



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Meeting of the Parliament

**Tuesday 18 February 2025**

**Session 6**



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Pàrlamaid na h-Alba

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**Tuesday 18 February 2025**

**CONTENTS**

	<b>Col.</b>
<b>TIME FOR REFLECTION</b> .....	1
<b>BUSINESS MOTION</b> .....	3
<i>Motion moved—[Jamie Hepburn]—and agreed to.</i>	
<i>Amendment moved—[Tess White]—and disagreed to.</i>	
Tess White (North East Scotland) (Con) .....	4
The Minister for Parliamentary Business (Jamie Hepburn) .....	5
<b>TOPICAL QUESTION TIME</b> .....	12
Accident and Emergency Waiting Times .....	12
Scottish Water (Executive Bonuses) .....	15
<b>COMMUNITY WEALTH BUILDING</b> .....	18
<i>Statement—[Tom Arthur].</i>	
The Minister for Employment and Investment (Tom Arthur) .....	18
<b>GRANGEMOUTH</b> .....	31
<i>Statement—[The First Minister].</i>	
The First Minister (John Swinney) .....	31
<b>EMPLOYER NATIONAL INSURANCE CONTRIBUTIONS</b> .....	44
<i>Motion moved—[Tom Arthur].</i>	
<i>Amendment moved—[Chris Hoy].</i>	
<i>Amendment moved—[Daniel Johnson].</i>	
The Minister for Employment and Investment (Tom Arthur) .....	44
Craig Hoy (South Scotland) (Con) .....	49
Daniel Johnson (Edinburgh Southern) (Lab) .....	52
Lorna Slater (Lothian) (Green) .....	55
Alex Cole-Hamilton (Edinburgh Western) (LD) .....	58
Kevin Stewart (Aberdeen Central) (SNP) .....	60
Sandesh Gulhane (Glasgow) (Con) .....	61
Michelle Thomson (Falkirk East) (SNP) .....	63
Paul O’Kane (West Scotland) (Lab) .....	65
Collette Stevenson (East Kilbride) (SNP) .....	67
Liz Smith (Mid Scotland and Fife) (Con) .....	69
Clare Adamson (Motherwell and Wishaw) (SNP) .....	70
John Mason (Glasgow Shettleston) (Ind) .....	72
Ash Regan (Edinburgh Eastern) (Alba) .....	73
Gillian Mackay (Central Scotland) (Green) .....	74
Martin Whitfield (South Scotland) (Lab) .....	76
Murdo Fraser (Mid Scotland and Fife) (Con) .....	78
The Minister for Public Finance (Ivan McKee) .....	81
<b>DECISION TIME</b> .....	85
<b>FISHING SECTOR</b> .....	93
<i>Motion debated—[Beatrice Wishart].</i>	
Beatrice Wishart (Shetland Islands) (LD) .....	93
Karen Adam (Banffshire and Buchan Coast) (SNP) .....	95
Tim Eagle (Highlands and Islands) (Con) .....	97
Rhoda Grant (Highlands and Islands) (Lab) .....	99
Ariane Burgess (Highlands and Islands) (Green) .....	100
Douglas Ross (Highlands and Islands) (Con) .....	102
Fergus Ewing (Inverness and Nairn) (SNP) .....	103
Finlay Carson (Galloway and West Dumfries) (Con) .....	105
The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon) .....	107

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# Scottish Parliament

Tuesday 18 February 2025

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

## Time for Reflection

**The Presiding Officer (Alison Johnstone):** Good afternoon. The first item of business is time for reflection, and our time for reflection leader is Adrian Ferguson from Perth Gospel Hall.

**Adrian Ferguson (Perth Gospel Hall):** Good afternoon, everyone. It was in January 2019 that Mrs Jean Ferguson, my mother, died from the distressing condition of vascular dementia. It is an illness that is so widespread in our country; I am sure that there are families here who have been affected by it and will have their own sorrows and stories to tell.

Dementia robbed my mother of nearly everything. She could no longer live at home, prepare a meal or even choose her own clothing. The few worldly possessions she had were put into a little bag, which she carried tirelessly around the care home. Eventually, even the bag was taken off her—everything was stripped away—yet, in the midst of losing her earthly possessions, she made one of the most poignant statements in her life. With her hand to her heart and with a quiver in her voice, she said, “I have Jesus in here and he is Lord, and they can’t take that away from me.” She had nothing, but she declared that she had everything.

When all is stripped away in our lives, what is actually left? Our position and power no longer matter. Our wealth and influence become irrelevant. Even our qualifications will be long forgotten. For mum, what was left was the love of God and her faith in Jesus Christ. This is what mattered above everything else. The promise of Jesus is:

“Whoever comes to me I will never drive away.”

Jesus does not want to be a mere historical figure. He wants to be in our lives and fill every fibre of our being. He is the living God, who provides new birth to all who follow him. While disease can separate us from memories, the Bible continues to declare:

“I have loved you with an everlasting love.”

God’s love never runs out.

One week after my mother’s death, I conducted her burial service and my text was John, chapter 11, verse 35, which simply says, “Jesus wept.” Jesus wept at a graveside. He does not stand

aloof, distant or unreachable. Rather, he offers us hope, salvation and peace. His death and resurrection paid the price required for mankind to be forgiven for our sins. Surely this is a peace that we all need today? When all was stripped away, a frail old lady declared a timeless truth, “I have Jesus in here and they can’t take that away from me.”

Jesus within is what matters the most. Thank you very much for your time today and may God bless you.

## Business Motion

14:03

**The Presiding Officer (Alison Johnstone):**

The next item of business is consideration of business motion S6M-16518, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme.

*Motion moved,*

That the Parliament agrees to the following revisions to the programme of business for—

(a) Tuesday 18 February 2025—

after

*followed by* Ministerial Statement: Community Wealth Building Progress and Future Ambition

insert

*followed by* Ministerial Statement: Securing a Future for Grangemouth

delete

5.00 pm Decision Time

and insert

5.15 pm Decision Time

(b) Wednesday 19 February 2025—

after

2.00 pm Portfolio Questions: Rural Affairs, Land Reform and Islands; Health and Social Care

insert

*followed by* Ministerial Statement: The Promise Oversight Board Report 3: Progress and Next Steps Towards Keeping The Promise

(c) Thursday 20 February 2025—

delete

2.30 pm Parliamentary Bureau Motions

2.30 pm Portfolio Questions: Social Justice

and insert

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions: Social Justice

after

*followed by* Scottish Government Debate: Independent Review of Sentencing and Penal Policy

insert

*followed by* Legislative Consent Motion: Great British Energy Bill - UK Legislation

delete

5.00 pm Decision Time

and insert

5.15 pm Decision Time—[*Jamie Hepburn*]

**The Presiding Officer:** I call Tess White to speak to and move amendment S6M-16518.1. You have up to five minutes, Ms White.

14:04

**Tess White (North East Scotland) (Con):**

Sandie Peggie, who has been a national health service nurse for 30 years, spoke up for her sex-based rights in her workplace because she did not want to share a changing facility with a biological male. However, in doing so, she is being treated as the perpetrator, not the victim.

I know that the Presiding Officer considers this case to be sub judice. Nothing I say here today will prejudice any live proceedings, because at the heart of this case are the policies of the Scottish National Party Government.

Presiding Officer, we need a ministerial statement on public sector workers and single-sex spaces. I am grateful to the Minister for Parliamentary Business for being open, despite the late notice, to considering that request.

**Jackie Baillie (Dumbarton) (Lab):** The protection of single-sex spaces based on biological sex is a matter of law—it is in the Equality Act 2010. In supporting the amendment calling for a statement, I ask whether Tess White agrees with me that the Scottish Government and its agencies are not above the law.

**Tess White:** I thank Jackie Baillie, and I completely agree with her that the Scottish Government and its agencies are not above the law.

The situation that has arisen in NHS Fife speaks volumes about what is happening behind closed doors in Scotland's public sector under the SNP Government. The reality is that Nicola Sturgeon's self-identification policy has binned the rights of biologically female employees to access single-sex spaces. Taxpayers' money is being used to cover legal costs to defend a public body's gender policy, but there is no transparency over the cost to the public purse because the health board involved will not disclose that information. That is simply not acceptable, especially when the health service is in crisis and budgets are being squeezed.

It has been reported that the Cabinet Secretary for Health and Social Care, Neil Gray, was made aware in June last year of the situation in NHS Fife and the legal implications of it. We need clarity over Neil Gray's involvement or lack thereof.

The public interest in the issue is huge. It has been covered extensively in the press and MSPs

have been contacted by constituents with legitimate questions and concerns, and yet we have not been able to bring those questions to the chamber. Topical questions, First Minister's questions and urgent questions that have been lodged on the issue have not been selected. Meanwhile, our colleagues in Westminster have been able to raise it. It is deeply disappointing that, once again, this Parliament cannot discharge its duties to the public because members do not have parliamentary privilege.

Women are watching today. The public has had enough of the recent abdication, obfuscation and moral cowardice from the Government, and we are only going to see more witch hunts at the public's expense if we do not get clarity on the Scottish Government's position. I urge members to support my amendment.

I move amendment S6M-16518.1, to leave out first "5.15 pm Decision Time" and insert:

*"followed by* Ministerial Statement: Public Sector Workers' Access to Single Sex Spaces

5.45 pm Decision Time".

**The Presiding Officer:** I call Jamie Hepburn to respond on behalf of the Parliamentary Bureau.

14:07

**The Minister for Parliamentary Business (Jamie Hepburn):** I will set out why we cannot accept the request for a statement and cannot agree to the amendment in Tess White's name. First, she has clearly indicated that the rationale for lodging the amendment was her disappointment that an urgent question—I do not know whether it was in her name or another colleague's name—was not selected for answer today. That is your prerogative, Presiding Officer, and not the Scottish Government's prerogative. Where any question is put to the Scottish Government that you have selected, we will, of course, come to the chamber to answer it.

With regard to the request for a statement, there are three reasons in particular why I do not think that we can accept it. The first is the schedule that we have before us, which is already busy. The Government is always open to ensuring that we are—rightly—held to account by members. That is the very reason why I stood up to move a motion on an amendment to business just a moment ago. There was a request by the Conservatives for a statement on the future of Grangemouth; I proposed that we schedule it for today, and the Parliamentary Bureau has agreed to that. There was a request from the Labour Party that we schedule a statement on the Promise; I agreed to that and it was agreed at the Parliamentary Bureau, and I proposed that we schedule it for tomorrow.

There is a debate being added on a legislative consent motion on the Great British Energy Bill. I had suggested that the LCM required only to be moved and then voted on, because an LCM had already been brought to the chamber. It was suggested that there could be interest in having a wider debate on the issue, and I have acceded to that.

This Government is not afraid of being held to account by members, but I am afraid to say that what we have already added to our parliamentary schedule this week does not allow us to accommodate another statement.

The second issue is that we need to be conscious of the law. I do not think that any of us would suggest that any individual—here, in the Government or in any Administration—is above the law. Notwithstanding Ms White's feeling that she has navigated safely and is staying on the right side of sub judice, I believe that there is an inherent danger. We heard quite clearly the rationale for the request for the statement, which relates specifically to an individual employment tribunal, so there is a danger that we could stray into that territory. I do not think that any of us would want to step across that on-going process and put it in jeopardy. That would not be fair to any party that is taking part in that process.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I entirely understand the Government's reluctance to comment on a live criminal case—particularly a criminal case that involves a jury, which might be swayed by comments that are made in Parliament. However, this is not a criminal case but a civil case that is being determined by a very experienced employment specialist judge. Other than cowardice, there is no barrier to or risk of prejudice from a minister in this Government speaking on the broader issue of access to single-sex rights.

**Jamie Hepburn:** There speaks the voice of inexperience—sub judice relates not just to criminal cases but to civil cases. That is an absolute nonsense from Mr Fraser. It is a live case, and there will be a tribunal, so we need to be careful about what we say, and I will say no more in relation to that matter.

**Stephen Kerr (Central Scotland) (Con):** Will the minister give way on that point?

**Jamie Hepburn:** I am afraid that I will not give way to Mr Kerr. We hear from him all too frequently, so we will not hear from him on this occasion.

The last point, which is also an important one, is that the request was not made at the 11th hour—it was made at beyond the 11th hour. It is not good enough to come at the last minute to ask the Government to make a statement on the same

day. Frankly, it is not acceptable to ask that of ministers, but it is also not fair on Parliament because scheduling a statement for the same day does not give Parliament the courtesy of having enough lead-in time to ask questions. *[Interruption.]* That lot over there might have known about the plan, but no one else did, and that is not fair.

I urge Parliament to reject the amendment.

**The Presiding Officer:** I remind all members of the need to treat one another with courtesy and respect.

The question is, that amendment S6M-16518.1, in the name of Tess White, which seeks to amend motion S6M-16518, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

There will be a short suspension to allow members to access the digital voting system.

14:13

*Meeting suspended.*

14:19

*On resuming—*

**The Presiding Officer:** We come to the vote on amendment S6M-16518.1, in the name of Tess White, which seeks to amend motion S6M-16518, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme. Members should cast their votes now.

The vote is closed.

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** On a point of order, Presiding Officer. I had a technical issue. I would have voted no.

**The Presiding Officer:** Thank you, Ms Grahame. We will ensure that that is recorded.

**Foyso Choudhury (Lothian) (Lab):** On a point of order, Presiding Officer. I had the same issue. I would have voted yes.

**The Presiding Officer:** Thank you, Mr Choudhury. We will ensure that that is recorded.

**For**

Baillie, Jackie (Dumarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Briggs, Miles (Lothian) (Con)  
 Carlaw, Jackson (Eastwood) (Con)

Carson, Finlay (Galloway and West Dumfries) (Con)  
 Choudhury, Foyso (Lothian) (Lab)  
 Clark, Katy (West Scotland) (Lab)  
 Doney, Sharon (South Scotland) (Con)  
 Duncan-Glancy, Pam (Glasgow) (Lab)  
 Eagle, Tim (Highlands and Islands) (Con)  
 Findlay, Russell (West Scotland) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallacher, Meghan (Central Scotland) (Con)  
 Golden, Maurice (North East Scotland) (Con)  
 Gosal, Pam (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Greene, Jamie (West Scotland) (Con)  
 Griffin, Mark (Central Scotland) (Lab)  
 Gulhane, Sandesh (Glasgow) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Hoy, Craig (South Scotland) (Con)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kerr, Liam (North East Scotland) (Con)  
 Kerr, Stephen (Central Scotland) (Con)  
 Lumsden, Douglas (North East Scotland) (Con)  
 Mason, John (Glasgow Shettleston) (Ind)  
 McCall, Roz (Mid Scotland and Fife) (Con)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mochan, Carol (South Scotland) (Lab)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 O'Kane, Paul (West Scotland) (Lab)  
 Regan, Ash (Edinburgh Eastern) (Alba)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Sarwar, Anas (Glasgow) (Lab)  
 Simpson, Graham (Central Scotland) (Con)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Sweeney, Paul (Glasgow) (Lab)  
 Thomson, Michelle (Falkirk East) (SNP)  
 White, Tess (North East Scotland) (Con)  
 Whitfield, Martin (South Scotland) (Lab)  
 Whittle, Brian (South Scotland) (Con)

**Against**

Adam, George (Paisley) (SNP)  
 Adam, Karen (Banffshire and Buchan Coast) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Brown, Siobhian (Ayr) (SNP)  
 Burgess, Ariane (Highlands and Islands) (Green)  
 Chapman, Maggie (North East Scotland) (Green)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Dunbar, Jackie (Aberdeen Donside) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Gray, Neil (Airdrie and Shotts) (SNP)  
 Greer, Ross (West Scotland) (Green)

Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Gillian (Central Scotland) (Green)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP) Proxy vote cast by Rona Mackay  
 Matheson, Michael (Falkirk West) (SNP)  
 McAllan, Màiri (Clydesdale) (SNP) Proxy vote cast by Jamie Hepburn  
 McArthur, Liam (Orkney Islands) (LD)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) Proxy vote cast by Jamie Hepburn  
 McLennan, Paul (East Lothian) (SNP)  
 McNair, Marie (Clydebank and Milngavie) (SNP)  
 Minto, Jenni (Argyll and Bute) (SNP)  
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)  
 Rennie, Willie (North East Fife) (LD)  
 Robertson, Angus (Edinburgh Central) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Roddick, Emma (Highlands and Islands) (SNP)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Slater, Lorna (Lothian) (Green)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Collette (East Kilbride) (SNP)  
 Stewart, Kaukab (Glasgow Kelvin) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)  
 Tweed, Evelyn (Stirling) (SNP)  
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)  
 Wishart, Beatrice (Shetland Islands) (LD)

**The Presiding Officer:** The result of the division on amendment S6M-16518.1, in the name of Tess White, is: For 47, Against 64, Abstentions 0.

*Amendment disagreed to.*

**Douglas Ross (Highlands and Islands) (Con):** On a point of order, Presiding Officer. Parliament has just decided—we assume with the votes of Scottish National Party and Green members—to not allow a statement on this crucial issue. [*Interruption.*]

Parliament has just decided that—[*Interruption.*]

**The Presiding Officer:** Let us hear Mr Ross. Do continue.

**Douglas Ross:** SNP members seem to think that this is funny. I think that it is serious that Parliament should be able to address an issue that is both topical and urgent. Presiding Officer, I use those words because topical, urgent and First Minister's questions on this matter have been submitted to you, of which none were selected. I know that it is frowned on for members to challenge the ruling of the chair, but given that

Parliament has just taken the decision not to allow the Government to give a statement on the issue, and given that you, as Presiding Officer, will not select questions on the issue, when can the Scottish Parliament and members of the Parliament debate this important issue?

Will you also advise whether there is an opportunity for Parliament to sit longer tonight? One of the three reasons that the SNP minister refused the Conservatives' request for a statement was that Parliament is already sitting until 5.15 tonight. Is it really the Parliament's decision that we cannot sit until, perhaps, 6 o'clock to debate the issue and get a response from ministers?

Will you also give advice on the sub judice point? The purpose of the question that I submitted on the issue this week, as both a topical question and a First Minister's question, was to get advice and guidance for all national health service boards across Scotland, not just NHS Fife. Surely it is not right for constituents of all those health boards to have to wait until, potentially, after July for the employment tribunal to reconvene before they get the answers from Government ministers in this Parliament.

**The Presiding Officer:** In line with long-standing convention and in common with my predecessors, I do not give reasons for selection decisions. I consider each question that is lodged carefully and in line with published criteria.

Many important questions are submitted each week. I do not expect challenges to my authority when a member is not selected on a specific item of business, and, as Mr Ross pointed out, members have opportunities throughout the week to raise this issue.

**Douglas Ross:** When?

**The Presiding Officer:** Mr Ross! I ask you to stop speaking from your seat in that manner. You are an experienced member of this Parliament, and I am sure that you are wholly aware of the opportunities that are available to you.

**Douglas Ross:** On that, I have a point of order.

**The Presiding Officer:** Further to that point of order, Mr Ross, I have nothing else to add, so please do not repeat what you have said previously.

**Douglas Ross:** Further to my previous point of order, Presiding Officer, you said that you offered members opportunities throughout the week to raise those questions. Could you advise what those opportunities are? You have refused them all.

**The Presiding Officer:** Mr Ross, I have explained the situation quite clearly. I am not sitting here and explaining matters that you

understand wholly and thoroughly. You are very well aware of the opportunities that exist for all members to raise this issue, and that is the case this week, as with any other.

**Stephen Kerr (Central Scotland) (Con):** On a point of order, Presiding Officer. In connection with rules 13.3, 13.4, 13.6B and 5.4 of standing orders, I ask for your guidance on a significant matter of public interest, which is now being reported on outwith the Parliament.

The reason that has been given—or floated, I would suggest—for why the issue that Tess White and Douglas Ross have raised is not being discussed in Parliament this week as per the business papers is that the issue concerned is described as sub judice. Would you agree that, in fact, employment tribunals in Scotland are not subject to the sub judice rule? Would you care to clear the matter up? The media speculation might be misrepresenting what is happening inside Parliament. This is a big issue outside as well as inside this Parliament, and the people of Scotland need to know that the sub judice rule is not the specific reason why the matter is not being discussed, because it is not sub judice.

**The Presiding Officer:** Mr Kerr, I confirm that I have not ruled that the matter is sub judice.

We will now continue with our item of business. The next question is, that motion S6M-16518, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme, be agreed to. Are we agreed?

**Members** *indicated agreement.*

## Topical Question Time

14:27

### Accident and Emergency Waiting Times

1. **Jackie Baillie (Dumbarton) (Lab):** To ask the Scottish Government what action it is taking, in light of reports by the Royal College of Emergency Medicine that the number of people waiting in A and E for over 12 hours is almost 100 times higher than in 2011. (S6T-02340)

**The Cabinet Secretary for Health and Social Care (Neil Gray):** Our acute system, like others across these isles and beyond, is under considerable pressure, and that has resulted in too many patients waiting for too long in accident and emergency departments. Those waits often occur because of a wait for an in-patient bed, which is why we are working to address capacity challenges.

As part of our overall budget offering of £21.7 billion for health and social care, we are investing £200 million to improve front-door services, tackle delayed discharge and expand hospital at home, which will improve patient flow through our hospitals and ease pressures on accident and emergency.

Earlier this month, I met representatives of the Royal College of Emergency Medicine. I took that opportunity to listen and to provide updates on the action that is being taken to support improvements and reduce delays for patients and staff.

**Jackie Baillie:** The cabinet secretary needs to wake up to the reality that is getting worse on his watch. Ambulances are queuing outside emergency departments and waiting to admit patients, sometimes for hours. Patients are lying in corridors, seriously unwell, as evidenced by nurses in the recent Royal College of Nursing report. In this year alone, more than 10,000 Scots have waited in A and E for more than 12 hours, and the Royal College of Emergency Medicine estimates that that is likely to have resulted in 309 excess deaths.

Waiting too long is dangerous. When will the cabinet secretary get a grip and fix this mess?

**Neil Gray:** I have always recognised that there is a relationship between long waits in accident and emergency departments and the increased risk of harm, which is why we remain committed to delivering improved A and E performance. I set out to Jackie Baillie in answer to her first question the measures that we are taking through the budget, although I note that the Labour Party is not voting for it. Those are around hospital at home, improving front-door services and making

sure that we tackle delayed discharge and ease the pressures on A and E. We are working with boards on the issue to deliver, and the most recent delivery meeting to discuss that with boards and with the First Minister was earlier this afternoon.

**Jackie Baillie:** In December 2011, 78 people waited more than 12 hours to be seen in A and E. In December 2024, that figure was 8,904 people. That is how badly the Scottish National Party is letting down the people of Scotland. That is not improved performance.

We know that delayed discharge is putting strain on patient flow through hospitals and that it impacts on A and E. Around 2,000 patients who are fit to be discharged are stuck in hospital, largely because of a lack of social care, and £1.5 billion has been squandered on delayed discharge since the SNP promised to eradicate the practice. Does the cabinet secretary understand that health and social care partnerships, which are responsible for delivering social care across Scotland, are facing significant challenges and are cutting care packages? It was John Swinney who took funding from them when he demanded the return of reserves to help to balance the SNP's books. What will the cabinet secretary do to reverse the cuts that his boss put in place?

**Neil Gray:** I am clear that there is a direct relationship between hospital flow and the issues that we are seeing in accident and emergency departments, which is why—to repeat this to Jackie Baillie—we are making the investments that we are making in the budget.

I will tell Jackie Baillie about an area of great concern that I have that has a massive impact on the potential capacity in social care, and on which I had a meeting with social care leaders just last week. *[Interruption.]* That is the Labour United Kingdom Government's increase in employer national insurance contributions, which will be devastating to our social care sector in Scotland, because it will rip jobs and capacity out of the sector. *[Interruption.]*

**The Presiding Officer (Alison Johnstone):** Ms Baillie!

**Neil Gray:** That is why it is critically important that the UK Government fully funds that incredibly damaging move, instead of relying on Scottish public services to pay for a UK Government's decision on a reserved tax.

