.

Scotland's credit unions have a valuable role to play throughout Scotland. I very much welcome the people, not profit campaign. I welcome the continuing investment in the credit union sector to ensure the fair and accessible provision of financial services and products to every person in Scotland, thereby protecting those in our communities who are financially disadvantaged and vulnerable to predatory lenders and unmanageable debt. It is vital that we continue to support the development and growth of credit unions in Scotland.

I would also like to offer my thanks to all the volunteers who support credit unions in my constituency and who give up their valuable time to provide their expertise and experience for the benefit of local communities.

16:12

**Tom Mason (North East Scotland) (Con):** A long time ago, before the world was round, I was a junior engineer on a construction site and I had to borrow from and make contributions to the box. I never quite understood what the box was, but latterly I learned that it was the beginnings of a credit union—in the crude form that they took back then.

I am sure that many members have more knowledge about the details of credit unions than I do. However, across the country, credit unions are recognised not just as a viable alternative to the payday-loan culture that has regrettably expanded in recent years, but as an ethical, low-interest source of finance for those who may find other avenues closed to them.

Around one in 13 people in Scotland is involved in a credit union. We can see that more than 20 per cent of all credit unions in the UK are Scottish. That is a ringing endorsement of their relevance and performance today. Fundamentally, that is down to the excellent level of service that credit unions can provide. Whether it is saving for a car,

a wedding, or even to buy a house, these community organisations can help.

Such services are even more important when we consider the context of wider financial inclusion. One of the key problems for people, particularly if they are on lower incomes, can be meeting the criteria and conditions for a bank loan. Often, banks simply do not take the risk, or, when they do, they set much higher rates of interest.

If someone is rejected for a bank loan, the alternatives are even more unpalatable. Members will be familiar with payday lenders, who can charge APRs well into the thousands, leaving the cost of an important project painfully high. When credit unions can offer loans at rates of between 2 or 3 per cent per month, it is clear that clients with what might be seen as a riskier financial profile get a much better deal. That delivers greater financial inclusion across Scotland.

In my region, we are lucky to have several different credit unions providing for local people. In Aberdeen, for example, we have the Grampian Credit Union and the St Machar Credit Union, which provide for people and have a stake in the development of their local communities.

Most importantly, we must make it a priority to widen access to the credit unions and ensure that people across the country, in every walk of life, know that they have the opportunity to be members and to use their services, not only through workplaces or trade unions, but through any organisation that is available to them.

Consequently, I am pleased that credit unions have been recognised and supported by initiatives here in Holyrood, and by the UK Government. The Department for Work and Pensions set up the credit union expansion project in 2013 with a £38 million investment, with the aim of increasing the availability of financial services to those on lower incomes.

In this Parliament, the Scottish Government introduced a working group on credit unions in 2014. Its 2016 report, "Scotland's Credit Unions: Investing in Our Future", set out a number of recommendations to help to develop the sector in the years ahead. That work has been continued with the people, not profit initiative, launched by ministers towards the end of last year, and I look forward to seeing those efforts come to fruition.

As we welcome that effort, it is important to compare where we are now with goals that were set previously. In many ways, good progress has been made. I am pleased that membership of credit unions is steadily increasing. Proportionally, more people in Scotland are members of credit unions than people are anywhere else in the UK and we should build on that.

However, the scale of lending needs more work. We lag behind Northern Ireland in our proportion of total UK lending and I note the concerned comments from the Association of British Credit Unions that the range of services that can be provided is currently restricted and that membership, although above the UK average, is still relatively low. That is without mentioning the example set by the United States, where 44 per cent of economically active people are credit union members, which goes to show the benefits of credit unions being an institutional norm, rather than just a last resort for some.

That is where we are. We have, I think, support across Parliament for the important role of credit unions in improving financial inclusion, as well as the political will to make changes where they are needed, in order to meet the goals.

Credit unions do great work among our communities, our church groups, our workplaces and in many more places. They play a vital role on the path to better financial inclusion across the country and deliver sustainable financial options for those who may struggle to find them at a reasonable cost elsewhere.

I welcome the progress already made and look forward to seeing further such developments in the weeks and months to come, so that the common bond of a credit union can be extended to more of those who need it.

In closing, we must remember Henry Duncan, born in 1774 in Dumfries, who was the founder of the savings bank movement. He has not yet been mentioned, so I do so now.