**Emma Harper (South Scotland) (SNP):** I am sure that we all agree that any long wait for patients in our A and E departments is regrettable. Will the cabinet secretary set out any further measures that we have outlined in the upcoming budget as we look to alleviate pressures on A and E services across Scotland to ensure the optimal and most efficient care possible for patients? Will

he again encourage members across the chamber to support the budget at stage 3 so that the key funding is put in place?

**Neil Gray:** Absolutely. I thank Emma Harper for her point about the importance of the investment that is coming through the budget. Our health and social care services need the budget to be passed, so, of course, I pass on that encouragement.

We have a clear plan to reduce waiting times and delayed discharges. That is supported by the full weight of the £21.7 billion that is going to health and social care and specifically by the £200 million targeted investment as part of our budget. We will shift the balance of care from acute to community, by ensuring that every A and E department has a frailty service that is linked to community re-enablement. That will enable people who are experiencing frailty to be referred directly by general practitioners and the Scottish Ambulance Service to specialist frailty services as an alternative to admission or attending A and E, where their needs might not be met in the same way.

Additionally, we plan to deliver 150,000 extra appointments and procedures this year, with more GP access, which will ease accident and emergency pressure.

**Sandesh Gulhane (Glasgow) (Con):** I declare an interest, as a practising national health service GP.

Hundreds of people have died needlessly during the course of this session of Parliament as a result of having to wait more than half a day in A and E. That is hundreds of families who have lost a loved one: a mum, dad, brother, sister, son or daughter. NHS staff are overworked and overstressed and are suffering moral injury. Enough is enough. The situation is not "regrettable", as Emma Harper suggested; it is wrong and distressing. Will the cabinet secretary apologise to those families? How can the public, families or NHS staff have any confidence that the Government is taking the crisis seriously?

**Neil Gray:** I, of course, apologise to anybody who is having to wait for too long to access services and to staff who are having to communicate that news and are not able to deliver the job in the way that they wish to.

I absolutely understand the point that Sandesh Gulhane has made, and I was discussing the moral injury point with the Royal College of Emergency Medicine. That is why the investments that we are making in the budget are so important: they are setting us on a trajectory of relieving the pressure in the health service, which is why I encourage Sandesh Gulhane and his colleagues to vote for the budget.

### Scottish Water (Executive Bonuses)

**2. Graham Simpson (Central Scotland) (Con):** To ask the Scottish Government for what reason Scottish Water continues to pay bonuses to its executives, when public sector pay policy reportedly prohibits this. (S6T-02350)

**The Acting Minister for Climate Action (Alasdair Allan):** Scottish Water has a long-standing exemption on the point of public sector pay policy, in recognition of its operating model and the need to retain staff as it competes with the private sector. That arrangement has been in place since 2011.

The framework for bonus payments has to be approved by the Scottish ministers. The current framework was approved in advance of the 2021-27 regulatory period. The Scottish Government is satisfied that the correct process has been followed by the Scottish Water board. Scottish Water is publicly owned, which means that, unlike at the private companies that operate elsewhere, money raised is reinvested in our water industry, while our water charges remain lower, on average, than is the case in other parts of the United Kingdom.

**Graham Simpson:** If the minister thinks that this is an acceptable situation, I ask him to rethink, because some of the bonuses are, as unions have described them this week, “obscene”.

Yesterday, *The Herald* revealed that the bonuses of three Scottish Water executives amounted to £330,000 in 2023-24, and that £70,000 went to Alex Plant, the chief executive, as a “relocation handout”. We now have a situation in which water bills are going to rise by an inflation-busting amount of almost 10 per cent across the country, and workers are in dispute with Scottish Water. Does the minister not see that it is completely wrong to hand executives massive bonuses while squeezing the pay of ordinary Scottish Water workers?

**Alasdair Allan:** In his original question, the member suggested that public sector pay policy prohibits what has taken place, which is not the case. As I mentioned, public sector pay policy has a presumption against non-consolidated bonuses and suspended bonuses. However, with the agreement of the Scottish ministers, Scottish Water has had a pay structure that includes performance-related pay since its creation, in 2002. That is simply because Scottish Water operates in an environment in which the other water companies around the UK are in the private sector and Scottish Water has to recruit from the same pool of people.

**Graham Simpson:** I do not think that the minister gets it. When the public see big awards of cash being made to public sector executives, as in

this case—we have seen that before, have we not? At Ferguson Marine, executives were handed massive amounts of money and there was, quite rightly, a big hoo-hah about that.

The same concerns apply here. Scottish Water is publicly owned by all of us, and we should not be giving massive amounts of money to executives. Only three of them are getting that money. The minister ought to reflect on the situation, particularly at a time when Scottish Water staff are in dispute. He needs to think about how that looks. Again, I ask the minister to rethink.

**Alasdair Allan:** As I mentioned, the decisions by Scottish Water had to come to ministers for approval. On the point that the member has made about Scottish Water and the industrial action that workers have been balloted on, I urge both parties to resume negotiations to find an agreement on that.

On his wider point, I will not comment on the details of the bonuses, but it is worth saying that, despite the suggestion that performance-related bonuses are irrelevant in this situation, Scottish Water’s performance in relation to pollution, overflows and so on has improved. For instance, there was improvement in the overall number of sewage overflows that were graded as unsatisfactory in Scottish Water’s annual return. The Scottish Environment Protection Agency, an independent body, has assessed 86.5 per cent of Scotland’s entire water environment as having a high or good classification, which represents an improvement since 2014. Scottish Water continues to represent good value for those who pay for it, particularly when it is compared with comparable water bodies in other parts of the UK.

**Richard Leonard (Central Scotland) (Lab):** I remind members of my voluntary register of trade union interests.

Can we go back to the central question here? Does the minister agree with me that it is wrong that the bonuses of Scottish Water bosses have risen 10 times more than the pay rise that is now being offered to the workers? Yes or no? If he does, what does the Government intend to do about it?

**Alasdair Allan:** The Scottish Government seeks to ensure that executive pay is kept under control, and I can comment on the situation in the wider public sector in that regard. As I said, public sector pay policy includes a presumption against non-consolidated bonuses. When new chief executives have come into post, we have sought controls on wages and bonuses to be put in place.

I do not dispute Richard Leonard’s central point about the scale of the bonuses, but I return to the point that I made in my original answer, which is that, contrary to the inference in the question, the

bonuses were provided publicly and within the rules.

**Beatrice Wishart (Shetland Islands) (LD):** Twenty-four per cent of Shetland's total water system is reliant on old asbestos cement piping—twice the national average—so why is public money being spent on bonuses, not on a swifter pipe replacement programme?

**Alasdair Allan:** As I mentioned, Scottish Water has a good story to tell about its wider performance, but I recognise Beatrice Wishart's point about the need for continuing investment. There is continuing investment—in fact, £1 billion has been invested in the water network around the country, and we will seek to provide more investment. Scottish Water is taking action and is committing up to £500 million to improve water quality, increase monitoring of the highest-priority waters and, as I mentioned, deal with spills and overflows.

## Community Wealth Building

**The Presiding Officer (Alison Johnstone):** The next item of business is a statement by Tom Arthur on community wealth building progress and future ambition. The minister will take questions at the end of his statement, so there should be no interventions or interruptions.

14:43

**The Minister for Employment and Investment (Tom Arthur):** I am pleased to have the opportunity to update the Parliament on the progress that is being made in advancing the community wealth building model of economic development across Scotland. I will also set out the Scottish Government's future ambitions for CWB.

At the core of the intention of community wealth building is the desire to retain more wealth in local areas by creating and sustaining more jobs, growing local firms and enabling local communities to own more assets. I do not think that it is presumptuous on my part to assume that all members share those aims.

By working in partnership with businesses and communities, Scotland's public sector can deliver CWB policies by enabling more small, medium-sized and third sector enterprises to win public sector contracts; encouraging the adoption of fair work practices by more employers; placing communities at the centre of dialogue about the ownership and use of public sector assets; supporting the growth of local businesses and new forms of inclusive and democratic business models; and attracting new ethical investment and encouraging growth in the lending market. The areas of impact that I have highlighted mirror the five pillars of the community wealth building model: spend, workforce, land and property, finance and inclusive business models.

I have travelled around Scotland to meet those who are involved in CWB activity across those five pillars. For example, I visited Mossgiel organic farm in East Ayrshire, which was awarded a contract by the local authority to supply milk to schools in the council area.

Public procurement in Scotland contributes hugely to community wealth building ambitions. The most recent figures, from the financial year 2021-22, indicate that, of £16 billion of public procurement spend, £8.9 billion was spent with businesses with a Scottish postcode, and a high proportion of that spend was with Scottish small and medium-sized enterprises. I know that the Federation of Small Businesses in Scotland is positive about the potential of CWB. Indeed, CWB

is an example of the new deal for business in action.

Public procurement rules apply when the value of a contract exceeds a certain threshold. Respondents to the community wealth building bill consultation called for those thresholds to be reviewed. My colleague, the Minister for Public Finance, confirmed before Christmas that the Scottish Government will look again at those thresholds, and more detail on that will follow in due course.

On the workforce pillar, many construction firms, for example, are working to develop fair and sustainable job outcomes for local people. One example involves Balfour Beatty working in partnership with the Civil Engineering Contractors Association Scotland and the University of the Highlands and Islands to promote CECA's academy programme, which offers local people the opportunity to upskill in civil engineering. Through our fair work first approach, the Scottish Government took action in 2023 by introducing a requirement for public sector grant recipients to pay at least the real living wage to all workers and to provide appropriate channels for an effective workers' voice, such as trade union recognition.

Turning to the land and property pillar, the Community Empowerment (Scotland) Act 2015 provided a framework to promote and encourage community empowerment and participation. In July 2022, I launched a review of the act, which focused on legislation that enhances community participation, community control of public assets and community planning. The two-year review recently concluded and a main report will comment on the act as a whole, while two further reports will provide findings on participation requests, which enable a legal route for community organisations to be involved in local service delivery and community asset transfers. Those reports will be published in the early part of this year.

On supporting new inclusive business models to grow, Social Security Scotland is an active member of Dundee City Council's public sector anchors network and has developed its corporate procurement strategy to reflect CWB principles. It has set out how it will actively build supply chain resilience by working with supported businesses, small and medium-sized enterprises and the third sector.

I have seen how CWB's influence has shaped local health services in Dundee. Newfield medical centre is one of the first general practitioner practices—if not the first—to run as a co-op in the UK. The team there successfully took over the practice from the local health board in 2022 and it has seen significant growth since then, including profit that has been redistributed, leading to

increased employment and the setting up of successful projects that benefit the community.

Finally, exciting new developments in finance are assisting new community wealth building projects to thrive. Linlithgow Community Development Trust works with local community sports and meeting facilities to support renewable energy. The trust used community bonds to secure the necessary finance for local people to undertake a pilot renewable energy project with a local golf club.

Communities are at the heart of the Scottish Government's renewable energy ambitions, and we are committed to working with industry to ensure that the delivery of renewable energy comes with benefits for people in Scotland, including shared ownership and community benefit opportunities. Scotland has made good progress with that approach. Our national community benefits register indicates that more than £30 million-worth of benefits have been offered to communities across Scotland in the past 12 months alone.

I turn to the Scottish Government's future ambitions for CWB in Scotland. In order to learn from international experience, I was given the privilege of visiting Cleveland, Ohio, where CWB has its roots. Cleveland, like Preston in the north of England, where CWB was adopted early in the UK context, suffered from rapid deindustrialisation and its aftermath of high levels of unemployment, depopulation, poverty and deprivation. I witnessed a form of economically-driven rebirth in Cleveland through the formation of new co-operative businesses contracting with large local anchor organisations in the health sector and other areas. Cleveland and Preston continue to experience similar problems, as do many Scottish towns and cities.

This Government is ambitious for all of Scotland's communities. We will continue to invest heavily to strengthen the hand of our villages, towns, cities and regions, while acting to ensure that the social security system provides a robust safety net for those who experience poverty and hardship.

In particular, the Government is focused on ridding Scotland of child poverty and all the harm that it can cause throughout a person's life. Community wealth building, as both a strategic and practical model of economic development, provides a new opportunity for us to create a space between a supportive and progressive welfare state and a thriving new economy, spearheaded by innovative new sectors and growth clusters developing across Scotland.

Some proponents of community wealth building use the phrase "Free distribution, not

redistribution”—meaning achievement of an increase in assets owned or income earned by communities or local businesses and households, respectively. If that can be achieved, it could lead to a reduction in our reliance on social security. However, change like that will always take time. While we must invest in a person-centred social security system now and seek to grow the dynamic and progressive economy of the future, the community wealth building model can help to knit together opportunity and need by forming part of the necessary connection between economic development, led by the public sector, and those communities where people are looking for new opportunities to build and maintain household and collective wealth.

The CWB approach offers something new in the Scottish context: a space for strategic and place-focused brokerage and a conversation focused squarely on economic development and fair and responsible growth.

Given the long history of relevant contributory work in Scotland, I can accept that there will be different views of what community wealth building is or should be. It is a clear economic policy. Public sector investment in health, housing, energy and many other areas is relevant. However, the aim of CWB is to ensure maximisation of the economic agency of all investment power together. Not all of the examples that I mentioned earlier are born of discrete community wealth building policies or actions plans; rather, they are clearly relevant activity to achieving community wealth building ambitions.

People who ask what community wealth building is will get two answers from me. The first is that it is an operable place-focused model of economic development, the pillars of which can guide the use of all of the money at the disposal of the public sector. The second answer is that, in activity terms, relevant actions are wide and varied. However, at CWB's core is the idea that every public pound spent has the potential to drive economic growth and to realise fairness and prosperity.

The current programme for government includes a commitment to introduce primary legislation on community wealth building in this parliamentary year. Work on that is in train, informed by a public consultation conducted in 2023. The programme for government also noted that a local government-led community wealth building “practice network” should be created. That network is now in place, and is proving effective in facilitating engagement. Among its key roles will be working with the Scottish Government on how we can better measure the practical impact of community wealth building across Scotland.

Members will understand that parliamentary process must be respected, and I cannot answer questions today on potential provisions in the forthcoming legislation. However, I look forward to working with colleagues when the legislation is introduced. My door will always be open for discussions on how we can make community wealth building as impactful as possible in driving economic growth that is fair, environmentally responsible and sustainable.

Community wealth building has a long history of work aimed at ensuring that as much wealth as possible can be retained in communities and that the damage caused by rapid removal of economic activity in many of our industrial communities is addressed. In community wealth building, we have a very practical policy approach for all of Scotland's public sector to pursue in partnership with business, the third sector and communities—an approach that can, in a more consistent way, bring all relevant activity together to revitalise an approach to local and regional economic development that is focused on real places and on delivering for people and communities.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I thank the minister for advance sight of his statement.

The concept of community wealth building is widely supported in relation to its potential benefits to local economies. A bit like the term “wellbeing economy”, however, “community wealth building” means different things to different people. We might, therefore, have hoped for more clarity from the Government today as to what exactly it is planning to do in this space. Instead, we have heard a statement that was very long on words but woefully short on any practical proposals or detail.

In an effort to get some detail, I will ask three specific questions. First, the minister said in his statement that this

“is a clear economic policy”,

but he went on to say that people who asked what community wealth building is would “get two answers from” him. Well, what is the answer? Will economic growth be at the heart of what the Government is trying to do through community wealth building?

Secondly, ever since the programme for government was published, in September, we have been waiting for details of what the forthcoming CWB bill will say. We have heard no more information today about what will be in the bill. We are waiting, and stakeholders are waiting. Time is running out in the current parliamentary year, so when will we learn that?

Thirdly, in relation to public procurement, we are—again—waiting to hear from the Government

when it will decide on the review of thresholds, which businesses are also waiting for—in particular, small businesses that want to win public sector contracts. When will that happen?

**Tom Arthur:** I thank Mr Fraser for his questions and his interest in the topic.

On the timeline for the bill, it is a matter of respecting parliamentary protocol and procedure. The commitment in the PFG was to introduce the bill in this parliamentary year, which is what we intend to achieve. Again, due to protocol and procedure, I cannot divulge the contents of the bill, but I refer Murdo Fraser to the consultation and to the analysis that was published, which set out very clearly the Government's thinking on the bill at the time when the consultation was run.

I referred to economic growth in my speech, and it is fundamental. We want to see more of the wealth that is generated in communities being retained in communities.

To define what community wealth building is, I note that it is about greater retention of wealth in local communities and greater local control being exercised over that wealth. That supports resilience, which, fundamentally, is what we seek to achieve through community wealth building.

The work builds on a lot of existing work, including in public procurement. As my colleague Ivan McKee said before Christmas, and as I alluded, Government ministers will shortly set out what the process will be for consideration of the existing thresholds under procurement legislation. The Parliament will be kept up to date on that. Once the bill is before Parliament, I will be more than happy to engage with members on the detail.

**Daniel Johnson (Edinburgh Southern) (Lab):** I thank the minister for prior sight of the statement.

Although I found the statement to be interesting in terms of context and examples, it is short of practical steps on how the Scottish Government will seek to implement community wealth building.

I agree with him about public sector procurement and SMEs. However, the reality is that, since 2016-17, the proportion of Scottish public sector spending with micro-operators has fallen from 7 per cent to 4.7 per cent. What practical assistance will be provided to SMEs to bid for public contracts and ensure that they win them? Likewise, what capital will be made available to grow the sorts of organisations that the minister is talking about? Will that become a core mission of Scottish Enterprise and the Scottish National Investment Bank?

**Tom Arthur:** I agree that growing the number of successful microbusinesses is vital. Such businesses are exactly the type that we want to thrive in our local communities, because they tend

to be rooted in their communities, procure goods and services from other businesses in their communities and recruit from within their communities. That is how public sector procurement can drive local growth and retention of local wealth. Local businesses result in local control being exercised over those things.

In the context of public procurement, we have existing frameworks of support, whether through the supplier development programme, the regular engagement that takes place or the procurement centres of excellence. Those all contribute to facilitating participation by an ever-increasing range of suppliers in procurement. However, I recognise that there is more that we can do, and we have an opportunity to consider that specifically through the work of the review of thresholds.

More broadly, a lot of positive work is going on in our enterprise agencies to support community wealth building, whether that be the work of Co-operative Development Scotland—which is part of Scottish Enterprise—of Highlands and Islands Enterprise or of South of Scotland Enterprise. I would be more than happy to share with Daniel Johnson the excellent work that South of Scotland Enterprise is doing around community wealth building, which I think he would find quite interesting.

**Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP):** How is the Scottish Government supporting local areas to use community wealth building as a golden thread that runs through everything, including planning, economic development, procurement, further education, local development and community place plans?

How is it ensuring that community wealth building is a practical place-focused model that sees a shift in the balance of power to communities, thereby enabling a greater stake for how local economies function for the benefit of all?

I thank the minister for highlighting the excellent example of partnership working between Mossgiel farm and East Ayrshire Council in my constituency, which demonstrates what is possible when we look at public procurement in a different way. That has been operating for a long time in East Ayrshire, where local procurement for school meals proves what is the art of the possible. I thank the minister for highlighting that.

**The Deputy Presiding Officer (Liam McArthur):** Before I call the minister, I remind members that there is a lot of interest in the subject and that we need slightly briefer questions.

**Tom Arthur:** There was a huge amount in Elena Whitham's question. I thank her for what she has set out and I recognise her long-standing

interest in the subject, particularly in respect of her constituency.

Regarding some of the work that has been undertaken, the member will be familiar with the £3 million that was allocated as part of the Ayrshire growth deal. Five pilot areas across Scotland were also supported, a practitioners network was set up and funding was provided to support the development of best practice guidance. The Scottish Government has undertaken a range of activity, in partnership with other organisations and local government, to increase awareness and understanding of community wealth building and to help practitioners to identify opportunities to implement that. We will seek to build on and accelerate that work, and have committed to bringing forward legislation that will have a role to play.

Ms Whitham's key point is the need for community wealth building to be seen as a golden thread that runs through all our work. It builds on a lot of mature work across a number of discrete areas, bringing a strategic coherence that can really help to effect economic change at local and regional levels.

**The Deputy Presiding Officer:** We also need a little more brevity in responses.

**Pam Gosal (West Scotland) (Con):** Local businesses are vital to generating community wealth. Unfortunately, confidence among Scotland's small businesses has fallen to its lowest level since the height of the pandemic. Both the UK Labour Government and the Scottish National Party Scottish Government have presided over high-tax regimes by, respectively, imposing hikes in national insurance and by refusing to fully pass on business rates relief.

I remind the minister that Governments do not create growth, which comes from businesses. The latest double whammy of high taxes—

**The Deputy Presiding Officer:** Please ask a question.

**Pam Gosal:** —from the Scottish and UK Governments means that the pillars mentioned by the minister are already crumbling.

**The Deputy Presiding Officer:** Please ask a question.

**Pam Gosal:** Does the minister agree that his Government has stifled Scotland's economic growth?

**Tom Arthur:** Growth comes from business but also from social and sectoral partnership and from the widest possible engagement. The 1980s' hyperlibertarian approach that was implicit in the member's comments is completely out of date and misses the point. We are talking about a

constructive partnership between business, the third sector and Government. That is what will drive and sustain the local and regional economic growth from which everyone can benefit.

**Ben Macpherson (Edinburgh Northern and Leith) (SNP):** One of the organisations that the minister has engaged with in recent years is the north Edinburgh response and recovery—or R2—group, in my constituency, which is a remarkable coalition that was originally established to respond to the pandemic, but has since been engaged in sharing knowledge and in generating lasting and positive change. I highlighted that group to the minister and, through that engagement, secured two paid staff members to help the organisation with community wealth building in north Edinburgh.

Will the minister say what reflections he and his officials have on the almost organic community wealth building that is happening in north Edinburgh, and will he explain how local representatives can engage constructively with the Government to achieve practical change and investment in their communities?

**The Deputy Presiding Officer:** Before I call the minister, I remind members that I have now made three appeals for brief questions. We need a bit more brevity, or members who want to ask questions will not have an opportunity to do so.

**Tom Arthur:** In the interest of brevity, I thank Mr Macpherson for his previous engagement and recognise the sterling work that has taken place in north Edinburgh. His key point is that some activity is developing organically, so one of the key roles of Government is to support and facilitate that activity. We recognise the need to drive forward national implementation while also allowing for local flexibility.

**Paul Sweeney (Glasgow) (Lab):** The minister did not mention social housing in his statement. It is important to note that this year marks half a century of community-based housing associations in Scotland. Just last year, one of the first of those, Reidvale Housing Association, had to fight off a takeover. Will the minister reflect on how we can strengthen the role of community-based housing associations as generators and agents of community wealth building in Scotland, perhaps by making amendments to the Housing (Scotland) Bill?

**Tom Arthur:** Mr Sweeney makes an excellent point. I had a very constructive exchange on that during a visit in recent years to New Gorbals Housing Association. I think that my schedule includes some engagements to mark that 50th anniversary this year.

I absolutely recognise the crucial role that community-based housing associations have

played and will continue to play in promoting community wealth building. I am happy to engage with the member on that.

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** Building capacity at the local level often presents a challenge as enterprises struggle to meet the scale that is required for larger contracts. Can the minister say more about how the Scottish Government is continuing to encourage and create opportunities for local procurement in a way that is achievable for local businesses, social enterprises and community groups?

**Tom Arthur:** Yes. We work very closely with our partners in procurement across the public sector. Local authorities are centres of expertise for procurement and we have a strong legislative framework for procurement. As I touched on in my statement, we will be looking at the thresholds for regulated procurement as well.

**Lorna Slater (Lothian) (Green):** Much of what is needed to grow community wealth and make sure that people have a stake in Scotland's prosperity does not require primary legislation, so much action is needed alongside the proposed bill. How and when will the minister enact the recommendations in the report "Developing Scotland's Economy: Increasing The Role Of Inclusive And Democratic Business Models"? How will he ensure that communities that provide the land and coastline where wind turbines, pylons and other pieces of green infrastructure are installed see material benefit from that, including lower energy bills?

**Tom Arthur:** On the point about renewable energy and ensuring that our communities can benefit fully from that revolution, the member will be aware of the work on the review of the good practice guidelines. She will understand the reservations to the UK Government in that policy area, but we want to work constructively to maximise opportunities for community benefit.