16:17

**Willie Coffey (Kilmarnock and Irvine Valley (SNP)):** I am genuinely pleased to be able to speak in the debate, even near the end, when quite a lot of ground has already been covered by colleagues. It does not matter, because I have a lot of affection for credit unions and the staff who are committed to working in them and supporting them. They help deliver much needed financial services to many people in Scotland who might otherwise be rejected by banks and other lenders, and who might be tempted to turn to easy cash lending sources with high interest repayments, or even worse, to loan sharks with all the dangers they bring.

Of course, our credit unions are examples of financial co-operatives that are member owned on a not-for-profit basis. It would be remiss of me not to remind the chamber about the origins of the co-operative movement, as the first recorded example was in the wonderful village of Fenwick in Ayrshire in 1761. The Fenwick Weavers Society is considered to be the earliest known co-operative

in the world for which there are full details and records. Its foundation charter was dated 14 March 1761 and established a society in which members would support one another, secure the future of their trade and ensure a fair price for their work.

It was a challenging period for the weavers, with many pressures on them to lower their prices. Inspectors were employed to check on their quality and prices, and it could seriously damage the reputation of the village if the weavers fell foul of those people. The society was formed in the sanctuary of the local church to ensure a certain degree of privacy and the freedom to organise. They agreed that they would be honest and faithful to one another, setting prices that were no higher or lower than those in the other towns and parishes in the area.

Members paid two and six—12.5p—to join, and the money was to be used for the good of the society. Regular contributions from those shared investments were made to the local poor fund. As the records demonstrate clearly, people could also borrow from the funds at a fixed rate of interest. There we have it—the basic principles of a credit union were established in Fenwick in 1761, only two years after Burns was born just down the road in Alloway.

The weavers expanded to trade in food and books, and a library was established in the village. Theirs is a proud history indeed, and it is one that children in the village learn about and celebrate with pride.

If we fast forward to today, 258 years later, members can still see those same basic principles being observed on a daily basis in any credit union office that they might happen to visit. I pass by my credit union in Kilmarnock, of which I have been a member for eight years or so, on a near daily basis, and I can attest to the dedicated service that the staff give to everyone who comes in for advice and support. You can just tell that there is something different going on in there. The people there are genuinely committed to helping people out and try to find a way to say yes to applications, rather than trotting out a hundred reasons to say no, as many other lending institutions have done in recent years.

It is encouraging to read some of the stats that members have shared, which show that Scotland has a healthy membership of credit unions, which stands at around 400,000. As has been said, that represents a much higher level of membership than exists in England and Wales, but it is way behind that in Ireland, where there are 3 million or so members. We should aspire to reach those heights.

More members are always welcome to join credit unions, and I encourage all MSPs to back their local credit unions and open an account. Would it not be great if every member of the Parliament was a member of a credit union? What a message that would send out, so here's hoping.

It was good to hear the minister talk about the people, not profit campaign that the Scottish Government launched last year to promote the benefits of joining a credit union, which gives people information about how and where to join. It probably also helps to modernise the image that credit unions have had in recent years. I know that some people would prefer them to be rebadged as community banks—Alex Rowley mentioned that. I quite like the term “community bank”, but that is probably an issue for another day.

Mention has been made of the junior savers scheme, which helps to introduce our youngsters to the ideas of saving and budgeting. It has resulted in another 47 new savings schemes emerging in schools across the country.

The £1 million match funding from the Scottish Government that has accompanied the Carnegie Trust's £1 million affordable credit fund has done a lot to help people who, because of their circumstances, would not otherwise be able to obtain any financial assistance to access credit.

In the past few days, we have received a briefing from Lloyds. It is an interesting briefing, because it shows that it values its association with credit unions in Scotland. The financial support that Lloyds has given to many credit unions is substantial indeed.

We have a lot to be proud of in exemplifying the great work that is done by our credit unions in Scotland. We have a wonderful history to share with the world, and the fact that the origins of that proud movement are so directly connected with Fenwick in my constituency is a constant source of pride for the people of the village, and I hope that it is for us, too.

May our credit unions continue to flourish and go from strength to strength. I again ask all MSPs who have not yet opened a credit union account to do so as soon as they can. They will be welcomed with open arms and their savings will be put to great use for those in our communities who need our help the most.

16:23

**Ruth Maguire (Cunninghame South) (SNP):** I am happy to join members across the chamber in celebrating the vital part that credit unions play in reducing inequality in Scotland by offering affordable loans and savings in the heart of our communities.