On non-legislative interventions, she is absolutely correct. This involves policy and practice as well as legislative aspects.

On the inclusive and democratic business models review, we have already committed to taking forward action for the economic democracy group, and I hope to be in a position to update Parliament shortly on how we are taking that work forward.

**Willie Rennie (North East Fife) (LD):** The community benefit from the energy infrastructure developments that will come in the next few years could be significant for local communities, particularly in the Highlands. I favour investment in housing, roads and infrastructure rather than just in community facilities, because that could leave a

lasting legacy for those areas. Does the minister agree with that approach?

**Tom Arthur:** I heard Willie Rennie make that point just before the recess. The point about a lasting legacy is important. Current spend can, of course, be beneficial, but if, as a legacy, communities have assets and control of wealth and capital that they can then grow to generate revenue, that will create real community empowerment. Rather than just having the opportunity to engage or be consulted, they will have economic empowerment through the control of assets that can generate revenue, and they, as a community, can then determine how best to use that. That is the real long-term vision and hope that community wealth building, as a model, offers. I absolutely agree with Willie Rennie on the need to ensure that community benefits ensure a lasting legacy.

**Clare Haughey (Rutherglen) (SNP):** The Scottish Government has made strides in promoting and increasing fair work employment across Scotland, and it is vital that we keep up momentum and ensure that those who are seeking fulfilling and fair work in Scottish communities can find it. Will the minister elaborate on how the community wealth building approach can feed into the development of fair and resilient local labour markets?

**Tom Arthur:** Fair work is one of the pillars of community wealth building. Although employment law is reserved, we have sought over a number of years to use our convening power and indeed conditionality around public sector grants to drive fair work forward. With regard to the current UK Government's agenda of making work pay and, specifically, the Employment Rights Bill, we have been engaging closely with the UK Government and see this as an opportunity to put a lot of fair work first principles on a statutory footing.

The real opportunity that community wealth building allows for is the creation of more resilient, successful and prosperous local labour markets, which creates more opportunities for high-paid jobs. The other aspect is that increasing the share of the economy that is characterised by inclusive and demographic business models such as social enterprises, co-ops and employee-owned businesses creates a significant opportunity for worker empowerment as well.

**Craig Hoy (South Scotland) (Con):** In 2015, Strathclyde Pension Fund invested £15 million in an investment vehicle aimed at growing the Scottish life sciences sector. Given the huge wealth that is held in Scottish local government pension funds, will the Government work with SNIB, the enterprise agencies and local authority pension fund trustees to see how they can invest

in emerging Scottish industries and still deliver a positive return for their pension fund members?

**Tom Arthur:** That is an excellent question on a substantive issue, and we absolutely want to ensure that all our streams of financing are aligned with community wealth building principles. That will be about the significant amount of capital required for some of the cutting-edge industries, but it will also be an opportunity to ensure that, when assets are created, local ownership and local control can be exercised. That can empower communities and give them a revenue-generating asset that allows them to invest in projects that are important for their particular area.

**Emma Harper (South Scotland) (SNP):** It is important that everyone in society benefits from economic growth, and I welcome the Scottish Government's commitment to a sustainable and inclusive economic model. Can the minister say any more about how community wealth building initiatives will work to address regional wealth inequalities, including rural wealth inequalities, in areas such as Dumfries and Galloway?

**Tom Arthur:** I draw the member's attention to the work of South of Scotland Enterprise on community wealth building. Community wealth building has seen some of its most enthusiastic adoption in our rural communities, including in the south of Scotland and in the west Highlands. That can partly be explained by the long legacy of land reform, which has created a visceral cultural memory of the vital importance of the question of ownership in relation to the economic resilience and economic equity of a particular area. That is what community wealth building is about, fundamentally—the question of ownership, equity, control and fairness—so it is an absolutely vital policy intervention in promoting resilient regional economies and a more equitable and fairer Scotland.

**Richard Leonard (Central Scotland) (Lab):** South of Scotland Enterprise, HIE, Scottish Enterprise and the Scottish National Investment Bank—will the minister place a statutory duty on them and not simply on local councils to support co-operatives, worker-owned businesses and other democratic business models so that they can flourish in the Scottish economy?

**Tom Arthur:** I will not risk the wrath of the Presiding Officer—or the Minister for Parliamentary Business, for that matter—by getting into any matters pertaining to the legislation, but I advise the member to engage with the documentation that was published in relation to the consultation process. Subsequent to the bill being introduced in Parliament, I will be more than happy to engage with him on any specific interests that he has.

**Fergus Ewing (Inverness and Nairn) (SNP):** Community benefit at £5,000 per megawatt is all very well, and it is a benefit, but it is nowhere near as good as a share of community ownership.

When I was minister, we had a community ownership scheme that was supported by Local Energy Scotland, the community and renewable energy scheme—CARES—that empowered communities. Why is the Scottish Government, along with the UK Government—which has some of the requisite legislative powers—Great British Energy and SNIB, not developing a community ownership scheme?

I put it to the minister that, if the Scottish Government does not do that, the objections to wind farm applications in which communities have no stake of ownership might be overwhelming in the future.

**Tom Arthur:** The member raises the question of ownership in relation to community benefit. Community benefit of course brings considerable value and, by definition, benefit, but community ownership is a game changer for areas. I agree that, in relation to ensuring public consent for projects, it can have an important role to play, but fundamentally it can be game changing in regard to the economic power that becomes available for communities. I assure the member that I am engaging closely with my ministerial counterparts who lead on energy policy to ensure that we can work constructively to maximise opportunities for ownership as we progress through the renewable energy revolution.

**The Deputy Presiding Officer:** That concludes this item of business.

## Grangemouth

**The Deputy Presiding Officer (Liam McArthur):** The next item of business is a statement from the First Minister on securing a future for Grangemouth. The First Minister will take questions at the end of his statement, so there should be no interventions or interruptions.

15:13

**The First Minister (John Swinney):** Members will be aware that, last September, Petroineos announced its intention to close the Grangemouth refinery between April and June of this year.

In the intervening period, there has been engagement between the United Kingdom Government and the Scottish Government with Petroineos to try to avert that closure. I put on record my appreciation to Gillian Martin and to the respective UK ministers, Ed Miliband and Michael Shanks, for their leadership in this regard. Despite efforts to date, on 5 February, Petroineos confirmed that it would cease refining operations and began notifying the workforce of redundancies.

Any redundancy, whether it is voluntary or compulsory, is a matter of deep regret. That is particularly so given that this Government believes that refining at Grangemouth should continue and that the closure is premature and is detrimental to Scotland's transition to net zero. Petroineos has confirmed that 65 workers will be retained by the company at the import terminal, but that clearly does not make up for the hundreds who are losing their jobs.

This Government's immediate focus is—rightly—on providing those who are losing their jobs with targeted skills support. Our partnership action for continuing employment—PACE—support, which offers assistance to individuals who are at risk of losing their jobs, has been activated. Furthermore, an initial careers fair that will enable those who are affected to be connected with other companies that have employment opportunities available will be held on 6 March. As of today, up to 19 companies have indicated their participation in the careers fair.

We have worked with Forth Valley College to set up an online platform to assess workers' training needs, and the information that has been gathered is currently being analysed to determine what upskilling and training we can put in place. Drop-in sessions will also offer training on some of the steps that are involved in preparing for re-employment. The level of workers' engagement with the process has been high, but we know that there is likely to be a small number of people who will prove harder to reach. Government officials

and college staff will, therefore, liaise with Unite the union to find ways of identifying those individuals and helping to meet their training needs.

That is because, to this Government, every person, every family and every business that is impacted by the closing of the Grangemouth refinery matters. Everyone working at Grangemouth's refinery is a valued employee with skills that are key to Scotland's net zero future, and we want them to stay in Scotland and continue to make their lives here. We will do all that we can to ensure that they have a future in the Scottish economy as we make the transition to net zero.

That is why we are also working to secure Grangemouth's role in that future and create an investable industrial strategy for the site. Our draft budget for 2025-26 allocates £7.8 million for support at Grangemouth, including £2.8 million in the forthcoming financial year of a total funding commitment of £5 million over three years, to support Ineos's fuel switching project. We have worked closely with the business and Scottish Enterprise to develop that project, recognising the criticality of transitioning to cleaner fuels such as hydrogen.

Supporting the business as it transitions is critical to ensuring that Ineos Olefins & Polymers continues to play a crucial role in Scotland's economy. It gives certainty to the workforce and to the business that the Government is committed to working with them to secure a long-term and sustainable future. However, I am determined to go further to help to secure a just transition for Grangemouth. I can, therefore, announce today that, this week, the Government will lodge a stage 3 amendment to the Budget (Scotland) (No 4) Bill to allocate an additional £25 million to establish a Grangemouth just transition fund. That funding, derived from the proceeds of the ScotWind process, will be available immediately in the new financial year to support businesses and stakeholders to bring forward investable propositions over the next 12 months and, if necessary, beyond. The aim is to expedite any of the potential solutions that will be set out in the project Willow report, as well as other proposals that will give Grangemouth a secure and sustainable future.

Through the Grangemouth future industry board, we will work with the local authority, businesses and the unions to explore and accelerate projects and proposals that support that ambition. Through project Willow, we will have the foundations of a strong evidence base for future investment in technologies such as plastics recycling, hydrogen production and the development of sustainable aviation fuel. We will

also consider proposals from Unite and its members, and we will continue to pursue other options, including any as-yet-unknown potential investments.

When I said that my Government would leave no stone unturned to find the right solutions to secure the future of Grangemouth, I meant it. That includes extensive and meaningful collaboration with the United Kingdom Government. Just yesterday, I met with the Secretary of State for Energy Security and Net Zero, Ed Miliband, and we both agreed that the collaboration between our two Governments has been constructive. We also agreed that that will continue.

I have also had several discussions with the Prime Minister, and I will continue to ensure that my Government, at all levels, engages meaningfully and substantively. That is because I am convinced that Grangemouth can, and does, have a potentially bright future contributing to Scotland's net zero economy, and I want the Government that I lead to do everything possible to secure that future.

The Scottish Government will continue to urge the UK Government to put adequate measures on the table to address the immediacy and urgency of the situation at Grangemouth.

That is necessary because I fully understand the consequences for the Scottish economy of the closure of the Grangemouth refinery at this critical juncture.

The UK Government clearly recognises the need to act to safeguard economic and energy interests.

Just last weekend, the UK Government said that up to £2.5 billion will be put towards supporting the steel industry via the National Wealth Fund, and the production and development of sustainable aviation fuel in Teesside has already received in the region of £50 million in support from the advanced fuels fund.

The support for sustainable aviation fuel development in Teesside comes on top of UK Government support for carbon capture and storage in Teesside, but no green light has been offered for the project involving Grangemouth.

Today, I have come to Parliament to assure the workers, businesses and communities whose fortunes have, for so long, pivoted around Grangemouth that my Government will do all that we can to make that continue long into the future.

Within our limited powers and budget, we are acting, but more needs to be done to secure the future of Grangemouth through the following steps.

First, we will continue to work with the UK Government to drive forward the next phase of project willow in order to enable and support the consideration of any and all alternative investable propositions for Grangemouth.

Secondly, we will continue to press the UK Government, as I did again yesterday, for immediate progress on Acorn and the Scottish cluster of carbon capture projects.

In October, the UK Government announced £21.7 billion for carbon capture and hydrogen projects in Merseyside and Teesside but ignored Scotland. Grangemouth cannot wait for the UK Government to drag that out any further.

Thirdly, we will press the UK Government for urgent progress on allocating funding for the second round of hydrogen production projects.

Scotland—and, indeed, Grangemouth—is well placed to lead on the production of green hydrogen, and a number of Scottish businesses submitted funding proposals to the UK Government's hydrogen allocation round, which closed last April—nearly a year ago. Those businesses are still awaiting a UK Government decision on shortlisting, and we need immediate progress on that.

Finally, I urge the UK Government to at least match our funding commitment to deliver a just transition fund for Grangemouth. The initial funding that the UK Government provided for the growth deal is welcome. However, spread over a 10-year period, that funding does not recognise the urgency of the situation that now faces Grangemouth, and it needs to be accelerated.

My Government has made the strategic decision to support that key activity through a drawdown of a total of £25 million of ScotWind revenue, to add to the £7.8 million in our budget for 2025-26. Altogether, the Scottish Government, with a finite budget, has committed or already invested £87 million in Grangemouth.

We need the UK Government to do at least the same and deliver a fair amount to avoid significant economic disruption in central Scotland, and to protect and promote Scotland's—and Grangemouth's—future interests. In short, we need the Labour Government to do what it said that it would before the election.

The Scottish Government has always recognised the strategic significance of Grangemouth to the Scottish economy. We recognise the significance of the fact that we now face a programme of redundancies at Grangemouth and the impact that that will have on the lives of those who are employed at the site.

We recognise that this moment means we have to intensify our response and our actions. My

commitments today demonstrate the necessity to do that, and I urge the UK Government to do the same.

We are committed to working with the UK Government to bring forward real investment to save Grangemouth and the jobs, businesses and livelihoods that depend on it. We will do all that we can to achieve that aim.

**The Deputy Presiding Officer:** The First Minister will now take questions on issues that were raised in his statement. I intend to allow around 20 minutes for questions, after which we will move on to the next item of business. I ask members who wish to pose a question to press their request-to-speak buttons.

**Russell Findlay (West Scotland) (Con):** I thank the First Minister for advance sight of his statement.

My party welcomes the additional funding that has been announced today. Grangemouth and its hundreds of dedicated workers make a crucial contribution to the Scottish economy, so it is essential that Scottish and UK ministers commit to working jointly and with urgency to explore every possible option.

In his statement, John Swinney rightly recognised the importance of our journey to net zero. However, Grangemouth is not just important for net zero in the future—it is vital for oil and gas in the present. I find it remarkable that, in a statement of around 1,600 words, the words “oil” and “gas” were not mentioned even once. The truth is that the party that used to champion Scotland’s oil now seems to regard it as a dirty word. Grangemouth workers know that the anti-oil-and-gas sentiment from the Scottish National Party in Edinburgh and Labour in London has been fatal.

I visited the north-east last week, where businesses told me that that sentiment is harming investment and costing jobs in Grangemouth and beyond. Does the First Minister accept some responsibility for creating the hostile environment that has resulted in hundreds of Grangemouth workers losing their jobs, and will he now change his Government’s short-sighted and damaging approach to Scottish oil and gas?

**The First Minister:** There are incredibly serious and significant issues involved in the handling of the situation at Grangemouth. However, there are also incredibly serious and significant issues facing the safety and future of the planet because of the necessity to transition to net zero. I take the responsibilities seriously. They are responsibilities to future generations that we have to get right, and we also have to get the transition correct for those who are currently involved in oil and gas activity in Scotland.

That is why the Government is taking the steps that we are taking with the investments that will be made in the budget. I have announced additional investments that we are making specifically for Grangemouth, and other resources have been made available over the course of the budget process, which will hopefully be concluded by next Tuesday. That will see investment in the transition to net zero and active work and support by the Scottish Government to assist and deliver the transition to net zero. That is the correct policy direction to take.

I sense that Russell Findlay is now departing from the territory of the importance of the transition to net zero, where his party has championed the need to achieve our climate targets. He now seems to be deserting those commitments, but the Government will stay true to the course of taking responsible decisions for the future of the planet.

**Anas Sarwar (Glasgow) (Lab):** I thank the First Minister for the tone and the content of his statement. I know that he will share my deep frustration at the intransigence of the company in the face of UK and Scottish Government attempts to avert the closure. I note his thanks to Labour ministers Ed Miliband and Michael Shanks, and I put on record my thanks to John Swinney and Gillian Martin for their co-operation on the issue.

Governments have known of the company’s intentions for five years but have failed to put plans in place. However, over the past seven months, the UK and Scottish Governments have worked collaboratively to deliver the Falkirk and Grangemouth growth deal, joint working on project Willow and joint attempts to secure incomes for workers for the next 18 months. I have been clear that more needs to be done, and today is progress on that.

In the spirit of co-operation, will the First Minister commit that, whatever other political disagreements we may have, both Governments will continue to support the workforce and work in partnership with the unions, the company and potential investors to deliver a future for Grangemouth and a real transition that ensures that we do not repeat the mistakes of the Thatcher years?

**The First Minister:** I am happy to associate myself with that sentiment, because I lived through the damage of the Thatcher era and we are still living with the consequences of that damage in many aspects of our society. That degree of economic recklessness is something in which I have no interest whatsoever.

Over a number of years, the Scottish Government has been involved with the company in taking forward a number of different projects to try to transition towards a better future. For

example, I think of the biofuels production options review that was undertaken in July 2022, the study of decarbonisation interventions for Petroineos in July 2021, which was supported by the Government, and the appraisal of the viability of a blue hydrogen production plant at Grangemouth in July 2022. The Scottish Government has been engaged in working with the company to find an alternative course.

I welcome the change in engagement that took place with the change of UK Government last July. We have taken part in that engagement constructively—I had a very positive conversation with Ed Miliband yesterday—but we have reached a different moment now. Today, I have come to Parliament recognising that, with the regrettable issuing of redundancy notices, which I wish had not happened, we are now in a different place. My Government is responding to that and I invite the United Kingdom Government to do likewise.

**The Deputy Presiding Officer:** I advise members that there is an awful lot of interest in asking questions. I hope to get everybody in, but that will require brief questions and responses.

**Michelle Thomson (Falkirk East) (SNP):** I welcome the moves to, for example, provide PACE support, hold a careers fair and carry out a skills audit, and I absolutely welcome the £25 million funding. If the intention is to expedite potential project Willow proposals, the recent leak of the report points to truly eye-watering sums of money that will be required. Presumably, that funding will come entirely from the UK Government, given that the majority of the proposals would require capital investment. Will the First Minister outline whether he has had the chance to discuss that with the Prime Minister? Given his statement today, will he outline how he thinks that that investment will mitigate the loss of the existing skills base, particularly with regard to the all-important chemical cluster in that area?

**The Deputy Presiding Officer:** We will need briefer questions.

**The First Minister:** There are a number of issues to respond to. On skills retention, I have discussed with the trade unions the importance of focused support being available for employees. If Michelle Thomson, as a constituency member, encounters any employees who are finding it difficult to access any of the systems, I would ask her to contact ministers and we will address those issues.

Secondly, there are a range of investment possibilities in Grangemouth. We are creating some of the funding infrastructure to enable those to be realised. There are other funding sources, such as the Scottish National Investment Bank and the UK Government.

Thirdly, a range of ideas have emerged through the project Willow process, which are welcome, but there is a wish—this is what I am signalling today—to attract other investment to support us in realising economic opportunities in Grangemouth. The Deputy First Minister leads on that for the Scottish Government, and the Government will be open to dialogue on those questions.

**Douglas Lumsden (North East Scotland) (Con):** I welcome the announcement that ScotWind money will be used to support the workers of Grangemouth. Those workers have done so much over the decades to keep our country powered up and moving, and it is right that we support them as much as we can.

In his statement, the First Minister said that the funding will be available immediately in the new financial year to support businesses and stakeholders to bring forward investable propositions. Will he give more detail on what governance arrangements will be put in place to evaluate the propositions and to make the awards? Will he assure Parliament that any process that is put in place will act swiftly, to avoid any gaps in employment?

**The First Minister:** As I said, the Deputy First Minister leads the Government's activities on investment. She has undertaken a transformative amount of work to ensure that the Government and our agencies are all engaged with industrial sectors on key opportunities. I value enormously speed of decision making in Government, and I want to make sure that we can take decisions quickly—once due diligence has been undertaken, because it is vital that due diligence is undertaken in all circumstances.

I assure Mr Lumsden that the Government acts with pace in its decision making on those questions.

**Michael Matheson (Falkirk West) (SNP):** In his statement, the First Minister made reference to the Falkirk and Grangemouth growth deal, which he will know is critical to the repositioning of the wider economy in the area in the years ahead. However, the 10-year timeframe does not reflect the urgency of the situation that we now face and the need for immediate action to support jobs and industries in the area.

I have previously asked whether we could progress some of the early projects at a quicker pace in order to support their development. To date, limited progress has been made. Will the First Minister instruct officials in the Scottish Government to engage with UK Government officials and Falkirk Council to identify the projects that could be moved forward at a quicker pace so that we can make progress as quickly as possible?

**The First Minister:** I am very open to Mr Matheson's proposal. My statement recognises the fact that we are in a different place as a consequence of the redundancy notices being issued. We must move with greater urgency.

I assure Mr Matheson that our officials are working on that mandate from my office. We have put additional resources in place, which will be available from the start of the financial year, to address Mr Matheson's point about the need for more urgent intervention. If more acceleration of investment is required, we will look at providing that within our financial arrangements, although Mr Matheson will be familiar with the fact that that would involve rescheduling commitments in our existing budget plans. The Government remains open to doing that in order to avoid the economic impact that we fear will come as a consequence of the closure announcement.

**Sarah Boyack (Lothian) (Lab):** Does the First Minister agree that, following his statement, we urgently need the Scottish Government to publish its long-awaited energy strategy and just transition plan, so that we can see what progress urgently needs to be made? Will he commit to working constructively with the UK Government to attract investment in sustainable aviation fuel and green hydrogen to deliver the jobs that workers need now at Grangemouth?

**The First Minister:** The Government has set out a large amount of its thinking on the transition at Grangemouth in what has already been published.

I am absolutely committed to working with the UK Government on hydrogen and on sustainable aviation fuel. I just wish that that work was happening at Grangemouth, and that there was a clear pathway—in essence, that is the import of my statement today. I am completely and utterly signed up to those options, but we need the UK Government to provide the practical intervention and fiscal support that it is giving to other parts of the United Kingdom to enable us to make progress on those options. We are willing partners, and we are putting additional resources on the table, but I need to see greater urgency from the UK Government.

**Jackie Dunbar (Aberdeen Donside) (SNP):** We all know the important role that the Acorn carbon capture and storage project could play in the future of Grangemouth. However, as the First Minister has indicated, to date the UK Government has prioritised investment in carbon capture and storage elsewhere in the UK. People across Scotland—rightly—will not understand why the Labour Government can back carbon capture in Teesside but not in Scotland. Does the First Minister agree that it is long overdue that the UK Government gives its full backing to fast-tracking

Scottish carbon capture in order to support a future for workers at Grangemouth?

**The First Minister:** As I indicated in my answer to Michelle Thomson at the last First Minister's question time before the recess, I am intensely frustrated by the amount of time that it is taking to deliver the Acorn project. I was promised an agreement to that project by the previous Conservative Government, and it did not materialise. There is now an absolute necessity for that project to be delivered by the Labour Government. I have made that point to the Prime Minister and to Ed Miliband, the Secretary of State for Energy Security and Net Zero, in correspondence and in meetings. I use this opportunity today in Parliament to reinforce the central importance of that decision being taken.

**Gillian Mackay (Central Scotland) (Green):** I thank the First Minister for providing advance sight of his statement and I welcome the £25 million that has been announced.

However, the closure still poses the risk of a huge potential loss of skilled workers from the area, and there is still concern about the impact on small businesses in Grangemouth that are reliant on the refinery workers for their business. Can the First Minister outline what extra support could be made available to support some of those small businesses as they adapt? Will the Government consider proposals for the use of the £25 million for projects at sites around Grangemouth that are outside the Ineos compound?

**The First Minister:** The Government stands ready to engage with different investment propositions to secure growth and activity in the economy. I recognise the disruptive issues that Gillian Mackay highlights, all of which will have damaging implications. We will work closely and collaboratively with Falkirk Council, with which we have good relationships, to identify what further steps we can take to address those issues.

My announcement today on investment funds is about trying to secure long-term, sustainable employment opportunities through a just transition. That will be the focus of the investment package that we are taking forward, but we stand ready to engage in discussion with the local authority on how we might help in other respects.

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** Can the First Minister advise when he expects project willow to publish its phase 1 report and what the next steps are in taking forward the options for transitioning the Grangemouth refinery site to a new low-carbon fuels hub? Given that the UK Government has instead made the perplexing decision to provide a loan to Petroineos to invest in a refinery in Belgium, how confident is the First

Minister that the UK Government will step up and support those next steps?

**The First Minister:** We expect the project willow findings to be published in the coming weeks. Obviously, we are working on developing the propositions with a view to ensuring that they can be taken forward. The purpose of my statement today is to reinforce the absolute urgency that is required in addressing these issues. We will work with all interested parties to ensure that that agenda is pursued with all the energy that it can be pursued with.

**Willie Rennie (North East Fife) (LD):** It is right that the First Minister is leading for the Government on the issue, and I hope that the UK Government listens to the pleas from across the chamber to provide some funding. This is a dark period for the workers, but there is also a great prospect for the site, because it is good industrial land that is well connected by land and sea, with good access to workers. What is the First Minister's assessment of the approach of the company, Petroineos, to working in partnership to fully exploit the potential of the area?

**The First Minister:** I welcome the points that Mr Rennie makes. He correctly assesses the significance of the site and the potential for it to play a significant part in the work that we need to take forward in the transition to net zero. We are open to dialogue with the company about how the site can be used to sustain employment in the future and how to ensure that it is an essential part of the transition to net zero. However, we need to be able to engage in constructive dialogue with the company, and I assure Mr Rennie that there will be no shortage of willingness to do that on the part of the Scottish Government.

**Stephen Kerr (Central Scotland) (Con):** The First Minister will understand the concern, which will be widely shared in Grangemouth, that, in his statement, he did not say anything about how exactly the highly skilled and well-paid jobs will be saved. There needs to be a practical plan. As he mentioned, there is great urgency, and immediate action is necessary. I fear that the workers will be gone—from Grangemouth and from Scotland—before anything changes. I note the First Minister's comments about UK Steel.

Has the First Minister spoken directly to Petroineos about what can be done to repair and restart the hydrocracker, which is the critical line for profitable diesel and aviation fuel? Such an intervention might just extend the life of the refinery to allow for a transition of some sort.

**The First Minister:** Those are all issues of discussion with Petroineos, but I assure Mr Kerr—this is central to my statement today—that the Government is putting in place support to ensure

that individuals and families are supported. We will do everything that we can to secure a future for those individuals by providing support and by making ourselves available to engage with the company on future opportunities to safeguard the future of the site. That is the commitment that I give to Parliament today, and it will underpin the Scottish Government's approach.

**Keith Brown (Clackmannanshire and Dunblane) (SNP):** It is vital that the voices of the workforce, many of whom live in my constituency, are listened to closely when options for the site's future are considered. We cannot simply sit back and watch another economic crisis unfold in central Scotland due to apparent inaction from Westminster, particularly in relation to carbon capture. Can the First Minister say any more about the Scottish Government's latest engagement, specifically with regard to trade unions?

**The First Minister:** I met workforce representatives last Thursday, and we discussed the current situation in the light of our understanding of the events. We have maintained dialogue throughout the period since Petroineos made the initial announcements. I met members of the workforce at Forth Valley College in Falkirk to discuss the challenges that they face, and I assured them of the steps that we have put in place. I will continue to have dialogue with the workforce about the issues.

**Richard Leonard (Central Scotland) (Lab):** I remind members of my voluntary register of trade union interests.

Be under no illusion—this is a close-and-import strategy, so a £25 million investment is welcome. However, from the more than £0.5 billion that is available from the ScotWind licensing round, a jobs fair and assistance with CVs is simply not enough. What more is the First Minister prepared to do to keep Grangemouth workers working?

**The First Minister:** I am surprised by Richard Leonard's points, because I did not announce £25 million for CV writing. All the support for individuals has been previously announced by the Scottish Government, and it is part of the budget that Mr Leonard currently proposes not to support. I remind him of that point.

Mr Leonard has an opportunity to redeem himself, because, in recognition of the situation's urgency, a stage 3 amendment will be lodged to the Budget (Scotland) (No 4) Bill so that an additional £25 million of investment can be provided to advance the issues, and I urge him to support the Government in its investment.

**The Deputy Presiding Officer:** That concludes the statement on securing a future for Grangemouth. There will be a brief pause before

we move on to the next item of business, to allow front-bench members to change over.

## Employer National Insurance Contributions

**The Deputy Presiding Officer (Annabelle Ewing):** The next item of business is a debate on motion S6M-16488, in the name of Tom Arthur, on employer national insurance contributions.

15:47

**The Minister for Employment and Investment (Tom Arthur):** While debates in the chamber often reflect differing viewpoints, one fact remains undeniable: the United Kingdom Government's planned changes to employer national insurance contributions will significantly raise the cost of delivering public services and deal a serious blow to Scotland's economy.

Those changes were made in the largest tax-raising budget since at least 1993, which imposed a staggering £41 billion burden, with 60 per cent of that coming directly from increased employer national insurance contributions. We have been clear that the chancellor needs to look across the wide range of fiscal levers that are at her disposal in order to support investment in public services.

The UK Government has full control over tax and borrowing powers, and the chancellor had a range of options to raise revenue to fund vital public services in a fair way. Increasing employer national insurance contributions was not one of them. That decision should be reversed. The change to employer national insurance contributions places a higher tax burden on businesses, the public sector and the third sector and is, fundamentally, a tax on jobs that will impact Scotland's economy.

**Daniel Johnson (Edinburgh Southern) (Lab):** Given that the minister raised the point about options, if it is not going to be employer national insurance contributions that are raised, what is it to be? Is it personal income tax, personal national insurance contributions or value added tax, or will he reject the £5.2 billion block grant increase that has resulted from that tax measure?

**Tom Arthur:** I appreciate that the halcyon days of 4 July might seem rather distant to the Scottish Labour Party now, given where it is standing in the polls. Let me refresh Mr Johnson's memory and that of his colleagues. The Labour Party stood on a specific manifesto commitment not to raise national insurance.

**Daniel Johnson:** Those are the choices.

**Tom Arthur:** That is the platform it stood on. We were told that Scottish Labour MPs would be at the heart of a UK Labour Government and that there would be no increases to national insurance.

That is the simple reality, and Labour should not try to deflect from its own damaging decisions. The consequences of the policy for the economy are stark. *[Interruption.]*

**The Deputy Presiding Officer:** Minister, please resume your seat for a second. It is always important for the tenor of a debate to set out from the beginning that we do not need sedentary commentary, if Mr Johnson does not mind. I am sure that the minister would be happy to take as many interventions—

**Daniel Johnson:** On a point of order, Presiding Officer. I apologise for making sedentary interventions, but I point out that pointing at members in a slightly confrontational manner is not necessarily entirely parliamentary either. I seek your guidance on that point.

**The Deputy Presiding Officer:** I was not actually pointing—

**Daniel Johnson:** I was not talking about you.

**The Deputy Presiding Officer:** Oh, not my pointing—somebody else's pointing. Well, each of us is required to treat others with courtesy and respect. Having said all that, I think that we can now, I hope, have a good debate.

Please resume, minister.

**Tom Arthur:** I will try to restrain myself to a stern look.

As I was saying, the consequences of the policy for the economy are stark. It will create risk, jeopardise jobs, drive up prices and hamper economic growth. The UK Government's economic impact assessment confirms that the changes will result in lower employment and higher costs for businesses, with more than a million employers across the UK being affected.

At the time of the UK budget, the Office for Budget Responsibility was clear on the economic effects. It said that the changes would not only increase prices in the economy but have

“a persistent negative effect on work incentives and both labour demand and labour supply”.

A recent Scottish business monitor survey found that three quarters of businesses expect the national insurance contribution changes to significantly impact their operations in 2025. The Bank of England's latest intelligence from this month is that businesses are reporting a material increase in total labour costs, owing to the planned increases in national insurance contributions.

The Resolution Foundation has highlighted that lowering the threshold at which employer national insurance contributions are paid will disproportionately affect lower-paid jobs. That means that sectors such as hospitality, retail and

social care—which are already grappling with significant financial pressures—and those with a large number of employees will bear the heaviest costs. The hospitality industry has warned that the changes are unsustainable and will lead to business closures and job losses.

A recent market insight survey by the Scottish Licensed Trade Association reported that 75 per cent of outlets expect new employer national insurance costs to impact their staffing levels, making it even more difficult for businesses to open for their full operating hours, remain competitive and get more people into venues.

The tax hike will compound the challenges that businesses are already facing. Across the UK, employer national insurance contributions account for approximately 15 per cent of all business taxation. With the increase, the tax burden on businesses will reach its highest level in decades, which will undermine Scotland's confidence and competitiveness in key industries. The tax hike will fundamentally change conditions for businesses and will force many of them to make impossible choices to deal with the higher tax burden. The choice will be to cut jobs, reduce working hours, cut wages or pass the higher costs on to consumers through higher prices. Many businesses will try to absorb the costs but, when they cannot, they will have to consider letting staff go. That is why the policy is a tax on jobs.

The scale of the financial strain risks creating a drag on Scotland's economic recovery at a time when businesses should be supported to be competitive. Since the UK budget, business optimism has weakened—the British Chambers of Commerce quarterly economic survey shows that business confidence has fallen since the UK budget. The business insights and conditions survey shows that 15.4 per cent of businesses in Scotland reported taxation as a concern in January 2025—the highest rate in the time series. When business confidence is high and uncertainty is low, businesses are more likely to invest. The tax has changed business conditions, forced businesses to review their cost base and will, consequently, deter investment.

We have heard directly from businesses about the challenges that are posed by the rising cost of doing business. We took proactive steps to mitigate those pressures wherever possible using the financial levers that are available to us. Those efforts are being undermined by the UK Government's decision to increase national insurance contributions.

The lowering of payment thresholds for employer national insurance contributions further compounds the problem, disproportionately affecting small and medium-sized enterprises. The Confederation of British Industry has been

unequivocal about the damage that those changes will cause. It states that

“the hike in National Insurance Contributions alongside other increases to the employer cost base will increase the burden on business and hit the ability to invest and ultimately make it more expensive to hire people or give pay rises.”

Other business voices across Scotland are raising the alarm. The Federation of Small Businesses has also warned that the increases will inevitably have a chilling effect on jobs, wages and consumer prices. With small businesses already grappling with high energy costs, supply chain disruptions and inflationary pressures, the tax increase is another blow at the very worst possible time.

The success of our businesses—large and small—underpins our economy. Their ability to grow, create jobs and provide opportunities is what sustains our communities. We cannot and will not tolerate our efforts to support Scottish businesses being consistently undermined by short-sighted decisions that are taken in London. Our approach to economic growth is long-term investment, not short-term tax grabs. We remain committed to fostering a business environment that encourages investment, innovation and expansion. The national insurance changes create uncertainty, making it harder for businesses to plan, recruit and invest in their future. If the UK Government is serious about economic growth, it must reconsider the impact of those decisions before they cause lasting damage to Scotland's economy.

Scotland's third sector organisations, which play a critical role in working across communities to tackle social issues, are also being impacted. The Scottish Council for Voluntary Organisations has estimated that the third sector in Scotland will face additional costs of £75 million per year because of the changes to employer national insurance contributions. The First Minister's letter to the Chancellor of the Exchequer on 3 January, which was supported by a range of voluntary organisations, made clear our serious concern about the impact of the tax change. We called on the UK Government to ensure that our public services, voluntary organisations and communities do not suffer as a result of the change to reserved UK taxation.

Despite the welcome elements of a reset in intergovernmental relations, on this occasion, the UK Government failed to engage with the Scottish Government before implementing the changes, denying us the opportunity to advocate for Scotland's businesses, third sector and public services. The Cabinet Secretary for Finance and Local Government will raise the issue at the finance interministerial standing committee on 27

February, but we need urgent discussions now, not weeks or months down the line. That failure to engage continues a pattern of unilateral decision making by UK Governments that disregards the realities that are faced by devolved Administrations. If we are to have a genuine partnership, it must be built on mutual respect and engagement.

The tax increase has created avoidable uncertainty for businesses and service providers alike, but the UK Government has refused to engage with us in good faith. We will continue to press the UK Government to reverse the planned increase to employer national insurance contributions and to recognise its damaging implications. We will stand up for Scotland's businesses, public services and communities, demanding the support that they deserve.

I move,

That the Parliament recognises the significant adverse impacts of the UK Government's intended changes to employer national insurance contributions (ENICs) on Scotland's businesses, third sector, public services and wider economy; believes that the impacts are likely to result in higher costs, job losses, increased prices and cause some charities and businesses to close altogether; notes the potential disproportionate impact of the changes on consumer-facing sectors of Scotland's economy, such as retail, tourism and hospitality businesses, organisations providing social care and third sector organisations commissioned to provide public services; agrees with the significant concerns expressed by 50 organisations in Scotland, including COSLA and the STUC, who, along with the Scottish Government, wrote to the UK Government describing the risk to the vital services that they provide due to these additional costs, and calls on the UK Government to reverse this decision and not raise ENICs as planned in April 2025.

**Alexander Burnett (Aberdeenshire West) (Con):** On a point of order, Presiding Officer. I apologise for interrupting the debate but I seek to move a motion without notice under rule 17.2 of standing orders, to make a variation in the standing orders for today only. Rule 13.8.1 states that an urgent question must be submitted by 10 am in order to be taken on that day. I propose to move that deadline for today only, following the vote earlier, which showed that at least 47 MSPs believe that there should be a full statement on the issue of single-sex spaces for public sector workers.

My colleagues have already correctly highlighted the lack of opportunity for this national news story to be debated in Scotland's Parliament. The 47 MSPs who voted in favour of my colleague Tess White's amendment included members from different parties, regions and constituencies all over Scotland. That, I believe, highlights the national significance of the issue. Moreover, the vote on the amendment specifically called for a

statement today, which underlines the urgent nature and topicality of the issue.

I therefore seek your permission to move a motion without notice proposing that the 10 am deadline be removed for today only, which would allow for an urgent question to be submitted and taken on the issue. If you grant this request, I urge all members to support the motion.

**The Deputy Presiding Officer:** I thank Mr Burnett for his contribution.

I am not minded to agree to a motion without notice at this point in the afternoon to vary the standing orders on the deadline for lodging an urgent question, as the member requests. The Parliament has already considered this issue, and it voted against a revision to the business to add a statement today on the matter to which the member refers.

The member has raised his request after we have commenced the afternoon's debate; I am minded to allow the debate to continue, as, indeed, the Parliament has voted for it to take place.

Finally, the member will be well aware that there are many other opportunities this week that members may find, if they look, to raise the matter that they wish to raise.

16:01

**Craig Hoy (South Scotland) (Con):** It is refreshing to follow a Scottish National Party minister who is railing against a tax rise. It is just a pity that SNP members do not rail against their own tax rises.

Let me put on the record what Rachel Reeves said on 28 May last year. She said:

"For the duration of the next parliament there will be no increases in income tax and national insurance".

However, in her very first budget she did precisely the opposite. She rode a coach and horses through Labour's manifesto—and, with that, through Scottish Labour's credibility—with a tax on jobs that will fall on the shoulders of millions of workers.

Now we know that Rachel Reeves does not play fast and loose just with her CV; she plays fast and loose with the electorate, and she plays fast and loose with business. In fact, the only thing that she is economical with is the truth.

It will be firms, workers and growth in the wider UK economy that will pay the price for Labour's broken-promise budget. Judging by their faces, Scottish Labour members know only too well what impact the decision is having on their electoral prospects. Last summer, Anas Sarwar was all set for Labour's honeymoon—he was measuring for

curtains in Bute house and thought that Labour would coast to victory. He believed that Sir Keir Starmer and Rachel Reeves could walk on water, only to discover that they cannot even swim.

Through its budget, Labour has undermined growth and has put public services at risk by imposing the highest-ever tax increase in a single fiscal event. Far from it being a tax only on employers, the price will be paid by the working people whom Keir Starmer and Rachel Reeves promised to protect. Workers will receive lower wages, fewer people will be employed, more people will be laid off and many more will be offered reduced hours.

That is why business has quite rightly slammed Labour's decision. People in the hospitality and retail sectors are at risk, and they warn that stores and pubs will close and that prices will rise. In a letter to the Cabinet Secretary for Finance and Local Government, nine retail bodies issued a plea for rates relief to offset the costs of Labour's tax decisions. They warned that the sheer scale of the tax hike and the short timeframe for implementation would impose a £190 million additional cost burden on Scottish retailers each year. In a survey of chief financial officers in the retail sector, two thirds said that they would raise prices, half said that they would reduce workers' hours and one third said that they would look at automating more functions.

Sean Cockburn, who is the chair of the Chartered Institute of Taxation's Scottish technical committee, warned of what he described as a

"sting in the tail for Scottish based businesses",

some of which have been offering job seekers higher salaries to cover the cost of higher Scottish income tax rates.

As the finance secretary and the business minister have been right to point out, the pain will be felt not only by the private sector. General practitioner services, care homes and educational institutions are all at risk as a result of Labour's tax on jobs. Scottish councils are being forced to push up council tax further in order to make up for the shortfall. Colleges Scotland has issued a stark warning, noting that funding for colleges has dropped by 17 per cent in real terms since 2021-22 and that "resources are already diminished". It also said that

"The increase in National Insurance Contributions comes at a time when the skills of college graduates are very much needed to boost economic growth and productivity in vital sectors",

so the increase in national insurance will also undermine growth and skills.

However, the greatest risk that the increase poses is to the charitable and third sectors. As the

minister said, the Scottish Council for Voluntary Organisations estimates that the tax hike could cost the sector about £75 million, amounting to its being

“the straw that breaks the camel’s back”,

as hospices and lifeline services are put at risk.

The Scottish Federation of Housing Associations warns that national insurance increases will result in £15 million in additional costs for registered social landlords in Scotland. The charity Turning Point Scotland, which delivers vital specialist public services, is also sounding alarm bells. Its chief executive, Neil Richardson, notes:

“It is ... confusing and fundamentally unfair that the NHS and general public service is exempt from the Employer National Insurance rise yet we are expected to absorb that cost.”

As our amendment makes clear, the UK Government decision is compounded by a number of bad budget decisions that have been made by the Scottish National Party. As the Institute for Fiscal Studies has warned today, the Scottish public sector is proportionally larger than that of the rest of the UK, and the cost to the taxpayer is heavier. However, the IFS warns that that is not—as the minister has intimated—assisting staff retention in the Scottish public sector, the wages for which now account for 53 per cent of the Government’s entire revenue budget.

The state employs 22 per cent of all Scottish workers, and we should not lose sight of the fact that, on average, they earn more now than people who work in the private sector earn. The Government has made a virtue of that without calculating how it is to be paid for. Perhaps the minister will tell us how he intends to pay for it.

**The Minister for Public Finance (Ivan McKee):** The Government has managed to balance its budget every single year and will continue to do so in the future. Our ability to pay for a larger public sector is well evidenced.

Does Craig Hoy think that it is a bad idea that we have more front-line workers—more doctors, nurses, midwives, police officers and prison officers—in Scotland, and that they get paid more?

**Craig Hoy:** I will make two points to the minister. One is that that is to be welcomed, although productivity is not rising off the back of it. However, we also found out last week that there are more senior civil servants and more pen pushers in the Scottish public sector, which the minister has said he would address.

Secondly, there is a statutory obligation to balance the budget, but the SNP Government has done that by forcing councils to go down the route

of an uber-austerity drive, which it has imposed on them year after year.

**The Deputy Presiding Officer:** You will have to bring your remarks to a close.

**Craig Hoy:** This year, councils are having to contemplate increases that are way above inflation because of ring fencing and the policies of Ivan McKee’s Government.

Undoubtedly, Labour is to blame for the decision to raise national insurance, but the SNP must take responsibility for the consequences of its own choices. As the Parliament prepares to pass the SNP’s budget next week, I remind businesses and workers that there is a different model to the cosy left-wing consensus that is doing so much damage to our economy and competitiveness. We should be looking to reduce the cost of Government, to reverse worrying trends in the size and scale of the social security system in Scotland and to reduce tax on ordinary hard-working people and businesses. Sadly, the Labour Party and the SNP have united to create a big state—a high-tax, low-growth Scotland—in which jobs are lost and businesses go to the wall. When prices rise, it will be increasingly clear that they are both failing to deliver for the people of Scotland.

I move, as an amendment to motion S6M-16488, to insert at end:

“; warns that the increase to ENICs is a tax on jobs that will negatively impact employers and employees; acknowledges that, as a direct consequence of Scottish Government policy, the Scottish public sector is disproportionately exposed to increases in labour costs because the Scottish public sector is proportionately larger than in the rest of the UK and its salary costs impose a heavier burden on taxpayers; considers, therefore, that budget decisions by both the Scottish and UK governments will hurt taxpayers, consumers and workers in Scotland and will negatively impact growth, and supports common-sense Scottish Conservative and Unionist Party proposals for tax cuts to grow Scotland’s economy and give workers and businesses much-needed relief.”

16:09

**Daniel Johnson (Edinburgh Southern) (Lab):** If we listen to Craig Hoy, it is as though the previous 14 years did not happen. Therefore, I will start where, I hope, there is some agreement with members on the Government benches. The fiscal inheritance that was left by the previous UK Conservative Government was nothing short of a disaster—debt at 100 per cent of gross domestic product, a £20 billion fiscal black hole and record low investment. After 14 years of chaos and division, the public realm was simply crumbling and public services were in urgent need of investment.

It was in that fiscal climate that Labour had to make a series of difficult decisions in the autumn

budget, in order to end the era of austerity and provide billions of pounds of investment in public services. That budget included a record-breaking settlement for Scotland, with an additional £5.2 billion both this year and next, which is the largest settlement for the Scottish Government in the history of devolution.

**Liz Smith (Mid Scotland and Fife) (Con):** I remind Mr Johnson what the UK Labour Government's manifesto said in 2024. It said that a UK Labour Government

"will not increase taxes on working people"

and

"will not increase National Insurance".

How does that tie up with what he has just said?

**Daniel Johnson:** The manifesto said, "taxes on working people". The reality of the fiscal context was that there were difficult decisions to be made. This is not a magic bullet for public sector reform but, with one in six Scots on NHS waiting lists and with attainment falling in schools, we need additional public funds—although I also argue that we need reform and that we must modernise delivery of public services.

I am not going to stand here and say that the decisions were easy, because they were difficult. The choices that the Labour Government had to make to fix the foundations of the economy were not cost free. As someone who was an employer before coming to Parliament, I understand the difficulty that the measure will cause for employers who have to make payroll payments every month. I understand that, but the measure was necessary.

I also note that, although larger employers are being asked to contribute more, those who employ five people or fewer will benefit because the increased thresholds will remove altogether 57,000 SMEs from making national insurance contributions.

It is also important to note the international context. The rate of employer contributions puts us absolutely in the middle among countries in the Organisation for Economic Co-operation and Development. In Germany, employer contributions are 50 per cent higher than they are in this country and those in France are double what ours are.

The decision was not easy and was not one that the UK Labour Government wanted to make, but it was necessary—which brings me to the question about what SNP members are proposing as an alternative, because that is not clear. They reject the fiscal measure of increasing employer national insurance payments, but they also voted against the windfall tax and against changes to the loophole for people with non-domiciled status.

What would the SNP do differently? What fiscal measures would it take? This may be where we need to exchange stern looks. What would the SNP do? Would it increase personal income tax? That is not something that I would advise at this time, when people are struggling to make ends meet and to pay their monthly utility bills. Would SNP members increase employee national insurance contributions? That would have exactly the same effect. Would they put up VAT, which is the most regressive form of tax and the one that hits the poorest people hardest?

We have heard no alternatives from the SNP. The only contribution has been from the First Minister, who suggested that the UK Government should raise UK income tax to match levels in Scotland. It seems that the First Minister, who helped to negotiate the fiscal framework, has forgotten how it works. According to the Fraser of Allander Institute, that would reduce the amount of money that would be available to the Scottish Government by £636 million.

The SNP is not only calling for changes to national insurance contributions. In addition, SNP ministers and members have proposed almost £70 billion of additional public expenditure in the lead up to the budget without having a single idea about how to pay for that. There is no spending decision that the SNP is not in favour of, but it is without a single proposal about how it would pay for them. At the general election, the SNP called for an increase in borrowing to pay for additional public expenditure, but without any credible plan for how to deliver that.