The role of credit unions in reducing poverty and the impact of financial worries is well recognised and has been described in reports by organisations such as the Joseph Rowntree Foundation and the Social Market Foundation. Owned and controlled by members, and with membership that is based on a common bond, credit unions are underpinned by the co-operative ethos of people helping people, and they are committed to maximising the quality of service that is provided to members rather than the amount of profit that is provided to shareholders.

As well as providing affordable loans, with fairer conditions and longer repayment terms than payday lenders, credit unions empower communities and encourage individual entrepreneurship; they are often termed “community banks”, which is a description that reflects their nature and purpose.

Based in Kilwinning in my constituency, 1st Alliance Credit Union is at the heart of our community. Since 2014, 1st Alliance has provided more than 21,000 loans, totalling around £17 million, most of which is retained in our local community. Recent figures show that, between October and December 2018, it gave out 830 loans, 30 per cent of which were given to people who would normally use high-cost lenders. Interestingly, 80 per cent of those loans went to folk under the age of 55.

When the Royal Bank of Scotland, which was the last bank in Kilwinning, closed, 1st Alliance stepped up to reassure folk and to provide services to local people and businesses. As well as being a good alternative to those other institutions, credit unions provide a good service. As members have said, it is not just for folk on low incomes. Credit unions can be great for people who want to make an ethical choice about where they put their money.

I have spoken before in the Parliament about the work that 1st Alliance undertook to deal with some of the challenges that have been presented by welfare reform. It worked in partnership with North Ayrshire Council, South Ayrshire Council and six social landlords in which the credit union has trusted-partner status; that means that the services of the credit union can be used to help tenants who are in arrears or who face eviction. It is currently involved in an important partnership called better off North Ayrshire, which is a service for people who live in the area that is funded by the European social fund and the Big Lottery Fund.

Better off North Ayrshire shows people the benefits that they are entitled to and gives them assistance to apply for them online, and it provides information on how to find and apply for jobs. Because the scheme aims to make sure that those

who need help and advice are not passed around different agencies, the partnership element is crucial. The credit union has employed a caseworker who offers holistic advice—for example, energy advice and housing advocacy—to the people they are in contact with.

As part of better off North Ayrshire, the product that 1st Alliance offers is a loan for lone parents, unemployed people and people on a lower income who are looking to build a good credit history. As the cabinet secretary mentioned, 1st Alliance recently gave a presentation to the Scottish Parliament's cross-party working group on credit unions. On that evening, we heard from East Kilbride Credit Union, in the Presiding Officer's constituency, about its home start scheme, which aims to assist first-time buyers on to the property ladder. That scheme works in partnership with an independent financial adviser and requires participants to save for a set period before it helps them with a loan for a deposit.

Those are just two examples. We have heard many examples this afternoon of partnership working in an ethical manner to benefit people in our communities. We heard about the people, not profit campaign, which was launched in November last year and which raises awareness nationwide of the benefits of joining a credit union. As convener of the cross-party group on credit unions, I can testify to the collaborative approach that was taken to the development of that campaign. As well as the focus group work that went on outside of the group, the views and feedback from the members of the cross-party group were reflected in the campaign over a couple of parliamentary sessions. One of the ideas that have been mooted to further the campaign is to make some of the campaign materials available for credit unions to use locally in mini-campaigns. It would be helpful if the cabinet secretary could comment on that idea.

Scotland's credit union movement has provided vital financial services to our communities for more than 45 years. With continued support from across political divides, I know that it will continue to do so for many more years.

Finally, I encourage members who have spoken passionately today about their local credit unions and the wider credit union movement to join us at the cross-party group and to consider taking that supportive work forward. I urge any local credit unions that are watching to give their MSPs a nudge to join us.

16:29

**Neil Findlay (Lothian) (Lab):** As other members have done, I begin by declaring an interest: I am a member of Blackburn, Seafield

and District Credit Union and my mum is a volunteer with the organisation. I apologise to the cabinet secretary for missing part of her opening speech.

Many of us see credit unions as one of the great untapped resources in the country, which could, if they had the right support, play a much more significant role in our communities and constituencies. They are tremendous organisations that provide an ethical, responsible and sustainable alternative to the big banks which, as we have seen time and again over the past decade, consistently rip off their customers, have been repeatedly fined by regulators, have closed branches the length and breadth of the country and have made staff redundant. That financial model—that model of banking—has been discredited, and it is time that we looked at and took seriously alternative models. Many members have made that plea today.