There is a parallel with that—Trussonomics. Unplanned borrowing leads to financial chaos and to the instability that members on the Government benches are all too keen to criticise the Conservatives for.

Frankly, SNP members need to inject a little bit more honesty into their arguments. When it comes to passing their budget, they often charge members on the Opposition benches who have come forward with proposals for additional expenditure with saying how they would pay for it. Where would the money come from? What else would they cut? Those are the questions that I pose to them. If they do not want to increase employer national insurance contributions, what would they cut? They do not want to increase tax and, I presume, they do not want to increase borrowing. Are they saying that we should reject the £5.2 billion from the block grant that the measure delivers?

**Michelle Thomson (Falkirk East) (SNP):** [Made a request to intervene.]

**Daniel Johnson:** I am in my final minute.

**The Deputy Presiding Officer:** The member is about to conclude.

**Daniel Johnson:** In my view, honesty is a primary responsibility of the Government. This Government needs to be honest about what it is proposing, but I do not believe that it does that in the motion. The maths is simple: the £5.2 billion is considerably more than the additional costs that it is incurring through the national insurance increase. If it cannot do the maths, maybe the SNP is not fit to be in government, and maybe it should make way for people who are.

I move, as an amendment to motion S6M-16488, to leave out from “recognises” to end and insert:

“welcomes the record £5.2 billion of additional funding for Scotland delivered as a result of the UK Government’s Autumn Budget; agrees with the STUC that the additional positive measures that are set out in the draft Scottish Budget 2025-26 are ‘dependent on UK Government funding’; regrets that the fiscal changes called for by the Scottish Government would significantly reduce the level of funding available to Scotland’s public services; understands that the First Minister has publicly advocated for a cut to Scotland’s budget of £636 million; regrets that the Scottish National Party administration’s failure to grow Scotland’s economy has negatively impacted the level of funding available in the Scottish Budget over many years; understands that decisions around the level of staffing in Scotland’s public services are devolved to the Scottish Government, and calls on the Scottish Government to ensure that the record funding delivered by the UK Government reaches the frontline services that need it most.”

16:15

**Lorna Slater (Lothian) (Green):** The legacy of 14 years of a Conservative Government at Westminster that believed that it was possible to cut its way to economic success is an increase in child poverty during that time, with more families struggling to house and feed their kids and keep them warm. At the same time, according to the Equality Trust, the wealthy in the UK increased their wealth, with the very richest pulling even further ahead. The Equality Trust says:

“The richest 100 families in Britain have seen their combined wealth increase by at least £55.5bn since 2010. An average increase in wealth of ... £2 million each per week.”

It also notes:

“Since the financial crash in 2008, the richest 100 families in Britain have seen their combined wealth increase by at least £12.57bn. An average increase in wealth of ... £364,052 per week.”

**Craig Hoy:** As Lorna Slater rails against the rich, does she not realise that they are the most portable taxpayers and those who can relocate the easiest?

**Lorna Slater:** That is why the Scottish Greens advocate a land value tax as an effective way of taxing wealth that cannot be packed up and moved to another country.

The United Nations report from 2018 says:

“The experience of the United Kingdom, especially since 2010, underscores the conclusion that poverty is a political choice. Austerity could easily have spared the poor, if the political will had existed to do so.”

Step forward the Labour Government that was elected last summer, which, according to Anas Sarwar, was going to end austerity. “Read my lips,” he said. However, instead of setting out a vision for a different future and having the courage of its socialist roots, the Labour Government has shied away from making real change because it is scared to tap into the enormous wealth that our country has generated but that has been hoarded by a few super-rich. The Labour Government, instead of looking seriously at real redistribution of wealth, prefers to continue to allow the filthy rich to get filthy richer—and, indeed, seeks to accelerate that through its focus on removing regulations that protect the environment, communities and workers. It names that ambition “growth”.

Having backed itself into a corner between ending Tory austerity and fear of taxation, the Labour Government has made the poor decision to increase employer national insurance contributions in order to raise funds. I, along with other members of this Parliament, have had an inbox full of messages from organisations that deliver important, front-line services in communities but will have to close their doors as a result of the rise in contributions.

**Daniel Johnson:** I hear what the member is saying. I presume that she is arguing for a wealth tax, but does she not recognise that there is an in-year financial problem that needs to be addressed? If it is not going to be addressed through national insurance contributions from employers, what is her alternative proposal?

**Lorna Slater:** The UK Government has so many more levers than the Scottish Government has—for example, levers to reduce subsidies for the oil and gas sector and the aviation sector. No company in Scotland pays tax on its aviation fuel. There are immediate changes that could be made to the entire structure of the economy that do not require the specific intervention that we are debating. However, I am not clear that the Labour Government has set out any ambitious changes for the long term, either.

The inevitable knock-on effect of adding those employer national insurance contributions to local authority budgets is that the third sector organisations that deliver many public services on behalf of our local authorities will have to close

their doors; they will have to reduce staff and reduce the services that they deliver. It is the people in our own communities who will be hurt by that—they will miss out on opportunities for better health, better skills and better inclusion in society.

The whole point of ending austerity is to improve public services, not to further damage them and not to put out of business the organisations that deliver them. If it cannot change course and if it lacks the courage to raise the money through taxation, the UK Labour Government must at the very least ensure that it covers the rise in cost for public services in Scotland, including the third sector organisations that deliver such services.

I know that all the members in the chamber are familiar with the devolution settlement, but for the benefit of people who might be watching, funding for Scottish public services comes substantially from the block grant—the money that is allocated to Scotland from Westminster and that is calculated by the Barnett formula. Scotland, as a devolved nation, has limited revenue-raising powers. Through negotiation with and participation in government, the Scottish Greens have ensured that those powers have been used.

As a result of that work by the Scottish Greens, more than £1 billion has been raised for public services in Scotland. That use of its limited revenue-raising powers sets Scotland apart from England, with the clear intention to pay public sector workers better and to ensure a more robust social safety net for Scottish people. The Scottish child payment is clear evidence of that, as is the higher pay for nurses in Scotland.

I am tired of us being told to eat our cereal while Keir Starmer and his team work to make the rich richer and show a callous disregard for on-the-ground funding of public services. As long as Scotland is merely a devolved nation rather than an independent nation, we will be held back in our ambitions to be a fairer country. We are forced to do what I am doing now, which is to beg the Government at Westminster to use the powers that it has and that we do not to tax the wealthy, to tax land value, to tax major polluters and to please, please, please provide the funding that it will not allow us to raise, so that the people of Scotland do not have to suffer the consequences. That is a humiliating position to be in.

**The Deputy Presiding Officer:** Ms Slater, you need to conclude.

**Lorna Slater:** Certainly, Presiding Officer.

It demonstrates that it does not matter whether the Government at Westminster is red or blue—we cannot build a future that the people of Scotland deserve as a devolved nation—

**The Deputy Presiding Officer:** Ms Slater, you are over your time by quite a bit.

**Lorna Slater:** We can do it only as an independent country.

**The Deputy Presiding Officer:** Alex Cole-Hamilton will open on behalf of the Scottish Liberal Democrats.

16:23

**Alex Cole-Hamilton (Edinburgh Western) (LD):** I am happy to speak for the Liberal Democrats in this important debate. When the ballots were counted in July last year, it was unsurprising that the members on these benches were delighted with the result. We were delighted that it was the best result for Liberals in more than 100 years, trebling our number of seats in Scotland in the process. We were also very pleased to see the back of a Conservative Government that wreaked such havoc during its chaotic time in office. I had hoped that the new UK Labour Government might embark on a course that would move us, however slowly, in a more positive direction. I am disappointed that that has not been the case.

The chancellor promised to deliver growth but has chosen to raise the tax that all but guarantees that growth will remain stifled. The decision to increase employer national insurance contributions is the wrong one. I wonder whether the UK Government is aware of the damage that this could cause. It could result in increased prices and lead to job losses and capital flight, with fewer opportunities right across Scotland's economy. It could even lead to many businesses and charities being forced to close their doors entirely. Take, for instance, our hospitality sector. Liberal Democrat research has revealed that the Scottish hospitality industry is facing a £369 million tax bombshell over the next five years due to the Government's increase in employer national insurance contributions. Our data also shows that, in 2025-26, the additional tax burden for hospitality businesses is estimated to be around £71.8 million. That is an astonishing rise. Those local businesses—restaurants, pubs and hotels—are the beating heart of all our communities, and they are raising the alarm about the damage that this decision will likely do to their industry.

The industry has already had to overcome so much in the aftermath of the pandemic, and after years of Conservative economic vandalism and poor growth under the SNP. To get our economy growing, we should be helping our hospitality sector, not hurting it. That is why Scottish Liberal Democrats were absolutely wedded to securing substantial business rates relief for the hospitality sector in this year's Scottish budget—it was a red

line for us. We also want the UK Government to negotiate a youth mobility visa scheme with the European Union so that businesses can recruit the workers who they need to fill those vacancies. We know that such a scheme would be beneficial for exactly those sectors, such as hospitality, that typically employ a younger workforce and have struggled to find those staff since Brexit.

The rise in employer national insurance contributions will hurt not only businesses. GPs in my constituency have told me time and again just how up against it they are, and their patients feel it too. Not long ago, people used to be able to call their GP in the morning and get an appointment at the first time of asking. Nowadays, they will ring again and again, several dozen times, before their call is eventually answered, only to be offered an appointment weeks hence.

The extra national insurance contributions to be paid by employers and GPs mean that many GP practices will now be unable to follow through with their recruitment plans, which would have helped to ease the pressure and helped them to deliver a better service for their patients. GPs are being punished by a flaw at the heart of the rules: they are being treated as private contractors, but because their work is entirely within the public sector, they are not entitled to the employment allowance that would have reduced their national insurance liability by up to £5,000 per year.

It is not just GPs who are stuck between a rock and hard place; other care providers will be forced to make cutbacks, too. Many dental practices are struggling and might, as a result, be forced to reduce what already limited NHS provision they currently offer. That could, in turn, have serious consequences for already sparse patient access. We have talked many times in the chamber about dental deserts, and the NI increase will exacerbate that problem.

We know that the UK Government made no assessment of its tax hike on NHS dentists before making that change. Now that that industry is raising the alarm, the chancellor does not seem to be listening. The UK Government seems intent on pushing ahead with these damaging plans, even though the revenue that it is set to raise will likely be much lower than has been forecast. The Government claims that the rise will raise £25 billion each year, but the Office for Budget Responsibility is absolutely clear that, after employers change their behaviour in response to the tax, as we know that they do—for example, by reducing pay or employment opportunities—and once public sector employers are compensated, the Treasury will be left with revenue that is closer to £10 billion. Those are not my words—that is the calculation by the OBR.

The Government could have offset the need to bring in this rise by reversing the tax cuts that the Conservatives handed down to the big banks. It could have also increased the digital services tax, as the Liberal Democrats committed to do in our manifesto, or introduced a fair reform to capital gains tax so that the 0.1 per cent of ultra-wealthy individuals pay their fair share, as it is high time they did. Instead, the Government is pressing ahead with a regressive tax that will wreak havoc on Scotland's economy and have a negative effect on people's living standards, as it will be passed on to employees through salary cuts or reduced employment opportunities.

That is why Liberal Democrats are urging the Government to listen to the alarms that are being raised, do the right thing and scrap the tax before it is too late.

**The Deputy Presiding Officer:** We move to the open debate. I advise members that there is no time in hand and any interventions should therefore be absorbed within the member's agreed speaking allocation.

16:29

**Kevin Stewart (Aberdeen Central) (SNP):** During the election campaign, Labour promised ordinary folk that their taxes would not go up, but, when it came to the crunch, Labour kept its promise to the richest and sacrificed ordinary folk on the altar of Westminster power.

Labour's election pledge not to increase taxes on working people will go down in infamy as so sleekit that only the morally bankrupt would dare to stand up and defend it. Labour's national insurance tax hike is a none-too-subtle stealth tax on working folk because, although it does not come out of their pay packet today, it comes out of the pay rise that they will not get tomorrow.

It is not only a stealth tax on wages but a tax on jobs and on work because, unlike with a tax on profits, big business can avoid national insurance simply by getting rid of workers. It is no surprise that half of businesses have said that they will cut jobs, and others have said that they will cut the hours of those who still have a job.

Labour did not need to do that. It could have raised taxes on big business and the wealthy—that is, certainly, what many folk out there thought that Labour stood for in the past.

Big business and millionaire donors, such as Lord Alli, own the Labour Party lock, stock and barrel. Millionaire donor Lord Alli paid for the shirt on Keir Starmer's back, and some people would say that millionaires and billionaires get what they pay for.

It will surprise no one that it has just been revealed that venture capitalists in limited liability partnerships will not pay employer national insurance at all. It is no wonder that the British Private Equity and Venture Capital Association has welcomed the news of national insurance tax breaks for venture capitalists under Labour, but the other Keir—Keir Hardie—must be spinning in his grave at that new Labour direction.

Labour's national insurance tax hike is not only a tax on work and jobs but a tax on Scotland herself. Labour is firmly refusing to refund increased employer national insurance for local councils, doctors, dentists and social care organisations.

All in all, £700 million is being drained from Scottish public services and going straight to Rachel Reeves in London. That is millions not getting spent on the NHS, schools, roads and a just transition.

Scottish councils are forced to send Scottish council tax straight to Rachel Reeves in London because of the employer national insurance tax rise. Millions are going straight from the Scottish purse to the chancellor in London. Let us be clear that we are not asking for Westminster's money—we are asking for our own money back.

16:33

**Sandesh Gulhane (Glasgow) (Con):** I declare an interest as a practising NHS GP.

We are here to address a critical issue that will have far-reaching consequences for everyone in Scotland—the devastating impact of the Labour Government's decision to raise employer national insurance contributions and reduce the threshold for those payments.

That decision has serious consequences for Scotland's health service, social care services and third sector organisations, which many people rely on from conception to grave. Families, children, the elderly, those who live with disabilities and Scots who struggle with addiction all depend on those services.

Let us be absolutely clear that the Labour Government's tax hike, which is supported by Anas Sarwar and Scottish Labour, is a tax on vulnerable people who rely on those services for their health and wellbeing, even in their final days. It is also a tax on jobs and on hard-working individuals who keep Scotland's vital services running.

The decision will hurt both employers and employees. As a direct consequence of Labour's policies, Scotland's public sector, which is already disproportionately large compared with the rest of the UK, is set to suffer even more. Higher labour

costs, higher taxes and a shrinking capacity to deliver essential services will harm our communities. We have all heard the promises from the Labour Party: competence, fairness and prosperity. However, those are just slogans from another well-embellished CV.

Today, we see the harsh reality of Labour's governance. The hikes to employer national insurance contributions may sound to some like a minor accounting change, but for our healthcare system and charities, and for people who rely on those services, the impact is severe.

Scotland's third sector organisations, many of which provide essential health and social care services, will face devastating financial consequences. That includes charities such as the Thistle Foundation, which supports people with long-term health conditions and disabilities and which may face an additional £292,000 in costs per year. For a sector that is already operating on a thin margin, that is the difference between maintaining vital services and having to cut back or close entirely. Scottish Care has warned that nearly half of its members are considering cutting services or closing their doors due to increased costs.

The impact is also being felt by small businesses such as community pharmacies, which are often the first point of contact for many patients, particularly in deprived areas of Glasgow, worsening health inequalities.

As a practising NHS GP, I know at first hand that our surgeries are already under intense strain, and the increased national insurance contribution will worsen the financial instability for practices across Scotland. Many practices are struggling to recruit and retain staff, and this tax hike will make that harder, resulting in fewer appointments, longer waiting times and reduced hours. That means that patients will struggle even more to access care, worsening health inequalities.

The ripple effect of the policy is also being felt by Scotland's dental practices. Many more are now at risk of closure due to the added financial burden from Labour's tax hike. It will mean fewer people, especially in the most deprived areas, being able to afford dental care, worsening health inequalities.

It is clear that the Labour Government does not care about the consequences of the policy. If it did, it would not have pushed through a tax hike with such a devastating impact on our vital public services. The workers, charities, small businesses and the people who rely on them are not faceless entities; they are real families in our communities, struggling to access care and keep their jobs. Labour's actions show that it is more interested in

soundbites than the people who need those services the most.

**Martin Whitfield (South Scotland) (Lab):** I make this intervention with a lot of faith, trust and respect for the member and his contributions in the past. Does he not remember when people had mortgage offers withdrawn? Does he not remember when mortgages went through the roof because of choices made by his Government—the previous UK Government?

**Sandesh Gulhane:** Perhaps the member should look at the decisions made by his Labour Government, which are putting health and the third sector at great risk. Perhaps the member should think about the fact that, when the Conservative Government came to power, there was a note saying “there is no money left”—and we halved the deficit. If it were not for Covid, we would be in a much better position than we are now.

Both the SNP and Labour Governments are making decisions that will hurt Scottish taxpayers, consumers and workers, and we are already seeing the impact on economic growth. So, what can we do? We cannot sit back and accept the dismantling of our healthcare services, the reduction of support for vulnerable people and the closure of charities that produce life-saving services. We must stand up for a Scotland where businesses thrive, where healthcare providers can afford to do their jobs and where services that support the most vulnerable among us are protected.

The Scottish Conservatives propose a commonsense solution: tax cuts that will help to grow Scotland’s economy, create jobs and provide much-needed relief to workers and businesses. It is time to stop penalising the very people who are trying to make Scotland a better and healthier place.

Labour may embellish its CVs, but the truth is clear: Labour does not care. In common with the tired and floundering SNP Government, Labour is not working for the people of Scotland.

16:29

**Michelle Thomson (Falkirk East) (SNP):** We, in Parliament, know that policy making often results in unintended consequences. However, for this UK Government policy, we can be clear not only that the consequences can be predicted but that they have been planned. The UK Government knew that the rise in national insurance contributions would place a direct burden on the workers that it still wants to pretend that it supports.

As any competent economist will tell you, the legal assignment of national insurance

contributions—which, in this case, is to employers—is irrelevant to who ends up bearing the cost of them. To be technical for a minute, what matters is the elasticity of labour supply and demand, or how sensitive the decisions of employers and workers are to wage changes and costs. Since firms’ demand for labour is generally more elastic than workers’ supply of labour, that suggests that most of the burden of employer NICs will be shifted on to employees through a drop in wage growth and a loss of jobs.

**Daniel Johnson:** The member is quite correct—it combines both those aspects; that is why the OECD refers to it as the tax wedge. Will she also acknowledge that, at current levels, we are still competitive with other OECD countries—we are mid-table—when it comes to the tax burden and the tax wedge to which she refers?

**Michelle Thomson:** I think that the crucial words are “at the moment.” I am setting out clearly how that position will shift as a direct consequence of the policy.

The Labour UK Government has created in its explanation a new concept: the elasticity of truth. It is trying to hoodwink the workers, who, along with the public, will pay. The negative effect of the employer national insurance hike will not happen all at once. The OBR forecasts that workers will bear around 60 per cent initially, rising to 76 per cent in the medium term. Employers, too, will have to find other ways of absorbing the remaining costs.

The immediate reaction of business demonstrated a waning of confidence. As we know, business confidence is critical for growth; a lack of it also leads to a postponement in recruitment and the shelving of investment plans.

There is not only a rise in the employer rate from 13.8 per cent to 15 per cent; there is a huge drop in the earnings level threshold from £9,100 to £5,000. Both of those moves can only limit growth, which is the antithesis of what the UK Government states that it wants. We are not talking about marginal effects, as the Government expects to raise an additional £24.5 billion annually.

We are told that some smaller businesses will benefit from a rise in the employment allowance from £5,000 to £10,500. That is true, and it is very welcome. However, as ever, the devil is in the detail. If someone’s business is doing more than half of its work in the public sector—which, most notably, might be for local councils and NHS services—they are barred from claiming the allowance. That will exclude thousands of Scotland’s small businesses. A very small company with only one director who is the only employee and is liable for secondary class 1 NICs cannot claim either. As we know, there are many

such small businesses in every constituency in Scotland.

At the start of my speech, I referenced unintended consequences. It is disappointing that the UK Government knows fine well the consequences and that it has chosen to direct those consequences at employees. Its elasticity with the truth is perhaps no surprise. It is up to us in Scotland to expose the uncomfortable truth and support as best we can businesses and workers alike.

16:43

**Paul O’Kane (West Scotland) (Lab):** When I had the opportunity to close the stage 1 debate on the Budget (Scotland) (No 4) Bill on behalf of Scottish Labour, I expressed that a number of things had become clear in the budget process—principally that the UK Labour Government had delivered record investment in the Scottish budget with the largest block grant in the history of devolution, adding £5.2 billion to the Scottish budget. The UK Government made that choice in its budget. It was a choice to bring to an end 14 years of austerity that we had under the Conservatives. It is curious that we are hearing quite a lot of accord between the SNP and the Tories today, but those of us who have been in Scottish politics for a long time should not be surprised by that.

**John Mason (Glasgow Shettleston) (Ind):** Will the member take an intervention?

**Paul O’Kane:** If Mr Mason allows me to make some progress, I will come to him.

In the case of the stage 1 debate, it seems that there was, at best, confusion on the SNP benches about whether that record investment was positive, as suggested by the finance secretary and other members on the front bench, or whether it was, “charity” or “handouts”, as advocated by many SNP back benchers. I know that Mr Mason is no longer an SNP back bencher, but I will hear him if he wishes to make a contribution.

**John Mason:** The member says that it is a record increase, but would he accept that, in real terms, it is a 0.8 per cent increase in the resource budget? That is not exactly stunning.

**Paul O’Kane:** As I have said many times, and as has been well established, after 14 years of austerity, putting £5.2 billion into the Scottish budget is significant and has allowed us to look again at public services. That is well documented and was well rehearsed in the budget debate.

There was confusion between those on the front benches and those on the back benches. If we give the Government the benefit of the doubt, instead of listening to the glittering hit list of SNP

back benchers, we can assume that the ministers believe that the £5.2 billion investment is a positive thing and is important for Scottish public services. If that is the case, the SNP surely must recognise that revenue-raising measures had to be taken in the UK budget and that they were sought in order to provide the resources for public services.

Yet the motion from the SNP Government says that some of those revenue measures should be cancelled. The SNP is, of course, perfectly entitled to advocate that position, but in doing so, it surely must level with the Parliament and the public and explain what alternative measures it would take to increase revenue. It is clear that the SNP has to either advocate for alternative tax rises, which I do not think we have yet heard happen—we have heard about vague notions of a basket of measures—or propose spending cuts. When challenged in the budget debate on that point, SNP back benchers wholly failed to answer—indeed, they seemed to suggest that independence was the solution. Again, they are perfectly entitled to that constitutional position, but I would gently suggest that, given the complete lack of an economic case for independence, the projected deficit on day 1 of becoming independent country, and the fact that independence would do absolutely nothing to deal with the reality of the here and now in relation to the debate that we are having, I do not really think that it is much of an answer at all.

Perhaps the Government front bench can provide a little more clarity than the back benches, although it, too, has opposed every revenue-raising measure in the UK budget. SNP MPs did not vote for any of them—indeed, they did not turn up to vote on the budget. Perhaps we might have had more clarity from the First Minister, as leader of the Government, but no—he advocated that the UK Government should match his own tax policies. However, the Fraser of Allander Institute published an analysis, just one month ago, showing that doing so would mean Scotland losing £636 million.

If that is the position of the SNP, it must be clear about that. If it is not willing to make tax rises in order to pay for public services, it must say, here and now, what it would cut. Would it be the health service, when we know that one in six Scots are on a waiting list? Would it be the housing budget, when the SNP is trying to correct mistakes that it made in the past in that regard?

As I said already, it is clear that not a single alternative is suggested in the SNP motion because the SNP simply does not have one. Its motion sits alongside the add-on amendment from the Conservatives, which fails to take one iota of responsibility for their 14 years in Government, during which they wrecked the economy—they left

a complete mess behind and the new UK Labour Government had to pick up the pieces.