The comment that credit unions are not merely “couthy” organisations was spot on—they are very credible community assets. There is a moral duty on public policy makers to help to develop that credible alternative model of personal financial management, because it not only promotes financial wellbeing and inclusion, but prevents people from being exploited by some of the worst aspects of the financial sector, such as the payday lenders. Some of those have, I am thankful, gone out of business, but some are still raking in profits. The model also takes people away from high street banks, some of which charge very high rates for their loans.

As Angela Constance has, I have worked closely with local credit unions in West Lothian to identify the key issues that they face. Members have raised some of those issues, but there are more that I would like to discuss. My local credit unions have asked me to mention some very specific factors that would help them to grow their business, thrive and, ultimately, help more of our constituents. I would appreciate the cabinet secretary’s addressing that point when she winds up or, if she does not have the information, writing to me with the details.

I am advised that many credit unions have difficulty acquiring their own sort code: sort codes appear to be a luxury that is reserved for the big banks. A sort code allows credit union accounts to be used to bank members’ salaries and to act as current accounts. At present, if they do not have a sort code, their members have no choice but to have a current account with a bank or building society. That needs to be addressed. Credit unions believe that if that could happen, their membership could expand and savers would have greater choice outwith the big banks.

A number of members have mentioned credit union access in the Parliament, which is a very good thing. My understanding is that although employees have access to a credit union through payroll, they can go through only one credit union, which is designated by Parliament. Staff should be able to choose to save with other credit unions, in particular the ones in their own areas. I hope that the powers that be are listening to that.

We should lead by example. The Government and the Parliament could include a clause in procurement contracts to ensure that every contractor that is appointed by the Government or the Parliament must ensure that employees have a payroll option to save through a credit union. I hope that the cabinet secretary—if I can distract her for a second—will investigate whether, when we are giving out contracts through public procurement, the contracts could include payroll saving via a credit union. That would be a very simple low-cost initiative that could expand membership quite considerably.

Annabelle Ewing, Liam McArthur, Johann Lamont and others mentioned the credit unions in schools project, which the West Lothian Credit Union has raised with me. It has fully embraced the project and has grown its membership in a number of schools, but the reality is that that type of work costs the credit union money to deliver. Credit unions do not make any money via loans through that work, so a cost is imposed on them.

There needs to be long-term sustainable funding for the project from the Government. Funding for just one or two years is no good and credit unions do not know whether the funding will continue thereafter. If we are to see long-term benefits from it, the project and the funding have to be long-term and must exist throughout pupils’ time at school.

We hear that the programme is embraced quite well in primary schools but that it is often not followed through in the transition to secondary school. That is not the case in all schools, but it is an issue that was raised. We all agree that credit union and financial education should be embedded in our schools. I appeal to the minister to consider how we can put a much more distant horizon on funding so that the programme continues throughout pupils’ entire time at school.

Johann Lamont mentioned bankruptcy and insolvency. It appears that a credit union suffers drastically when a member who has a loan enters bankruptcy. Insolvency practitioners often claim a disproportionate amount of the debt that is owed. In some cases that I have heard of involving people with debts of £6,000 or £7,000, the insolvency practitioner has claimed as much as £5,800, which leaves little for other creditors, including the credit union. That is fundamentally

wrong, so I hope that the Government will consider the issue as a matter of urgency.

The next issue that I want to raise—it might be outwith the remit of the Scottish Government, but it could provide advice on the matter—is the way in which credit unions deal with their reserves. Current interest rates mean that they are getting a piffling return when they invest their reserves. It would be helpful if they could use their reserves differently. I have heard credit unions suggest that they would like to invest some of that money in social housing, renewable energy and various other projects. At the moment, they are receiving extremely small returns, but it is through such investments that they could make the profits that they could invest back in the business. That is something that we need to look at.

Many people have mentioned the people, not profit campaign. I think that we all support it. Again, however, such campaigns need to be consistent and repetitive and they must reach across various media in order to ensure that they build momentum and membership.

As the gap between the many and the few widens, credit unions provide an essential alternative to exploitative financial institutions. We need to ensure that credit unions expand as much as possible. There is support for credit unions from across the political spectrum in this Parliament, but they have to be supported and their work has to be promoted. I appeal to the Government to take a much longer-term view of the funding that can be provided to credit unions.

16:38

**Alexander Stewart (Mid Scotland and Fife) (Con):** I am delighted to be taking part in a debate celebrating the role of credit unions in Scotland's communities, and I am glad to be closing for the Scottish Conservatives.

As we have heard today, the concept of the credit union is quite simple. Members pool their savings to allow other members to borrow. Across my region of Mid Scotland and Fife, I have seen at first hand the success of credit unions in a number of locations in Fife, Perth and Kinross, and Clackmannanshire. In his speech this afternoon, Alex Rowley talked about the success of the Benarty and Lochgelly Credit Union, and Annabelle Ewing noted that this year marked its 30th anniversary. I would like to add my weight to those comments. I am sure that it will be involved in celebrations over the next year or so. I note the opportunities that it has given to many people across the community.

The impact that having access to a safe and reliable financial service can have on individuals is significant—it makes a difference. We have heard

today that there are more than 90 credit unions in Scotland. The important work of the people who facilitate credit unions throughout Scotland is to be commended, congratulated and encouraged.

Under the Conservatives, the UK Government has a strong record when it comes to making financial services more accessible, particularly by encouraging the social lending sector. The UK Government has also taken action to clamp down on the exploitative behaviour of payday lenders and has made sure that the sector is better regulated, with the introduction by the Financial Conduct Authority of a cap on loans. At the start of this financial year, the UK Government announced that £5.5 million would be spent on investigations into and prosecution of illegal lending, while supporting the victims of those crimes.

We have heard today about the difficulties that individuals can find themselves in—indeed, any of us can find ourselves in such situations, depending on our circumstances—but if they become victims of a situation that is not of their own making while they are trying to ensure that they have financial resources, that needs to be looked at.

The UK Government has also made significant financial investment in incentivising credit union membership in areas where there is a high risk of individuals being targeted by loan sharks, in order to help vulnerable people to save in a safe and responsible way. That is a key success in the sector. The Government is also piloting interest-free loans and prize-linked saving schemes to encourage more people to make use of credit unions, which is a move in the right direction.

My colleague, Michelle Ballantyne, mentioned in her speech that the Government has increased the common-bond limit to allow larger credit unions to expand, which is also a step in the right direction. However, there are limits to the financial services that credit unions can provide. For example, they are currently prohibited from offering credit cards and insurance schemes. The Association of British Credit Unions Ltd has called for reform of UK legislation to allow credit unions to keep pace with the changing nature of financial services. Such suggestions should be given real consideration by the UK Government.

It is clear that here in Scotland, where 7 per cent of the population are members, credit unions already play an important part in society. We have seen membership of credit unions increase by 20,000 people over the past year. The membership rate in Scotland is four times higher than it is in England and three times higher than it is in Wales, but we still have a long way to go to compete with Northern Ireland, where credit unions account for an outstanding one third of the UK's total credit union lending.

As other members have indicated and as the Association of British Credit Unions has pointed out, more needs to be done to increase the visibility of the resource. The efforts that have been made by the Scottish Government to raise awareness of credit unions through the people, not profit campaign are to be welcomed. Other members have made the point, but I also commend and congratulate the Government.

Funding has been put in place to develop junior savings schemes. I welcome the new resources that have been made available to encourage that initiative to grow and expand, which is yet another step in the right direction in ensuring that young people understand financial situations as they reach adulthood and go out into the world and the jobs market. They need to know what to expect, so that they do not fall into traps, because many organisations and companies see them as their potential future customers, which young people need to understand.

Better engagement with young people and active involvement of schools are required. We have heard to today about the opportunity to go into schools and work with young people, which I very much commend. Good quality financial education from an early age and real experience of how money should be managed can make a real difference to young people's lives and can ensure that they can make better-informed financial decisions in the future.

The debate has been interesting and we have heard some well-articulated contributions from across the chamber. Jeremy Balfour talked about having high standards and the vulnerability of disabled and older people to scams—they want to ensure that their money is in a safe place. The banks were safe for them in the past, but that does not seem to be the case at present. Andy Wightman talked about the failings of financial institutions that people have experienced. We must all acknowledge that point. Banks were seen at one time as places that should be able to look after and manage our money, but that has not recently been the case; they have let down many people and many communities.

Liam McArthur spoke with real passion about the technology side of things. That is important—we need to acknowledge that technology can assist and support us.

Maurice Corry talked about veterans—ex-servicemen and ex-servicewomen. Sometimes, they find it difficult to go back into civilian life and find themselves trapped in particular situations and circumstances. All the sectors have a role to play and we have our part to play to ensure that those people are protected.

We also heard about the cross-party group on credit unions. I congratulate and commend Ruth Maguire for being the convener of that group. There is a real passion in this Parliament for that work. The group has already done an immense amount of work and I am sure that that will continue.