That is what the UK Labour Government is doing, and it is seeking to invest for the people of Scotland.

As I said at the outset of my speech, it is quite telling that there is such synergy and agreement between the SNP and the Conservatives today.

As Daniel Johnson and other colleagues have outlined, decisions in Government are not always easy, but they have to be taken to increase the public finances. Of course, we recognise the challenges that will exist, particularly for many third sector organisations, and we have to continue to work to support them. However, I point out again that, after almost 18 years of an SNP Government, our third sector is on its knees because of repeated failures to increase budgets and invest in multiyear funding so that third sector organisations have the clarity that would enable them to plan for the future.

We will not take any lectures from the SNP or the Tories, who are clearly conspiring today with no alternatives and no solutions. They have lodged their motion and amendment today simply for a political purpose.

**Clare Adamson (Motherwell and Wishaw) (SNP):** On a point of order, Presiding Officer. Could you advise the members who are yet to speak in the debate that the timings were given as four minutes? We have had a number of speakers cut short already.

**The Deputy Presiding Officer:** The position is actually that SNP members have four minutes, as was requested by the party's business manager, and that most other back benchers will have six minutes, through the normal time management of the debate.

16:50

**Collette Stevenson (East Kilbride) (SNP):** The people were promised change if they elected a UK Labour Government. However, there has been no change for the better. Keir Starmer's Government has kept the Tories' cruel two-child cap, which is pushing more and more children into poverty every single day. It has scrapped winter fuel payments for millions of pensioners, and it has failed to compensate the women against state pension inequality—WASPI—women. The UK Government has also decided to hike employer national insurance contributions, which is a move that will hammer vital public services.

Today, I will talk about the last of those failures. I am clear that the Labour UK Government must fully reimburse any negative impact on public services in Scotland that is caused by an increase

in employer national insurance contributions. Labour is trying to spin the move by saying that it will compensate the public sector for the national insurance changes, but the sums do not add up. The estimated cost of the NI hikes to Scotland's public services is more than £700 million, yet the UK Government is reportedly offering only around £300 million in compensation, which leaves a gaping hole in the budget. The costs include a £265 million charge for local councils and a charge of almost £200 million for our NHS, which is money that those bodies will have to pay to Westminster rather than spend on front-line services.

Social housing will also be affected by the national insurance changes, which it is estimated could cost registered social landlords around £15 million. The Scottish Federation of Housing Associations has said that Labour's proposals will have a difficult impact on housing associations and co-operatives and, ultimately, on their tenants and/or staff. That could lead to rent rises, which means that Labour's increase in national insurance will put more pressure on household incomes amid a cost of living crisis.

In recent months, the Social Justice and Social Security Committee has been looking into third sector finances. In evidence, we heard that the third sector is the essential sector, which delivers crucial support to thousands of people across Scotland. Right now, the third sector is looking for more financial clarity, including multiyear funding models, but, instead, the sector is now faced with increasing costs, thanks to the UK Labour Government's decisions. Before becoming a member of Parliament, I worked for a couple of charities and I know about the pressures of paying staff and dealing with funding, so I am sure that charities would rather not have to deal with this development. The UK Government must ensure that the essential sector is also fully compensated, so that organisations are not faced with difficult choices to balance the books.

The UK Labour Government's decision to increase employer national insurance contributions has been widely condemned. The public sector, the third sector and businesses are united against the move, which will impact vital services across the country. Organisations that provide public services in Scotland are due to pay a net £400 million to Westminster's coffers simply as a result of the increase in employer national insurance contributions. That poor Labour decision is likely to increase social rents and divert money from front-line health services. It is a tax on jobs that is an additional barrier to our social care sector. The SNP Government stands with local authorities, the Scottish Trades Union Congress and civic society in calling on the Labour

chancellor to fully recover the increased costs for the public sector and the third sector.

**The Deputy Presiding Officer:** Ms Stevenson, you will need to conclude, as you are over your time.

**Collette Stevenson:** The UK Government must do the right thing to protect essential services.

16:55

**Liz Smith (Mid Scotland and Fife) (Con):** When we debated the issue just three short months ago, I reminded members of the time in 2010 when 50 prominent Scottish business leaders told Gordon Brown, the then Prime Minister, that the main threat to Britain's economic recovery was that of putting a tax on jobs, which is exactly what has happened with the move that we are debating today. The late Alex Salmond protested vehemently alongside those Scottish business leaders, because he feared that such a tax would have the worst effects on the Scottish economy.

The tax on jobs that is now in place thanks to the UK Labour Government means that employers will have to fork out £900 extra for each employee on median average earnings and £770 extra for those on the minimum wage. It is a policy that explicitly breaks Labour's manifesto commitment, despite what Daniel Johnson—who is not in the chamber at the moment—said. I remind him that, in 2022, Ian Murray, who is now Secretary of State for Scotland, and Jackie Baillie said that the national insurance rise would have a significant detrimental impact on working people.

That is an important point. A knowledge of the most basic economics—never mind Michelle Thomson's advanced understanding of elasticity, for which I give her great credit—tells us exactly what will happen: costs will rise, jobs will be lost and prices will rise for consumers. That knowledge also tells us that increasing employer national insurance contributions makes hiring staff and creating new jobs, especially in labour-intensive industries such as retail and hospitality, much more challenging, which, in turn, is likely to have a negative effect on the very thing that we so desperately need—economic growth. We know what housing associations are saying about the effect that that will have on the market.

Where is the logic in a policy that our universities have said will cost them more than £45 million, on top of the very serious funding gap that they all face, which most vice-chancellors in Scotland have been warning about for months? Where is the logic, given that we want our universities to be leaders in innovation and development? I do not understand the policy, and

the university sector feels extremely strongly about it.

Labour's rationale for the tax hike was that it would plug what it described as a £22 billion black hole, although that statistic was greatly disputed by various economists and commentators. Labour believes that it will ensure that money will be available for investment in public services, especially in schools and the NHS. It also told us that there were other policies that would help, so nobody should get too worried about it. Frankly, I find that bizarre.

The increase in employer national insurance contributions will have a very serious impact on many people in Scotland, as well as businesses and disability charities, which provide extremely important services to our most vulnerable in society, and it will create negative externalities in the market. Michelle Thomson, who knows all about negative externalities, as well as elasticities, will perhaps agree with that point, because they are serious. We might talk about grand economic theory, but such issues matter on the ground to the people who are running businesses. That is the problem that Labour must face, because, as other members have said, businesses are having to reduce staff and cut salaries and working hours, which is not acceptable.

I will finish on a point about the Scottish economic context. Figures from the Scottish Fiscal Commission, the Fraser of Allander Institute and the Institute for Fiscal Studies all show that implications arise from the UK Labour Government imposing tax rises and from the Scottish Government hiking taxes, which Craig Hoy mentioned in his opening remarks. That matters, too. The combination of a high-tax scenario in Scotland and the implications of the national insurance changes in the UK is having a detrimental effect when it comes to rewarding entrepreneurship, innovation and job creation, which we need to be very careful about.

I cannot stress enough just how serious this issue is at the very time that Scotland needs to create economic growth.

17:00

**Clare Adamson (Motherwell and Wishaw) (SNP):** Higher costs, higher prices and job losses—austerity on stilts from the Labour Government. That is not the change that we were looking for. Charities and businesses are closing in our communities as a result of the hike in national insurance, and the policy will have dire consequences for organisations in every community. My Labour colleagues must be getting the same emails and phone calls that I am getting from local businesses, charities, hospices and

other organisations in our communities that are scared for their future.

In my constituency, once a quarter, I convene the community action network, which brings together local and national organisations with a shared commitment to tackling poverty and supporting people in North Lanarkshire. It is integral to the community's wellbeing and the work in my community. I asked members of the network how the tax hike would affect them, and the responses have been stark.

Barnardo's said:

"It is a very significant challenge for our charity, and will inevitably mean that we have less resource to direct towards meeting the immediate needs of children."

The policy will impact

"our ability to fund our crucial frontline services to vulnerable care experienced young people, homeless young people and homeless families throughout North Lanarkshire."

LAMH Recycle, which is a local firm that works to reduce barriers to employment through recycling, said:

"It is going to have a big impact on our future planning and recruitment would need to be halted as the costs would be too much."

North Lanarkshire Carers Together said:

"The impact of this means we will struggle to offer staff cost of living salary increases"—

which they deserve—

"over the next 5 years."

That testimony reflects the broader picture: long-term risks, the loss of quality and experienced staff and, for many, a reduction in critical front-line services.

Turning Point, a leading social enterprise that delivers essential health and social care services across 18 local authorities, said that it faces a financial hit of possibly £1.2 million and that the policy

"placed every one of our services into a deficit or enhanced deficit position."

This phrase from its response stood out:

"Less funding will see less service."

That is an apparent but deeply important point.

Lanarkshire Links, whose work is integral to mental health advocacy in my area and is informed by people with lived experience of mental ill health, expects the national insurance increase to result in significant funding cuts and said that it threatens the job security of its team, with those voices being lost.

I could go on and on. We were promised that what has been announced would not happen.

This afternoon, we have been challenged to say how we would have filled the black hole and what we would have done differently. Lorna Slater outlined exactly why flip-flopping between Labour Governments, Conservative Governments and coalition Governments has led to further obscene levels of inequality in this country. That is the nub of the issue. It is not about whether we have a choice between doing this or increasing taxes elsewhere; it is about having a vision for a more equal and fairer society—one that embraces universal services and is built on reducing the inequalities that the poorest people in our communities face. One would think that those calls would be coming from Labour members, but it is Oxfam that is leading the fight on the issue.

Labour members want to know how we could do that. I appreciate that non-dom status has been removed, but how about looking to the World Bank's advice on our tax system? The fact that our system is so complex means that there is much tax avoidance and fraud, and simplifying the system could reduce the impact of that completely. There needs to be a vision for a stronger, fairer and more equal society.

17:04

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

Thank you, Presiding Officer, for the opportunity to speak, albeit briefly. My key theme is that Labour was right to raise taxes, but it has chosen to raise the wrong tax. That is partly because it promised before the most recent election not to raise income tax or employee national insurance. That should be a warning to all of us about what we put in our manifestos.

I have said previously, and I am happy to say it again, that we cannot have taxes as low as they are in Scotland and the rest of the UK and expect to have good-quality public services, whether it be better road surfaces, shorter NHS waiting times, more mental health support or more classroom assistants. Either we accept public services roughly as they are, or we look at how we can raise more money through taxation. I note that the Conservatives, as they always do, are murmuring when I say that kind of thing.

I agree that raising employer national insurance contributions was not the best option. We have had a number of suggestions already, but how about higher VAT on luxury goods and services? We could have capital gains tax on first homes as well as second homes. We could have a production tax on whisky. We could have a carbon land tax. The list goes on and on. However, there is no getting around the point that most of us want better public services, and that means more taxation.

In particular, at Scottish and UK levels, we need a replacement for council tax. It must not be revenue neutral; it must raise more revenue, especially for local government. That would also impact positively on national finances.

However, the fact is that employer national insurance contributions are being increased, and there seems little likelihood that Westminster will suddenly become more generous and refund all employers in Scotland, or in England, where GPs and the third sector are also losing out. I certainly support the Government's motion calling on Westminster to reverse its decision, but I am not holding my breath.

17:06

**Ash Regan (Edinburgh Eastern) (Alba):** The UK Government's decision to raise employer national insurance contributions will have devastating consequences for Scotland's businesses, charities and public services. The not-for-profit Thistle Foundation, which does critical work in my constituency to support thousands of people with disabilities and long-term health conditions, has called the ENICs hike a "catastrophic blow", with the impact on it leaving an unfunded financial gap of £292,000.

High-volume, low-profit employers are appalled that Scotland's block grant is being used to offset short-sighted policy making from London. Women dominate Scotland's workforce in sectors that are being hit hardest by the increased costs—health, social care, retail, hospitality and the third sector—and many of those industries are already struggling with financial pressures. They now face higher costs, possible job losses and service closures. If employers are forced to cut jobs or reduce hours, women, who are more likely to be working part time or in low-paid roles, might well suffer first. The Convention of Scottish Local Authorities, the STUC and 50 other organisations have warned the UK Government that the decision risks Scotland's vital services.

The Parliament has already debated the ENIC hike and there is largely consensus, even from some in Labour, who might now be pondering the benefit of independence from their Westminster Government's chaotic decisions. The UK Government is acting in an economically illiterate manner. This tax on jobs is anti-growth and it should be dropped.

We could be discussing other important issues of strong public interest in the chamber today, such as Government-funded bodies acting beyond the law and NHS board accountability. I hope that the Parliament and the Scottish Government are listening to that point.

17:08

**Gillian Mackay (Central Scotland) (Green):** Throughout the debate, many members have mentioned the various sectors of the economy that will be impacted. I will leave the intricacies of elasticity, among other things, to Liz Smith and Michelle Thomson, but I believe that the immediate impact on the health and social care sector is particularly stark and warrants highlighting.

As has been mentioned throughout the debate, the Labour UK Government's employer national insurance contribution changes represent a substantial financial and operational burden for third sector organisations and social care providers across Scotland. Workforce costs already account for the majority of expenditure in the sectors, which leaves little room for them to contend with those further increases.

The rise in employer national insurance contributions is especially unsustainable for smaller providers and for those with high staffing requirements, many of which are already operating on extremely tight margins. The direct results of the changes could lead to real risks of service reductions, staff lay-offs and closures, which will further jeopardise the care sector, which so many people rely on and which we should all be fighting to fund better and stabilise.

Scottish Care's analysis points to the fact that the changes to national insurance rates that were announced in the UK budget will create additional financial burdens on independent care providers in a dangerous and inequitable—which is not easy to say at this point on a Monday—way. Scottish Care has outlined the potential for care homes to close as a result of the change. The people in those care homes still need care and places have to be found, which is putting more burden on an already stretched system. If care homes close, it will cost the public sector more to find places for those people.

Labour trumpets its increased block grant to the Scottish Government, but what use will that be if we end up having to find emergency care places as a result of the decision? The Health and Social Care Alliance Scotland—the ALLIANCE—alongside other third sector organisations has raised serious concerns about the financial strain that is being caused by increased national insurance contributions. It has signed a joint letter to the Chancellor of the Exchequer, following a survey of its organisation members that found that 85 per cent are worried about the additional costs, with 62 per cent fearing service cuts, 82 per cent being concerned about financial stability and 71 per cent expecting recruitment and retention challenges. Many have called for exemptions or increased funding to offset that burden.

Meanwhile, data from the Scottish Council for Voluntary Organisations estimates that the change will cost third sector organisations in Scotland £75 million next year, which further threatens the sector's ability to deliver essential services.

The list does not stop there. The Coalition of Care and Support Providers in Scotland expects not-for-profit providers within its community alone to face an additional £30 million bill next year, due to the rate increase and threshold reduction—costs that it cannot afford and has no clear way to cover. In recognising the urgent need for action, the CCPS has also written to the chancellor, calling for full exemption for public service social care providers. It warns that, without that, the consequences will be devastating. That could very soon lead to the loss of vital community-based support, which will increase the strain on the NHS and the Scottish Prison Service and put a heavier burden on unpaid carers, many of whom already struggle to balance employment with wellbeing.

The Labour UK Government's failure to recognise and account for the impacts of the changes on social care and third sector organisations raises further concerns about the lack of value being placed on social care, and about awareness of the perilous state of the sustainability of the sector. The Nuffield Trust estimates that the employer NIC changes will cost independent sector social care employers in the region of an additional £940 million in 2025-26. It also points out, most notably, that the Government seemed to be aware of those consequences.

An initial table that was published by the OBR on its economic and fiscal outlook included £5.5 billion provision for compensation for ENICs for public sector employers and adult social care. However, that was later revised through the removal of any mention of adult social care and reduction of the allocation to £4.7 billion. Officials have not yet explained the £800 million reduction, but, based on independent calculations, it appears to reflect an estimate of the ENICs change's financial impact on adult social care. That strongly suggests that the UK Government understands the sector's vulnerability but has chosen not to provide the necessary support. Alarmingly, major adult care provider failure is listed in the national risk register, which warns that such failures could severely disrupt care for those who depend on it. Without urgent intervention to stabilise the sector now, it could be decimated.

Many members have mentioned this afternoon how hopeful they were at the end of the Conservative Government and their disappointment at the mess that the decision has caused. Alex Cole-Hamilton, Lorna Slater and Kevin Stewart, among others, mentioned the other

options that are available to the UK Government, none of which it seems even to have considered.

A few members mentioned the impact on hospices. Given the charitable nature of hospices, we are passing a burden back to them to raise money from people in their communities to plug the gap. That points to the effects that many members have warned of beyond the immediate rise in ENICs. Their needing to raise more money to plug gaps in services is a horrendous situation for charities to be in.

Today, the Scottish Greens call on the UK Government to, at the very least, fully fund the increase in employer national insurance contributions for commissioned services and arm's-length external organisations. The additional costs will place significant strain on vital services and the organisations that deliver them, many of which are already operating under extremely challenging financial and operational conditions. Those providers have an unsustainable burden, with many already grappling with the consequences of having very little funding and of Brexit and its devastating effect on staff retention.

If the additional cost of ENICs is not addressed, it not only will compromise the ability of those organisations to maintain the services that people rely on but could also lead to cuts, closures and reduced quality of services. The consequences of that would be far reaching, impacting on the most vulnerable members of society and further exacerbating existing challenges in our health and social care systems. The UK Government must act now to ensure that those organisations are fully supported, thereby safeguarding the essential services that contribute to the wellbeing and support of our communities.

**The Presiding Officer (Alison Johnstone):** I remind all members who have taken part in the open debate that they are expected to be in the chamber for closing speeches.

17:15

**Martin Whitfield (South Scotland) (Lab):** I am conscious of time, but it is a great pleasure to follow Gillian Mackay—even if it is on a Tuesday rather than a Monday. Perhaps it has been a long week for us all.

I will start with John Mason's speech, short as it was. He talked about the need to raise tax, the options of VAT, a production tax on whisky and, indeed, a replacement for the council tax. I start there because this is a debate about a UK Government decision and about the decisions that Governments have to make to match their outgoings to assist the society and communities that vote them in.

It is the UK Government's chancellor whose choices are being questioned, but, as Pierre Mendès France said, to govern is to choose and, to do that, we need to look at the reality that the Labour UK Government faced when it went through the doors. There has been mention of the famous letter saying "there is no money left", but the in-year financial catastrophe that the UK Government faced was enormous. There were assurances and promises to make payments but with no budget identified to do that and, without choices and decisions that others would look at and assess the viability of, there was a very serious risk of returning to the catastrophe that we had during the days of Liz Truss, when people would lose mortgage offers before they had had a chance to consider them.

**Ash Regan:** I have listened to Labour members' speeches all afternoon. Are they labouring under the apprehension, as Margaret Thatcher was, that the economy of a country is the same as a household budget? Perhaps I should send them an economics textbook so that they can brush up on economics.

**Martin Whitfield:** I am grateful for the intervention, although I am slightly disappointed by its tone. When we look at the cost of borrowing on the international markets, we can see the reality of what Governments representing their countries need to pay for borrowing. That cost has never been as stark—at least in current memory—as it was over the period when Liz Truss took over the Conservative Government at Westminster.

As I have said, governing is about choices, and the UK Government has chosen to provide, from the common wealth of the United Kingdom, nearly £4.9 billion to boost Scotland's finances, taking our block grant to £47.7 billion for 2025-26. That is a commitment to Scotland's people, to a devolved Scottish Government and to Scotland's future. It is not a gift; it is an investment in Scotland by a UK Government that believes in devolution and believes that Scotland has two Governments: the Scottish Government here and the UK Government at Westminster.

**Craig Hoy:** [*Made a request to intervene.*]

**Kevin Stewart:** Will Martin Whitfield give way?

**Martin Whitfield:** I will give way to Mr Hoy, if he is swift.

**Craig Hoy:** Mr Whitfield is right that the Government needs to choose, but is it not true that, since Labour came to office, it has made the same choices and the same mistakes as the SNP? They have both agreed to public sector pay increases that are way above inflation without working out how to pay for them.

**Martin Whitfield:** Mr Hoy talks about the mistakes of the SNP Government. It would be foolish—almost naive—and unexpected of me not to agree about the challenges and choices of the SNP Government. Similarly, I intervened on a Conservative back bencher, Sandesh Gulhane, to invite him to be retrospective about the decisions that the previous Conservative Government had made. It would still be beneficial to see some honesty about those decisions. If to govern is to make choices, those choices must be made.

During the minister's opening speech, Daniel Johnson intervened to ask what we should put up. Should that be personal tax or national insurance? Should it be VAT? That question went unanswered by the minister.

A number of speakers pointed to the UK Labour manifesto and alleged a breach of promise. The promise was about taxes on working people. There have been contributions from across the chamber regarding what the effect of that will be. The truth is that an economic black hole had to be filled in order to maintain confidence in the UK economy as a whole, and that has been done. Challenging decisions must be taken.

**Clare Adamson:** Will the member accept an intervention?

**Martin Whitfield:** My apologies: I am into my final minute and want to refer to a couple of other contributions.

It is foolish and incorrect to ignore the reality of the decision making or the reality that Scotland has two Governments and that the largest ever block grant—except for during Covid—has been provided to the SNP Government here.

The question comes down to the choices that we make. The devolved Government here, in Scotland, has chosen the size of its civic sector and earnings. Three members pointed to the importance of independence as a solution, but the reality is that this Scottish Government is in the position of having the largest amount of funding that has ever been made available to a Scottish Government and that the choices that it makes about that are its alone.

17:22

**Murdo Fraser (Mid Scotland and Fife) (Con):** We do not often come to the chamber and find the Conservatives agreeing with the wording of a Scottish Government motion, but today is a rare exception, because we agree with every word of the Scottish Government motion and will even be voting for it at decision time in a few moments. It might be nice of the SNP to return the favour and vote for our amendment, but that might be too much to ask.

It is right to say, as the minister did at the start of the debate, that the increase in employer national insurance contributions will cause deep damage to the Scottish economy and to public services. It is not only we, in the chamber, who are saying that; the Office for Budget Responsibility has clearly said that economic growth will be lower as a result of the national insurance increase.

Many members have spoken about the economic impact on the public sector. I will rehearse some of the figures, because they are important. It is estimated that the change will cost £750 million each year across the public sector in Scotland. The Convention of Scottish Local Authorities estimates the cost to councils to be £265 million, which will be only partly compensated for by the Scottish Government. That is, no doubt, one of the number of reasons why we expect to see double-figure increases to council tax rates across Scotland. The first of those—a 10 per cent increase—was made this afternoon by East Lothian Council. Mr Whitfield might be aware of that particular fact.

According to the Scottish Council for Voluntary Organisations, charities and bodies in the third sector estimate that the change will cost £75 million, and universities estimate that the cost to them will be £45 million. We have already seen the impact of that, with the University of Edinburgh having written to all its staff at the end of last week to share very serious concerns about its finances and to say that nothing is off the table regarding potential redundancies or future cuts to staffing.

We have seen the impact on the health service, which Sandesh Gulhane referred to in his contribution. In its briefing for the debate, the Royal College of General Practitioners set out its concerns about the impact on GP practices. Dr Gulhane also mentioned dental practices, which contract to the NHS and will not have their costs fully reimbursed.

The Scottish Federation of Housing Associations referred to the impact on registered social landlords, which is estimated to be some £15 million.

However, those are just the impact on the public sector and on contractors to the public sector. Let us also consider the impacts on the private sector. The Scottish Retail Consortium estimates that the impact in Scotland on the retail sector alone will be £190 million annually. Businesses across the piece will be hit, with the increase having a substantial impact on employment and hitting growth. According to the Office for Budget Responsibility, there will be a negative impact on wages, which are expected to be lower. The Scottish Hospitality Group estimates that the average hospitality business in its membership will be hit with a cost of £160,000 per year, and the

care sector is also deeply concerned about the impact on it, as Liz Smith pointed out.

The statistics are clear: the increase will be deeply damaging. Against that backdrop, it has been a very uncomfortable afternoon for Daniel Johnson and Martin Whitfield, who have had to defend the indefensible. I have some sympathy with them: we have been in that position occasionally in the past. *[Laughter.]* Now that their party is in government, they are feeling the heat.