**Ruth Maguire:** Would Alexander Stewart like to join us at our next meeting?

**Alexander Stewart:** I knew that that was coming. I would be delighted to come. If Ruth Maguire could tell me when the meeting will take place, I will be more than happy to come to that meeting.

We have talked a lot about working on making individuals aware that credit unions are secure. There have been advertising campaigns to try to promote that point and to ensure that that happens.

Credit unions play a vital and important role in our society by helping people to borrow and save money. We will support the Labour amendment. The efforts of both the UK and the Scottish Governments to increase awareness of credit unions and to help them to grow are of immense importance, and we welcome the fact that we will work together on this. As I have said before, this Parliament coming together and working together can make a real difference, which is what we need in order to ensure that people are confident about supporting credit unions, which have done so much over so long to support so many.

**The Deputy Presiding Officer (Linda Fabiani):** I ask the cabinet secretary to wind up. There is a little bit of extra time, so around 12 minutes should take us up to just before decision time.

16:47

**Aileen Campbell:** The debate has been consensual and highly informative and I have thoroughly enjoyed listening to and participating in it. The examples of good work that members have described highlight the impact of credit unions and the difference that they are making to communities right across Scotland, as they have been doing for many decades.

I appreciated being catapulted back to my primary school years, when I took my 20p to my local primary school for my Super Squirrel account. I was very proud of my Super Squirrel rucksack, so I appreciate Kezia Dugdale raising that and bringing back that memory.

Members have described good work that is happening in all airts and pairs of Scotland. What is common across all those stories is that Scotland's credit unions are driven by a passion to

improve the lives of their members and to make a positive impact on the communities that they serve. The clear cross-party support for credit unions in the chamber this afternoon stands as testimony to that hard work and dedication. It should be viewed as a positive platform from which to help grow and build the credit union movement.

That is why the Scottish Government seeks to continue to support the credit union sector. That support will continue to be designed in partnership with the sector, building on the national awareness-raising campaign that we held before Christmas, and our programme of supporting credit union partnerships with schools across the country.

Many members described the innovation and nimbleness of credit unions in responding to local need, in terms of not only geography, but communities of interest. I appreciated Maurice Corry's mention of the establishment of the armed services personnel credit union to help support the needs of veterans and ex-military personnel.

Likewise, I appreciated hearing about the Benarty and Lochgelly Credit Union from Annabelle Ewing and Alex Rowley and its innovative work in schools, its considerable assets, its share value, and its human and compassionate approach to credit management. I would be delighted to do what I can in response to Annabelle Ewing's invitation to mark its 30th anniversary.

Similarly, we heard about the West Lothian Credit Union's good work right across West Lothian, using its considerable lending capabilities, and of course the good work of credit unions right across Glasgow. Alexander Stewart also mentioned those in his region.

Many members spoke about the work of credit unions both as a way to support people who may be more financially vulnerable or excluded, and as an appreciated safety net at a time when the safety net of social security is being gripped ever tighter by the austerity measures of the UK Government.

We have also heard how credit unions can help people for whom mainstream or high street lending is not a viable option, due to issues with credit ratings or not having a bank account, saving them from predatory or exploitative lenders. Kezia Dugdale articulated some of the worst practices in her remarks.

Bill Kidd and Andy Wightman talked about the fact that many people lack financial resilience, illustrating why credit unions are still so important, especially with the uncertainty of Brexit on the horizon and the financial impact that it may have,

particularly on the people who are most at risk and have the least financial resilience.

Kezia Dugdale argued that credit unions should not be viewed simply as couthy and nice things to have. Similarly, Johann Lamont said that the credit union movement can be seen as comfortable, a view that was echoed by Neil Findlay. I absolutely agree. Credit unions are serious financial players with considerable assets, lending millions and delivering products that include housing support, energy advice, money management and house purchasing, and they do all that with people and their members at their heart.

That "People, Not Profit" motivation and desire to do social good is what sets credit unions apart. Their ethos is in direct contrast to the banking practices at the time of the crash. As Andy Wightman reminded us, the banking entities that were supposed to be too big to fail, did fail; they harmed the global economy and harmed those with the least, the most. It was a wake-up call that showed a clear need to rebalance the economy and to find a more sustainable and ethical financial service, as Alex Rowley and Bill Kidd suggested.

Credit unions are more relevant than ever, and I hope that today's debate goes some way towards ensuring that everyone understands that a credit union is, and can be, for them. People should not view credit unions as being for other communities or someone else, but as a viable and feasible option for themselves.

**Emma Harper (South Scotland) (SNP):** While listening to the debate and following Willie Coffey's contribution, I texted and had a response from my friend who runs the Stranraer Credit Union. I asked how I could contribute, join and open an account. Would the cabinet secretary agree that the debate has been worthwhile in raising awareness of the benefits and successes of credit unions? Maybe it is a wee push for folk like me to join a credit union.

**Aileen Campbell:** I absolutely agree with Emma Harper. If all that comes from the debate is that we have an additional member in a credit union, that is a good thing. The lesson for us all is that it should not be just Emma who makes that move. We should all consider what more we can do in our constituencies and families to encourage people to take part and become members of a credit union. I commend Emma Harper for taking such swift action during the debate. It shows again how local credit unions can be nimble and adapt to immediate need and respond immediately to requests from people to become members.

David Torrance set out the relevance of credit unions in the context of bank closures, linking back to the discussion of banking practices at the time of the crash. Banks have asserted that, as



greater numbers of transactions are carried out online, footfall in branches has continued to decrease. However, few customers have gone fully digital and physical banking services are still seen as a core banking requirement, even while online offerings become more sophisticated.

There remains a need for physical access to banking services, particularly when customers are seeking advice or support in addition to transactions. We must also note that banks' increased focus on the digital challenges will have a disproportionate impact on vulnerable groups, including customers who are older, on lower incomes and in areas with poorer access to digital services such as broadband and 4G, a point that was made by Jeremy Balfour.

That is why we need to work hard to ensure that there are financial alternatives and it is right to recognise the need to examine ways of helping credit unions to provide face-to-face support and to keep pace with the technological advances that banks are making if they are to continue to attract a broader base of members. Those particularly important points were raised throughout the debate.

I would also like to briefly highlight the fact that Scotland's credit unions are part of a much wider social enterprise and co-operative movement, which was mentioned as significant by several members. The significant contribution on that was from Willie Coffey, who gave an overview of the origins and history of the co-operative movement of Fenwick. As the MSP for New Lanark, I have to say that there might be a bit of a fight about the origins of the co-operative movement, but I take on board what he said. His contribution showed that, while we have talked about some credit unions being 20 or 30 years old, their origins are much further back in time.

The link to social enterprise is important. For more than a decade, the Scottish Government has worked with the social enterprise sector to establish a holistic ecosystem for support, including national start-up incubators, free business advice and leadership programmes within the social enterprise world. We will continue to support that as we deliver our 10-year social enterprise strategy that was published in 2016, building on and ever mindful of the legacy of the Fenwick weavers.

We should also be mindful of the growth of social enterprise because of that plan. Members gave the clear message today that, if we want to grow credit unions, we need to be strategic in our approach.

What next for credit unions? Although the debate was consensual, that does not mean that it was simply a self-congratulatory discussion

without challenge. Although we are right to acknowledge the progress that has been made by credit unions, we should not be complacent. We need to grow the sector and let it flourish. I was pleased to announce a further £85,000 to extend the junior savings programmes, bringing our total funding to more than £350,000. That will enable more children to engage with local credit unions and learn the importance of saving. We laughed and joked about Super Squirrel, but the serious point is that we need to reflect on the enduring memory of that scheme as we work out how we move the junior scheme forward, and we should not be scared to look to good practice in the past to see how to make our junior scheme flourish.

**Johann Lamont:** In case we miss it before the end of the cabinet secretary's contribution, will she confirm her willingness to meet the cross-party group and credit unions to talk about the specific issue of the unintended consequences of some of the debt management schemes?

**The Deputy Presiding Officer:** It is difficult to hear the speakers. Could members give us a wee bit of wheesht please?

**Aileen Campbell:** Absolutely. I am glad that Johann Lamont intervened at that point because I was about to mention her contribution and that of Liam McArthur. They drew out the specific link between saving and curriculum for excellence, and the need for much more financial awareness for children at school. I am happy to meet her and discuss some of the wider issues that she talked about in her contribution.

Members also asked me what more can be done to heighten the visibility of credit unions in the high street, and I am happy to do just that, whether it be within the parameters of my portfolio, which includes business improvement districts, community empowerment measurements, and regeneration, or in discussion across portfolios with Derek Mackay and Michael Matheson.

**Neil Findlay:** I understand that time is running short but a number of members raised specific points with the minister. Will she be so kind as to respond in writing to those members?

**Aileen Campbell:** Absolutely. I will do that, but I will endeavour to get to the point that Neil Findlay made in his remarks.