Martin Whitfield asked us to reflect on the record of the Conservative Government over the previous 14 years, and I am very happy to do so. As has been referred to in the debate, when we came into government in 2010, there was “no money” left, according to the note that was left by the Chief Secretary to the Treasury. The deficit that was inherited in 2010 by the Conservative Government—I apologise to Mr Cole-Hamilton: I should have said “the Conservative-Liberal Democrat coalition”—was more than double the deficit in 2024. Also, let us not forget that that was after the Government of the time had to spend huge sums to support the economy and household incomes because of Covid and had then to deal with the consequences of the invasion of Ukraine and the substantial hike in energy costs that resulted. Despite all that, the deficit was still less than half of what it was in 2010.

For all that we hear from Labour about economic chaos, let us look at where we are now. Long-term borrowing costs are up and economic growth forecasts are down. The latest figures for economic growth across the UK show an increase of barely 0.1 per cent, and the per capita GDP figure is now negative: the economy is shrinking on a per capita basis. Let us remember that Rachel Reeves came in as chancellor promising that she was going to deliver growth. That seems to be so far away now; everything has gone backwards. It was a hollow promise.

Let us remember what Labour told us in advance of the election. The Scottish Labour manifesto in 2024 said:

“A UK Labour government will not increase taxes on working people and will not increase National Insurance, VAT or the basic, higher or additional rates of Income Tax”.

As Liz Smith reminded us, Ian Murray said in March 2022:

“the Chancellor is choosing to bring in a huge National Insurance rise at the worst possible time that will have an enormous impact on working people and businesses ... under Labour, National Insurance wouldn't go up”.

Jackie Baillie, who is not in the chamber this afternoon, even lodged a motion in Parliament saying that national insurance increases would exacerbate the household difficulties and lead to

“rising inflation, increasing food and fuel prices, and high energy bills”.

Whether we consider the winter fuel allowance, the farm tax or the WASPI women, Labour has betrayed people and broken its promises.

However, it would be wrong of me to forget what the SNP has done in the same period. Despite all the fine words that we heard from the SNP front bench about the need to support businesses, in the SNP’s budget and its choices it has maintained the income tax differential between here and the rest of the UK and has failed to pass on the business rates relief that is available south of the border. According to the Scottish Retail Consortium, which I mentioned earlier, the Scottish budget will add £7.6 million to rates bills in the coming financial year. It is no surprise that business confidence in Scotland is tanking, as it is in the rest of the UK.

I agree that Labour is letting us down, but so is the SNP. Martin Whitfield was right that Scotland has two Governments. The sad thing is that we are being failed by both.

17:29

**The Minister for Public Finance (Ivan McKee):** As my colleague the Minister for Employment and Investment made clear in his opening remarks, the impact of the UK Government’s decision to increase employer national insurance contributions is catastrophic. The decision leaves Scotland’s public services facing a bill of more than £700 million and it leaves the Scottish Government in a position where we are still to find out the final amount of consequential, which is yet to be confirmed by HM Treasury.

The reality is that this represents a significant material shortfall in relation to the expected cost to public sector employers for directly employed staff, due to the proportionally higher number of public sector workers in Scotland, who are also more highly paid. Our most valuable and important public service asset is, of course, our workforce, so this is not simply a technical adjustment—it is a fundamental abdication of responsibility by the UK Government. Reserved policies should work for all parts of the UK—yet, once again, Scotland is being disproportionately affected.

In his opening remarks, my colleague Mr Arthur set out the real and immediate dangers that are posed by this tax hike. He warned that businesses, which are already facing immense cost pressures, will have to make difficult choices about how to deal with materially higher costs, including through job cuts.

Make no mistake, Presiding Officer, this is a tax on jobs—that is where the tax ultimately falls. We

highlighted that key public services—services that the people of Scotland rely on daily—would be placed under even greater strain. What we have heard throughout the debate has only confirmed those concerns. The economic impact will be felt through the impact on jobs and through higher inflation, and it will affect every community, every sector and every household in Scotland.

Although the chancellor has confirmed that Scotland will receive a Barnett share of the funding provided to UK departments, that funding covers only directly employed staff. Commissioned service providers, who are critical to healthcare, social care and education, are not covered by the Barnett formula and nor is further or higher education—colleges and universities.

Let us be absolutely clear about what that means: the funding gap will hit GP practices, dentists, social care providers and early learning and childcare workers—services that are fundamental to the wellbeing of our population. Those services are already stretched and, without full financial compensation, their ability to operate effectively will be severely compromised.

The Cabinet Secretary for Health and Social Care met social care providers and other key stakeholders to discuss this very issue just last Thursday. We should be under no illusions about just how sobering the impact of this measure will be in terms of potential care home closures, job losses and cuts in service provision. The impact on the third sector needs to be recognised as well—a point that Clare Adamson, among others, made very well. There will be an impact on local organisations in our constituencies across the country unless the UK Government reconsiders and acknowledges the hugely damaging consequences of its decision for businesses, for the services that we all rely on, and for the wider economy. To provide some certainty for public services, the finance secretary has announced our intention to cover 60 per cent of the estimated employer national insurance contribution costs for directly employed staff.

This misguided tax rise by the UK Government will not only burden businesses but exacerbate the financial pressures facing Scotland’s local authorities. Council leaders have issued stark warnings that front-line services including social care, waste management, and local infrastructure will be forced to bear the brunt of these cost increases.

Education will also suffer. Schools and nurseries depend on support staff, whose employment costs will rise significantly under these charges. Local authorities will be left with few choices—reduce services, cut jobs, or pass on costs to struggling families. It is entirely unacceptable that decisions

made in Westminster will directly harm Scotland's young people, educators and parents.

The First Minister and the COSLA president, Shona Morrison, have already written to the chancellor, with their concerns being backed by 48 Scottish public sector and third sector organisations including the STUC, the SCVO and the British Dental Association.

That breadth of opposition, spanning the public, private and third sectors, should be a wake-up call for the UK Government. Scotland's businesses, workers and service providers are speaking with one voice: the policy is harmful, unnecessary and unsustainable.

It is staggering that, despite the scale of the concerns that have been raised, the UK Government has still failed to engage meaningfully with Scotland. The change was made without consultation or dialogue and without any consideration of Scotland's economic reality. If we are to believe that there is a genuine desire to reset relations between our Governments, actions—not words—must reflect that. The Cabinet Secretary for Finance and Local Government will once again press the issue with the UK Government at the upcoming finance interministerial standing committee on 27 February. Nonetheless, the key question remains: why are we having to fight for basic engagement? Why must Scotland repeatedly battle to have its needs recognised?

In the debate today, members set out the severe risks that are posed by this misguided tax increase. We warned of the pressures on businesses, the burden on public services and the broader economic impact of the tax on jobs. During the debate, those warnings have been reinforced time and time again. Members across the chamber have highlighted the impact that the increase will have on businesses; on local third sector organisations; on public services, both directly and on those that are commissioned; and across the wider economy. The impact that it will have on jobs is potentially significant. We have seen that this tax increase impacts on many parts of the economy across the private, public and third sectors. If the UK Government is serious about economic growth, supporting business and strengthening public services, it must provide full financial compensation to mitigate the impact of this misguided tax increase.

I fully agree with the Minister for Employment and Investment in his view that the policy is detrimental to all of Scotland's economy. We can already see the negative impact that it has had on business confidence and business conditions, and it is only a matter of time before we start to see the real impact on jobs. It is the wrong tax at the wrong time. This tax on jobs must be reversed.

Scotland's businesses, workers, public services, third sector, education and care sectors and others deserve better.

I call on members to support the Government's motion, and I call on the UK Government to reverse this misguided tax increase.

**The Presiding Officer:** That concludes the debate on employer national insurance contributions.

## Decision Time

17:37

**The Presiding Officer (Alison Johnstone):**

There are three questions to be put as a result of today's business. The first question is, that amendment S6M-16488.3, in the name of Craig Hoy, which seeks to amend motion S6M-16488, in the name of Tom Arthur, on employer national insurance contributions, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division. There will be a short suspension to allow members to access the digital voting system.

17:38

*Meeting suspended.*

17:39

*On resuming—*

**The Presiding Officer:** We move to the vote on amendment S6M-16488.3, in the name of Craig Hoy, which seeks to amend motion S6M-16488, in the name of Tom Arthur. Members should cast their votes now.

The vote is closed.

**Richard Leonard (Central Scotland) (Lab):**

On a point of order, Presiding Officer. My app would not connect. Had it connected, I would have voted no.

**The Presiding Officer:** Thank you, Mr Leonard. We will ensure that that is recorded.

**For**

Balfour, Jeremy (Lothian) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Dowey, Sharon (South Scotland) (Con)  
 Eagle, Tim (Highlands and Islands) (Con)  
 Findlay, Russell (West Scotland) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallacher, Meghan (Central Scotland) (Con)  
 Golden, Maurice (North East Scotland) (Con)  
 Gosal, Pam (West Scotland) (Con)  
 Greene, Jamie (West Scotland) (Con)  
 Gulhane, Sandesh (Glasgow) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Hoy, Craig (South Scotland) (Con)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Kerr, Stephen (Central Scotland) (Con)  
 Lumsden, Douglas (North East Scotland) (Con)  
 McCall, Roz (Mid Scotland and Fife) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)

Ross, Douglas (Highlands and Islands) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Whittle, Brian (South Scotland) (Con)

**Against**

Adam, George (Paisley) (SNP)  
 Adam, Karen (Banffshire and Buchan Coast) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Brown, Siobhian (Ayr) (SNP)  
 Burgess, Ariane (Highlands and Islands) (Green)  
 Chapman, Maggie (North East Scotland) (Green)  
 Choudhury, Foyso (Lothian) (Lab)  
 Clark, Katy (West Scotland) (Lab)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Dunbar, Jackie (Aberdeen Donside) (SNP)  
 Duncan-Glancy, Pam (Glasgow) (Lab)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Neil (Airdrie and Shotts) (SNP)  
 Greer, Ross (West Scotland) (Green)  
 Griffin, Mark (Central Scotland) (Lab)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Gillian (Central Scotland) (Green)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]  
 Mason, John (Glasgow Shettleston) (Ind)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McArthur, Liam (Orkney Islands) (LD)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McLennan, Paul (East Lothian) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNair, Marie (Clydebank and Milngavie) (SNP)

McNeill, Pauline (Glasgow) (Lab)  
 Minto, Jenni (Argyll and Bute) (SNP)  
 Mochan, Carol (South Scotland) (Lab)  
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)  
 O'Kane, Paul (West Scotland) (Lab)  
 Regan, Ash (Edinburgh Eastern) (Alba)  
 Rennie, Willie (North East Fife) (LD)  
 Robertson, Angus (Edinburgh Central) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Roddick, Emma (Highlands and Islands) (SNP)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Sarwar, Anas (Glasgow) (Lab)  
 Slater, Lorna (Lothian) (Green)  
 Smyth, Colin (South Scotland) (Lab)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Collette (East Kilbride) (SNP)  
 Stewart, Kaukab (Glasgow Kelvin) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Sweeney, Paul (Glasgow) (Lab)  
 Swinney, John (Perthshire North) (SNP)  
 Thomson, Michelle (Falkirk East) (SNP)  
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Tweed, Evelyn (Stirling) (SNP)  
 Villalba, Mercedes (North East Scotland) (Lab)  
 Whitfield, Martin (South Scotland) (Lab)  
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)  
 Wishart, Beatrice (Shetland Islands) (LD)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division on amendment S6M-16488.3, in the name of Craig Hoy, is: For 28, Against 92, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S6M-16488.2, in the name of Daniel Johnson, which seeks to amend motion S6M-16488, in the name of Tom Arthur, on employer national insurance contributions, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### For

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Balfour, Jeremy (Lothian) (Con)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Choudhury, Foysol (Lothian) (Lab)  
 Clark, Katy (West Scotland) (Lab)  
 Duncan-Glancy, Pam (Glasgow) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mochan, Carol (South Scotland) (Lab)  
 O'Kane, Paul (West Scotland) (Lab)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Sarwar, Anas (Glasgow) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Sweeney, Paul (Glasgow) (Lab)

Villalba, Mercedes (North East Scotland) (Lab)  
 Whitfield, Martin (South Scotland) (Lab)

#### Against

Adam, George (Paisley) (SNP)  
 Adam, Karen (Banffshire and Buchan Coast) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Briggs, Miles (Lothian) (Con)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Brown, Siobhian (Ayr) (SNP)  
 Burgess, Ariane (Highlands and Islands) (Green)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Maggie (North East Scotland) (Green)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Dowey, Sharon (South Scotland) (Con)  
 Dunbar, Jackie (Aberdeen Donside) (SNP)  
 Eagle, Tim (Highlands and Islands) (Con)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)  
 Findlay, Russell (West Scotland) (Con)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallacher, Meghan (Central Scotland) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Golden, Maurice (North East Scotland) (Con)  
 Gosal, Pam (West Scotland) (Con)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Gray, Neil (Airdrie and Shotts) (SNP)  
 Greene, Jamie (West Scotland) (Con)  
 Greer, Ross (West Scotland) (Green)  
 Gulhane, Sandesh (Glasgow) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hoy, Craig (South Scotland) (Con)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Kerr, Stephen (Central Scotland) (Con)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lumsden, Douglas (North East Scotland) (Con)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Gillian (Central Scotland) (Green)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]  
 Mason, John (Glasgow Shettleston) (Ind)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McArthur, Liam (Orkney Islands) (LD)

McCall, Roz (Mid Scotland and Fife) (Con)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McLennan, Paul (East Lothian) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNair, Marie (Clydebank and Milngavie) (SNP)  
 Minto, Jenni (Argyll and Bute) (SNP)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)  
 Regan, Ash (Edinburgh Eastern) (Alba)  
 Rennie, Willie (North East Fife) (LD)  
 Robertson, Angus (Edinburgh Central) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Roddick, Emma (Highlands and Islands) (SNP)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Simpson, Graham (Central Scotland) (Con)  
 Slater, Lorna (Lothian) (Green)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Collette (East Kilbride) (SNP)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Stewart, Kaukab (Glasgow Kelvin) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thomson, Michelle (Falkirk East) (SNP)  
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Tweed, Evelyn (Stirling) (SNP)  
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)  
 Whittle, Brian (South Scotland) (Con)  
 Wishart, Beatrice (Shetland Islands) (LD)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division on amendment S6M-16488.2, in the name of Daniel Johnson, is: For 21, Against 99, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The final question is, that motion S6M-16488, in the name of Tom Arthur, on employer national insurance contributions, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

The vote is closed.

**Nicola Sturgeon (Glasgow Southside) (SNP):** On a point of order, Presiding Officer. The app would not connect. I would have voted yes.

**The Presiding Officer:** Thank you, Ms Sturgeon. We will ensure that that is recorded.

**For**

Adam, George (Paisley) (SNP)  
 Adam, Karen (Banffshire and Buchan Coast) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Balfour, Jeremy (Lothian) (Con)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)

Briggs, Miles (Lothian) (Con)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Brown, Siobhian (Ayr) (SNP)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Dowey, Sharon (South Scotland) (Con)  
 Dunbar, Jackie (Aberdeen Donside) (SNP)  
 Eagle, Tim (Highlands and Islands) (Con)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)  
 Findlay, Russell (West Scotland) (Con)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallacher, Meghan (Central Scotland) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Golden, Maurice (North East Scotland) (Con)  
 Gosal, Pam (West Scotland) (Con)  
 Gougeon, Mairi (Angus North and Mearns) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Gray, Neil (Airdrie and Shotts) (SNP)  
 Greene, Jamie (West Scotland) (Con)  
 Gulhane, Sandesh (Glasgow) (Con)  
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)  
 Harper, Emma (South Scotland) (SNP)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hoy, Craig (South Scotland) (Con)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Halcro Johnston, Jamie (Highlands and Islands) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Kerr, Stephen (Central Scotland) (Con)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lumsden, Douglas (North East Scotland) (Con)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]  
 Mason, John (Glasgow Shettleston) (Ind)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McArthur, Liam (Orkney Islands) (LD)  
 McCall, Roz (Mid Scotland and Fife) (Con)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]  
 McLennan, Paul (East Lothian) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNair, Marie (Clydebank and Milngavie) (SNP)  
 Minto, Jenni (Argyll and Bute) (SNP)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)  
 Regan, Ash (Edinburgh Eastern) (Alba)  
 Rennie, Willie (North East Fife) (LD)  
 Robertson, Angus (Edinburgh Central) (SNP)

Robison, Shona (Dundee City East) (SNP)  
 Roddick, Emma (Highlands and Islands) (SNP)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Collette (East Kilbride) (SNP)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Stewart, Kaukab (Glasgow Kelvin) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thomson, Michelle (Falkirk East) (SNP)  
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Tweed, Evelyn (Stirling) (SNP)  
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)  
 Whittle, Brian (South Scotland) (Con)  
 Wishart, Beatrice (Shetland Islands) (LD)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

### Against

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Choudhury, Foysol (Lothian) (Lab)  
 Clark, Katy (West Scotland) (Lab)  
 Duncan-Glancy, Pam (Glasgow) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 McNeill, Pauline (Glasgow) (Lab)  
 Mochan, Carol (South Scotland) (Lab)  
 O’Kane, Paul (West Scotland) (Lab)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Sarwar, Anas (Glasgow) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Sweeney, Paul (Glasgow) (Lab)  
 Villalba, Mercedes (North East Scotland) (Lab)  
 Whitfield, Martin (South Scotland) (Lab)

### Abstentions

Burgess, Ariane (Highlands and Islands) (Green)  
 Chapman, Maggie (North East Scotland) (Green)  
 Greer, Ross (West Scotland) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Mackay, Gillian (Central Scotland) (Green)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Slater, Lorna (Lothian) (Green)

**The Presiding Officer:** The result of the division on motion S6M-16488, in the name of Tom Arthur, on employer national insurance contributions, is: For 93, Against 20, Abstentions 7.

### *Motion agreed to,*

That the Parliament recognises the significant adverse impacts of the UK Government’s intended changes to employer national insurance contributions (ENICs) on Scotland’s businesses, third sector, public services and wider economy; believes that the impacts are likely to result in higher costs, job losses, increased prices and cause some charities and businesses to close altogether; notes the potential disproportionate impact of the changes on consumer-facing sectors of Scotland’s economy, such as retail, tourism and hospitality businesses, organisations providing social care and third sector organisations

commissioned to provide public services; agrees with the significant concerns expressed by 50 organisations in Scotland, including COSLA and the STUC, who, along with the Scottish Government, wrote to the UK Government describing the risk to the vital services that they provide due to these additional costs, and calls on the UK Government to reverse this decision and not raise ENICs as planned in April 2025.

**The Presiding Officer:** That concludes decision time.

## Fishing Sector

**The Deputy Presiding Officer (Liam McArthur):** The final item of business is a members' business debate on motion S6M-16282, in the name of Beatrice Wishart, on opportunities and challenges for Scotland's fishing sector in 2025. The debate will be concluded without any questions being put. I invite members who wish to participate in the debate to press their request-to-speak buttons now or as soon as possible.

### *Motion debated,*

That the Parliament commends the hard-working fishermen of island and coastal communities, including in the Shetland Islands constituency; understands that, as published in the most recent Marine Economic Statistics in December 2024, fishing contributed £335 million to Scotland's economy in 2022, including £83.3 million from Shetland; notes the dangerous nature of the open sea and the at-sea dangers of manmade infrastructure, as well as from other fishing vessels conducting dangerous procedures and manoeuvres; further notes concern in the sector about increasing competition for marine space and the calls to establish designated cable corridors as a means of addressing spatial squeeze and promoting co-operation; recognises the cultural and economic significance of fishing to Scotland; highlights fish as what it sees as a sustainable, low-carbon source of protein; understands that the Scottish Government has not held a debate on fisheries since 2022, and notes the belief that action to address spatial squeeze in Scotland's seas is in the long-term interests of the fishing sector as well as the wider Scottish economy.

17:47

**Beatrice Wishart (Shetland Islands) (LD):** Thanks to those who supported the motion and the debate and to everyone who provided briefings. Despite championing our world-class seafood, the Scottish Government last held a debate on fisheries in 2022. The sector makes a significant contribution to Scotland's economy and to our coastal communities.

As a representative of Shetland, where fishing is of such economic and cultural importance, I cannot speak about the industry without referring to the recent sad passing of the senior fisheries policy adviser at UHI Shetland. Dr Ian Napier was a highly respected scientist and long-time supporter of Shetland's fishing industry. He made a significant contribution to the industry, not least with his work on the Shetland Islands Regulated Fishery (Scotland) Order 1999, which, some 25 years later, is held up as a good example of local inshore fisheries management. Ian Napier's sudden passing is mourned across the community and industry, by his friends and colleagues at UHI Shetland and, most of all, by his family. To them, I extend my deepest sympathy.

A recent global survey deemed fishing to be the most dangerous job in the world. I pay tribute to all

the fishermen across the United Kingdom, many of whom are in the Shetland fleet. Fishing is a way of life, with family businesses, knowledge and skills passed down from generation to generation. Fishermen are custodians of our seas and stakeholders in its wellbeing, and they are invested in a sustainable future. However, fishing is becoming increasingly challenging. Without those who harvest the nutritious, healthy fish, the economy and food security would suffer.

On numerous occasions, I have raised concerns about the level of Scottish Government investment in Scotland's marine directorate, which I believe is inadequately resourced given all that is asked of it. Fisheries protection, marine protection, renewable energy, scientific research and data gathering are all necessary for future policy making.

We have seen traditional fishing areas lost to at-sea infrastructure. Since the discovery of North Sea oil and gas, more than 50 years ago, we have had a growing renewable energy sector, with sites set to host vast swathes of offshore wind farms. Climate change is real, but so, too, is spatial squeeze. In its briefing to members the Scottish Fishermen's Federation stated:

"Successful, viable and long-standing businesses will lose access to vast tracts of the seabed where they have fished effectively and efficiently for decades. These areas have remained productive for many years but are now set to be lost to food production as they become industrialised with floating offshore wind farms where it will be practically impossible for fishing to continue due to the physical infrastructure of the windfarm."

Offshore wind power cannot happen at the expense of fishing. A transition is not just if it ends up squeezing the life out of viable fishing businesses.

In October 2022, Shetland experienced serious damage to sea bed telecommunication cables, which impacted all aspects of island life. There are also safety issues. Hauling up a cable could result in the loss of a vessel or, worse, the loss of lives. National security is important in a volatile world where foreign powers might seek to undertake acts of disruption. I therefore reiterate my support for the creation of cable corridors to co-ordinate cables from offshore wind turbines, interconnectors and telecoms to run along designated routes.

Yesterday, I was in Whalsay, where Shetland's pelagic fleet is based. The island community there is built around centuries of fishing—it is the epitome of a successful fishing community. I heard at first hand of the impact of the Scottish economic link licence condition. The fish landings obligation requires pelagic vessels to land 55 per cent of their catch at Scottish ports. If they do not, they have to return quota to the Scottish Government. To the uninitiated, that might seem a reasonable

ask, to benefit the wider Scottish economy, but when unintended consequences are not addressed they affect the fleet, its landings and income and, ultimately, the country's economy.

Uncertainty about the future in turn stalls further vessel investment and creates delay in replacing retiring crew or bringing in new, young talent. I heard an example of what can happen during the short summer herring season. Four pelagic processing factories operate in Scotland, and vessels that are not tied to a specific processor can find themselves vying for a time to land their catch. Waits of up to four days to land are not unknown, which impacts the quality of the catch and causes delay in returning to fishing grounds. Herring waits for no one. Steaming to Norway, where the price difference can be as much as £300 per tonne, to land a catch can save time and money, despite the costs and environmental impact of increased fuel usage. I understand that a Scottish Government review of the impact of the amended economic link provisions is under way. When the cabinet secretary responds to the debate, it would be helpful if she could indicate when that report will be published.