Information technology was raised in a reminder not to lose sight of the importance of face-to-face advice in financial help, and in terms of credit unions needing to keep pace and be as convenient as they can be if they are to grow.

Angela Constance also made an authoritative contribution, and that is because much of the work that she did as communities secretary was to support credit union growth. She talked about how

they need to do more on payroll deduction, and I agree with that. She steered us to attach to payroll deduction more rigorous targets to drive the growth that is needed to enable workers to access that benefit. The Scottish Government's business pledge included encouragement to establish a payroll deduction scheme and that pledge is being reviewed. I will use that as a hook to push for more action here and assure Angela Constance that we will continue to be ambitious and work with the Welsh Government on its work to use financial transactions in its credit union growth.

Ruth Maguire also acknowledged the success of the recent people, not profit campaign, and made a plea for more local campaigns to be enabled to grow. That is reasonable, but I understand that toolkits of resources were sent out to credit unions. If anyone did not get one, we can send one to them. I am happy to meet Ruth Maguire at the cross-party group on credit unions to explore what more we could do in response to her questions.

Neil Findlay mentioned sort codes. I will take on board that issue and endeavour to get back to him. He also raised the issue of reserves, about which I will get back to him.

The procurement issue is really interesting. I met one of Neil Findlay's colleagues, Councillor Matt Brown from Preston City Council, to talk about community wealth building and some of the innovative things that we could explore around procurement, which is very much in keeping with the tone of the debate. Again, I am happy to meet Neil Findlay to discuss those issues further.

We have heard lots of interesting thoughts on, ideas about and solutions to the challenges that credit unions face, all in an attempt to grow the sector, which is important. Members have united around the rallying cry of putting people before profit and at the heart of services and advice. We can use today's debate as a platform and think about how we wrap some of those ideas together and use the knowledge and expertise in this chamber to develop a more strategic and co-ordinated approach in our endeavour to grow credit unions.

Our people stand to benefit greatly if we get it right. If we want an economy that measures not just GDP, but wellbeing, kindness and ethical practices, to achieve the aims of creating a fairer, more inclusive society and to ensure that people benefit from good, ethical financial practices, this is the policy area that we need to do more on. I underline my appreciation to everyone who took part in the debate. It was really informative and I appreciate all the remarks made.

## Poverty and Inequality Commission (Chair)

17:01

**The Presiding Officer (Ken Macintosh):** The next item is consideration of motion S5M-15423, in the name of Aileen Campbell, on the appointment of the chair of the Poverty and Inequality Commission.

*Motion moved,*

That the Parliament agrees with the recommendation of the Scottish Government and the Social Security Committee that Bill Scott be appointed as Chair of the Poverty and Inequality Commission.—[*Aileen Campbell*]

## Decision Time

17:02

**The Presiding Officer (Ken Macintosh):** The first question is, that amendment S5M-15426.1, in the name of Alex Rowley, which seeks to amend motion S5M-15426, in the name of Aileen Campbell, on celebrating the role of credit unions in Scotland's communities, be agreed to.

*Amendment agreed to.*

**The Presiding Officer:** The next question is, that motion S5M-15426, in the name of Aileen Campbell, on celebrating the role of credit unions in Scotland's communities, as amended, be agreed to.

*Motion, as amended, agreed to,*

That the Parliament celebrates the vital role of credit unions in reducing inequality in Scotland by offering affordable loans and savings in the heart of communities, thereby protecting people from predatory lenders and unmanageable debt; recognises that these not-for-profit financial cooperatives provide ethical financial services to a combined membership of over 400,000 people living in Scotland; supports action to further raise the profile of this important sector, building on the Scottish Government's recent national campaign, Credit Unions: People, Not Profit; welcomes the continued collaboration between the Scottish Government and the sector to ensure that credit unions continue to thrive for the benefit of Scotland's communities, and calls on the Scottish Government to do more to promote the value of payroll deductions among employers and increase awareness of credit unions in schools as part of a broader programme to build financial capability.

**The Presiding Officer:** The final question is, that motion S5M-15423, in the name of Aileen Campbell, on the appointment of the chair of the Poverty and Inequality Commission, be agreed to.

*Motion agreed to,*

That the Parliament agrees with the recommendation of the Scottish Government and the Social Security Committee that Bill Scott be appointed as Chair of the Poverty and Inequality Commission.

**The Presiding Officer:** Given that the vote was unanimous, on behalf of all members of the Scottish Parliament, I congratulate Bill Scott on his appointment as the commissioner. *[Applause.]*

*Meeting closed at 17:03.*



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