I recognise the time constraints on the debate, so I will conclude by mentioning that other challenges exist. They include the dangerous actions of other vessels at sea, such as the widely reported incidents involving the *Pesorsa Dos* and the *Antonia Maria*; the trade and co-operation agreement—TCA—negotiations; marine planning and marine protected areas; marine pollution; ghost gear; and the impact of dumping at sea on fish, seabirds, cetaceans and other marine life. There is so much to say, but, should the Scottish Government initiate a fisheries debate within the remainder of the parliamentary term, there will be a further opportunity to expand on all those important matters.

**The Deputy Presiding Officer:** Thank you, Ms Wishart. I echo your comments on the loss of Dr Ian Napier.

We move to the open debate. I advise members that we are a bit pressed for time, given the later decision time. The debate has attracted a lot of interest, so I would be grateful if members could stick to their speaking time allocations.

17:54

**Karen Adam (Banffshire and Buchan Coast) (SNP):** I thank my colleague Beatrice Wishart for securing the debate. I am the convener of the Parliament's cross-party group on fisheries and coastal communities. Ms Wishart is my deputy convener, and I know that she is really committed to the subject. It is absolutely right that we take the time to discuss our fishing sector—not just the

challenges that it faces, but the solutions that we can all work towards.

In 2022 alone, fishing contributed £335 million to Scotland's economy, with my Banffshire and Buchan Coast constituency leading the way. Peterhead remains the UK's largest fishing port by landed weight and value, while Fraserburgh plays a critical role in both catching and processing. Buckie and many other smaller ports support local businesses and jobs that depend on a thriving seafood sector.

One of the biggest concerns raised by our fishing communities is the spatial squeeze caused by offshore wind developments, subsea cables and conservation measures, although representatives of the fishing industry have told me that they understand the need for an energy transition—they see the effects of climate change in our changing seas. I therefore proposed the creation of the cross-party group on fisheries and coastal communities to bring together fisheries and offshore renewables businesses and to have a space in which to have open discussions of the issues outwith formal negotiations. Offshore developers and the fishing industry must be able to co-exist. That means creating a formal framework in which fishers are involved from the start, and not just as a tick-box exercise.

If we want Scotland's seafood industry to succeed, we need investment in the entire supply chain, and that means ensuring that our harbours and processing facilities have the infrastructure to support that growth. I welcome the investment in our harbours that the Scottish Government recently announced, and also the discussions on establishing a ring-fenced fisheries infrastructure fund, similar to those in countries such as Norway and Iceland, to ensure that our ports remain competitive in a global market.

In my constituency, seafood processing is a major employer, but Brexit has made it harder than ever for businesses to recruit the workers that they need. Many previously relied on skilled migrant workers, and the current crisis threatens not only our processing jobs but the entire seafood supply chain. The Scottish Government has consistently called for a visa scheme that works for seafood processors, but we cannot afford to wait for Westminster to listen.

I would welcome the establishment of a Scottish seafood labour task force to bring together processors, Government and industry leaders to push the issue forward. We must also explore new recruitment strategies, including direct partnership schemes with key non-European Union markets, such as the ones that we already have for seasonal agricultural workers. Where possible, we should invest in skills training and automation to ensure that the industry remains resilient.

If we want Scotland's seafood industry to compete internationally, we could also consider having a Scottish seafood export strategy that focuses on streamlining customs processes, reducing export delays and expanding markets beyond the EU. For example, Scottish seafood trade missions could open up opportunities in Asia, North America and beyond.

If there is one thing that must come from the debate, it is the recognition that Scotland's fishing sector cannot be considered in isolation. We need a whole-industry approach. All aspects of the supply chain—catching, processing and exporting—must be considered together if we are to secure the industry's future. A thriving fishing sector depends on having a strong processing sector; a strong processing sector depends on having reliable access to markets; and all of that depends on investment in our ports, workforce and marine space. Those challenges are significant, but so are the opportunities if we all work together in a holistic approach.

17:58

**Tim Eagle (Highlands and Islands) (Con):** I could speed things up by saying, "Ditto" to both of the preceding speeches, but I will add a wee bit to the debate. I thank Beatrice Wishart for bringing this vital discussion to the chamber.

I agree with pretty much everything that has just been said about our fishing industry. I will start by mentioning a couple of initiatives that impressed me recently. One was the Scottish Fishermen's Federation's "Pride in the Seas" exhibition; the other was the Open Seas #OurSeas campaign. I have taken a few quotes out of the many that we saw at a recent showing of the SFF's exhibition in the Parliament. Colin Stephen, the skipper of a haddock trawler from Peterhead, said:

"You've got to look after the next generation. I don't know any fishermen who just think about today and forget about tomorrow."

According to Erin MacKenzie from Mallaig, "fishing holds an integral place in coastal communities"

and we have to preserve

"generations-old skills and knowledge".

As part of the #OurSeas campaign, Haydn McKenzie from Kyleakin said:

"There's definitely a future for the fishing industry if we play our cards right. But at the same time, it is a pretty bleak future if we don't."<sup>2</sup>

Going back to the "Pride in the Seas" exhibition, Mark Robertson, part-owner of a Fraserburgh shellfish vessel, maintained that

"solutions can be found if government works with fishermen, not against them."

There is really only one question to be asked today, and it is for the cabinet secretary. Can she give us some time to debate the issue fully and have a full discussion about the importance of our fishing industry across the whole of Scotland? Whether it is in Shetland, on the west coast of Scotland or in Buckie, Fraserburgh or Peterhead, it really matters.

Beatrice and Karen already mentioned some of the reasons why that is important, but I will go over them again. There is the Norway-United Kingdom fishing deal and the end of the UK trade and co-operation agreement—it will be interesting to hear Rhoda Grant's thoughts on that. There are issues around inshore fisheries; spatial squeeze is truly becoming a big issue and a real worry for our industry. There is the national marine plan and where we are going with it. We need more conversations about landings in Scotland and the local management of seas. We need to talk about the marine directorate, including where we are with it, what facilities it needs for the future and whether we are making the best use of the resources that it has.

How are we really managing foreign-owned boats in our waters? That affects several segments of the industry. I have recently spoken a wee bit to Fishing Forward UK about the pressures that it feels there are and its distrust of some of the statistics that the Scottish Government is putting out.

How can we invest in great projects like those in Fraserburgh, Peterhead, Ullapool and Shetland, which would all love to see expansion? What about ghost fishing and black fishing—illegal, unreported and unregulated fishing?

Karen Adam made a very good point about the processing sector. I hear that there might be new markets in the middle east, but we need to have that discussion in the chamber so that we can ensure that the Government and the Parliament are fully behind everybody.

I have been trying to get to the bottom of concerns that my constituents have raised with me. As I mentioned, there are concerns about statistics not being right, and I have been sent videos of unreported and unmonitored landings and transshipping at sea. There are concerns about boats not meeting the economic link conditions, which Beatrice Wishart brought up.

We need time to discuss those things. I cannot cover them all in four minutes—we must have more time. That is why I really hope that the cabinet secretary can, today, give us an assurance that the Government will give time to this important debate. If we come together and get behind the great value of our primary industries; if we work towards practical, reasoned rules and

regulations; and if we rightly allow ourselves to make the most of our seas—and, for that matter, our land—we can build communities that are strong and resilient. I say to the cabinet secretary: please let the Government take the initiative, and take the lead, so that we can all show that fishing matters to all of us in Scotland.

**The Deputy Presiding Officer:** Thank you, Mr Eagle. I encourage members not to bring their speeches in on time by cutting the surnames of other members. That aside, I commend you for coming in on time.

18:02

**Rhoda Grant (Highlands and Islands) (Lab):** I thank Beatrice Wishart for securing this members' business debate and for her fitting tribute to Dr Ian Napier. I, too, send my condolences to his family.

I recently had the privilege of hosting the Our Seas coalition exhibition and reception in the Parliament. It was clear to me from that event, and from speaking to the fishing community throughout the Highlands and Islands, how disengaged from decision makers the industry feels.

Bailey Dacker, who took part in the exhibition, summarised a lot of the feeling around decision making when he said:

"I don't feel like I have a say in the decisions made about the sea, but I'd like to. A lot of the decisions by the government aren't taking into consideration the fishermen's thoughts at the moment. If I were to make one request of political decision-makers, it would be to come and ask us younger fishermen. Whatever you manage right now, the likes of myself or my mates don't ever hear about anything or get asked any questions about what we think about this. We just see it happening and have to adapt to it."

That has to change. However, as the motion testifies in highlighting the lack of a Government debate on the subject, fishing appears to be a very low priority for the Government.

I know that those in the fishing community were keen on Brexit, as they thought that being outside the European Union would deal with many of the issues that they faced. Sadly, however, that has not been the case, and there is now even less focus on fishing.

The Rural Affairs and Islands Committee recently visited the Scottish Government marine laboratory in Aberdeen, and—to be frank—we have all visited better-kept boat sheds. The lack of investment in the laboratory and in marine science was absolutely embarrassing to see. At the same time, some of the Scottish statutory instruments to manage fishing that come to committee are based on data that is incomplete or simply wrong. The fishing community is bemused by regulation that bears no resemblance to reality.

There is also the added pressure on our marine areas. Inshore fisheries are under pressure from mobile gear boats, and all areas are under pressure from increasing demands on our seas. Aquaculture and seaweed farming are marine activities, but there is encroachment on those areas from offshore renewables, cables, pipelines and the like. All of that puts pressure on fishing, before we even start to look at the conflict that arises from foreign boats. The policing of that conflict falls to the marine directorate's seafarers, who are undervalued and underpaid and are sent to police the seas in extremely dangerous conditions.

There are many other issues that we need to debate, including the shape of our industry; the gear that is used; how fishers can work to protect our marine environment; and training, skills and investment. A members' business debate simply does not allow us the time to debate all those issues properly. We need Government to look at the industry and beyond and at the way in which we use our seas, and to work with stakeholders and use their knowledge and expertise.

We need a strategy for the seas that shows where we fish, the features that we need to protect, where we generate energy and the many other aspects of our marine environment. That strategy needs to be drawn up with stakeholders and, within it, we need to allow for local management so that we can farm our seas in a way that is sustainable for future generations.

18:06

**Ariane Burgess (Highlands and Islands) (Green):** I welcome the opportunity to speak about Scotland's fisheries, particularly given that—as my colleague Beatrice Wishart pointed out—the annual end-of-year fisheries debate has disappeared from the calendar. I urge all parties to come together and reinstate that debate, which would give this crucial topic the public airing that it deserves.

I have met with fishers from Shetland to the west coast and other parts of Scotland's coast. I have been on board their vessels and have seen with my own eyes the dangers that they face. I am also aware of how fragile the industry is and how it struggles to attract young people.

An annual debate not only allows us to cover those issues; it also allows Parliament to scrutinise the Government's actions, which have been lacking in recent times. The Government seems to be content to contravene its own policy and legal obligations. For example, MSPs have been told that fisheries management is

"not a national or regional marine planning matter."—  
[Written Answers, 19 December 2024; S6W-32232.]

However, the reality is that, under the Marine (Scotland) Act 2010 and the national marine plan, fisheries management is very much in scope.

The Government also has a legal duty to balance the needs of economic actors with those of the environment, communities and other marine users. That makes sense, because neglecting any one of these elements damages the others. However, the Government has been ignoring that legal requirement and has been prioritising the needs of the current extraction-based economy above all else. That approach is not only ruining unique, precious ecosystems along Scotland's magnificent coastline; it also risks the future of the fishing industry, marine tourism and, by extension, coastal communities.

The failure to view those interests as a single whole has already had a negative impact. Overfishing and harmful fishing practices, as well as a lack of effective marine planning, have led to a drastic decline in fish stocks.

For example, Clyde cod, which was once a staple of west coast chippies, has practically disappeared. A lack of inshore management measures and poor monitoring practices means that the safeguards that are intended to protect the species are all but worthless. Clyde cod continues to be caught as bycatch by trawlers, which means that that unique type of cod has been unable to recover. That type of bad governance has also led to a steep decline in the number of fishers and fishing vessels. The Government's statistics show that, in 2023, there was an 8 per cent year-on-year reduction in the number of fishers, most of whom—more than 200—were islanders. That is fuelling depopulation in those areas, pulling families apart and damaging our nation's economy instead of bolstering it.

What can we do about that? Continuing with extraction at all costs is simply not an option if we want our seas and coastal populations to teem with life. What is needed is for the Government to abide by the law and ensure that it is working towards good environmental status whenever it makes marine decisions. We also need joined-up thinking from the Government and the marine directorate that is based on proper engagement with all those who rely on and enjoy our seas.

Inshore management needs urgent reform, marine protected areas need protection and low-impact fishers must be given the support that they need to flourish. Damaging fishing practices need to be halted in areas where they lead to a loss of fish stocks, and the roll-out of remote electronic monitoring measures must be sped up across all fleets.

**Finlay Carson (Galloway and West Dumfries) (Con):** Will the member give way?

**Ariane Burgess:** I have heard that we are short on time and I want to conclude my points, but I thank the member for trying.

We need to address all those things and design a holistic system that works for Scotland's seas, taking inspiration from existing schemes in neighbouring countries, such as England's inshore fisheries and conservation authorities. Above all, we must remember that wanting the best for our marine environment underpins fishing, as our environment is essential for fishing's future.

18:10

**Douglas Ross (Highlands and Islands) (Con):** I, too, congratulate Beatrice Wishart on lodging the motion and on the way in which she opened the debate. I also associate myself with her remarks—and yours, Deputy Presiding Officer—to the family and friends of Dr Ian Napier, who I know was respected by members on all sides of the chamber and across the industry.

I thank all the organisations that submitted briefings for the debate. The number of briefings that we received shows the interest that there is outside the chamber in influencing what MSPs say inside it. That supports the point that has been made by almost every speaker, which I reiterate yet again, that we should be debating the subject in Government time, not as an issue that is added on at the end of the day because a back-bench MSP has brought it to the chamber.

The Government really needs to reflect on the fact that it has not held a debate on fishing for three years, which is also sadly indicative of that particular department of the Scottish Government. We should also be debating the rural affairs brief more in Parliament. Indeed, when there was outrage—correctly—from farmers across Scotland and the rest of the UK about the inheritance tax that was applied by the UK Labour Government, although the Scottish Government brought a debate on the subject to the chamber, it only did so a week after Tim Eagle had led a debate on the issue for the Scottish Conservatives. Again, Opposition parties had to use their debating time to get the Government to discuss the issue.

I hope that the cabinet secretary will take many things away from today's debate and that we get a guarantee that there will be a full debate in Government time to allow the issue to be discussed in Parliament and across the parties, given that there are so many issues that we could focus on today.

I will focus on an issue that was one of three that the Scottish Fishermen's Federation highlighted in its briefing for the debate. Spatial squeeze is an issue that the industry and the sector are acutely aware of and are particularly

worried about with regard to their future. We hear talk about a just transition to renewables, and we all want to get behind that, but the industry feels that it is an unjust transition for the fishing industry. Too many long-established fishing areas are being lost to provide opportunities to allocate fishing grounds to the renewables sector.

We have to find a better way for the renewables industry to work with the fishing sector. I believe that the fishing sector has done an awful lot to accommodate what is happening in the seas and in our waters, but it is not being met halfway by industry, and in some cases by Government, which has left it feeling squeezed out of the fishing areas that provide us with the vital produce that we need.

People speak about renewables and offshore energy being part of our energy security, but we have to treat food security as being as high a priority as energy security. That means supporting our farmers but also our fishermen and giving them areas to fish in to provide the quality produce for which our Scottish fishermen are rightly famed.

I have worked on spatial squeeze for some time. When I was a member of the UK Parliament, the Scottish Affairs Select Committee held an inquiry on the issue and we published a report. Sadly, however, our report was not as full as it could be, because the cabinet secretary refused to attend the session. I know that SNP members were disappointed that she failed to attend. That reinforces the point that the Government needs to get behind the fishing industry and get involved in and engage with the sector.

Finally, several members have mentioned the coastal testimonies that we heard at the reception that was hosted by Rhoda Grant, which are in the book that has been provided to members. Rhoda Grant quoted Bailey Dacker from Kishorn, and I will finish by quoting him, too. He is a young fisherman who is passionate about his industry, and he says:

“Who would I say owns the sea? All of the fishermen.

I don't feel like I have a say in the decisions made about the sea, but I'd like to. A lot of the decisions by the government aren't taking into consideration the fishermen's thoughts at the moment. If I were to make one request of political decision-makers, it would be to come and ask us younger fishermen.”

We need to hear from the future generation of fishers, who are so important. I hope that the Government takes that on board.

18:15

**Fergus Ewing (Inverness and Nairn) (SNP):** I, too, congratulate Beatrice Wishart on her speech and on her support for the fishing industry. Indeed, she is following in the tradition of her predecessor,

Tavish Scott, who championed the industry's interests for many a year. Four minutes for a speech is very short, and I agree that there should be a proper debate. If there is not, that would be a bit of a slap in the face for our fishermen.

The magnitude of the challenges that face the sector now is serious, particularly in the case of some of the inshore fleets. I do not have time to address the issues relating to the demersal or pelagic fisheries, important though they are. Mr Ross made several points that I agree with, as did Rhoda Grant.

Some inshore fleets are in a parlous state. Elaine Whyte has told me that, as far as the Clyde goes, the decline is at a tipping point. Ten years ago, there were 66 trawlers, but now only 14 are active. One was lost this week, three are up for sale and many skippers face retirement.

We sometimes talk about fishing as if things have been the same for ever, but the challenges that the industry faces are absolutely enormous. That is why it is important that we have more time to debate them.

One of the key problems is that, contrary to some people's impression, large chunks of the sea are designated areas that cannot be fished.

I will make two points. First, the method of assessing the economic impact of proposed MPAs and other designated areas is seen by fishermen as deeply flawed and as completely failing to take account of the magnitude of what has happened. The figures that I have quoted about the declining fleet tend to give credence to that.

Secondly, there should surely be a review of the efficacy of what we have done already before we go on to do even more. It is madness to create more designations unless we know how the existing ones are performing.

The best conservation measures are often those that are proposed by the likes of Duncan MacInnes of the Western Isles Fishermen's Association, or his equivalents in Mallaig, on the Clyde, in Pittenweem and all around our coast.

I am talking just about inshore fishing because I do not have time to do anything else in this speech. Why do we not listen more to fishermen? As Rhoda Grant said, they feel that they are the forgotten tribe in our rural economy.

I suggest to the Scottish Government—although it is a bit late now because it has had four years to do this—that there should be a review of the effect of the MPAs and an independent analysis of how we assess their economic impact. The current system does not work. I hoped that that review would happen in my time, but we never quite got there.

I have here the strategy. I promise that I am not planning to tear it up, not least because I wrote the document but also because it would be out of order to do so. Scotland's fisheries management strategy, which was produced in 2020, sets out 12 action points. I cannot go into them all now, but they are designed to promote fishing—not to regulate, challenge, ban or restrict it. Surely, five years on, it is time to have a review of the strategy.

In conclusion, in the 10 seconds that I have left, I note that Scotland's fishermen are close to the hearts of most people in Scotland. They are part of our DNA and they deserve our respect and support. I hope that the cabinet secretary will answer some of the points that I have made.

**The Deputy Presiding Officer:** Thank you, Mr Ewing. Whether or not you are ripping them up, props should not be waved around in the chamber.

The final speaker in the open debate is Finlay Carson.

18:19

**Finlay Carson (Galloway and West Dumfries) (Con):** I thank Beatrice Wishart for bringing the debate to the chamber today. It is disappointing that the Scottish Government has not held a debate on fisheries for more than three years. The annual debate used to be an opportunity to praise our fishers and to recognise their efforts and the sacrifices that they make as they take to our hostile seas to put food on the table. Celebrating our fishing sector is a good enough reason for the Scottish Government to have a debate, but its failure to hold one also prevents the Parliament from effectively holding it to account.

The issues that our fishing industry faces have been overlooked for far too long, particularly the failure to protect our inshore fishing industry. That industry is not only an economic cornerstone for many coastal communities but a vital part of our cultural heritage and identity. Despite the threat that the industry faces, the response from the Scottish Government has been insufficient. More often than not, the policies that are meant to safeguard and enhance our seas lack the necessary scope to be effective.

The recent consultation on fisheries management measures in offshore marine protected areas included the late addition of the whole-site approach. That was not part of the initial collaborative discussions and has put a significant dent in the industry's trust in the Government. The approach is disproportionate and offers minimal environmental benefits while imposing significant costs on the fishing sector. If the whole-site approach is extended to inshore

MPAs and priority marine features, it will have profound negative implications for the fishing fleet, contradicting the principle of sustainable use that was promised.

The Government's sudden prioritisation of habitat restoration, including marine environments, lacks a solid evidence base and clear objectives. Restoration efforts are being rushed without proper consideration of baseline conditions and potential unintended effects, and the feasibility of projects is put at risk. The approach also risks exacerbating the spatial squeeze on the fishing industry that Douglas Ross touched on, and it prioritises theoretical impacts over scientifically validated outcomes. We need a Government that is focused on adapting to changing environmental conditions rather than on attempts to restore undefined baselines.

The development of the national marine plan 2 is another area of concern. The existing plan, which was never properly implemented, is being replaced with a new plan that overemphasises the climate and nature crises, placing them above socioeconomic needs. That imbalance could lead to a social crisis, as the long-term importance of producing food from Scotland's seas is not adequately recognised. We must ensure that the NMP2 supports sustainable fishing practices and does not impose blanket spatial management approaches that could harm the fishing industry.

The inshore fisheries management improvement project is a response to the lack of investment and robust data in managing inshore fisheries. The cabinet secretary is very aware of examples of failure in the current system. Last night, I met local fishing stakeholders whose livelihoods and futures are at risk, including members of the Galloway static gear fishermen's association, for whom I helped to force a U-turn on a misguided ban on fishing for berried hen lobsters.

We have a cabinet secretary who has also failed to act on a potential multimillion-pound boost for the economy of Dumfries and Galloway from a boat-based cockle fishery. Independently verified stock assessments, impact assessments, RSPB Scotland approval and compliance and funding models have all been delivered on a plate to the marine directorate, but it has turned a blind eye to the opportunity because it is not a national priority. When it comes to the next election, I can assure the cabinet secretary that the good people of Galloway will not forget being told that they are not a priority.

I realise that my time is up, so I will conclude. The Government's current approach undermines the fishing industry's sustainability and its trust in the Government. The Government must prioritise collaboration, evidence-based decision making

and the long-term viability of the fishing sector in its policies.

Skipinnish, a band that is famous for its anti-highly protected marine area protest song “The Clearances Again”, captures the spirit of coastal life. It poignantly reminds us that

“The sea is our lifeblood, our heritage, our home.”

Skipinnish’s lyrics—

**The Deputy Presiding Officer:** You need to conclude.

**Finlay Carson:** Skipinnish’s lyrics resonate deeply with our inshore fishermen and their current plight. They are witnessing their livelihoods being eroded. Let us honour that heritage by ensuring that the policies that we make reflect the importance of preserving our inshore waters—

**The Deputy Presiding Officer:** Thank you, Mr Carson. I invite Mairi Gougeon to respond to the debate.

18:24

**The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon):** I will start by associating myself with the comments that were made by Beatrice Wishart about Dr Ian Napier. I extend my sympathies and condolences to his family and to all those who worked with him.

I thank Beatrice Wishart for her comments and for bringing this debate to the chamber, and I thank colleagues more widely for their contributions to the debate this evening.

As Beatrice Wishart outlined, Scotland’s fishing industry is vital to our economy but it is also ingrained in our national identity. Scotland’s rural and coastal communities are a hugely significant aspect of our economic, social and cultural fabric. One of the Government’s chief priorities is to drive economic growth, and fishing and our wider seafood sector are a critical part of our diverse marine economy.

The range of issues that have been covered in the debate speaks to the complexity and diversity of our marine sector. It is important to take stock and reflect on one of Scotland’s most important assets, which is our fishing industry, the people and communities who make a living from it, and its valuable contribution to the Scottish economy.

I want to pick up on some of the points that members made. Beatrice Wishart and Tim Eagle raised budget issues. When we were undertaking budget scrutiny, the Rural Affairs and Islands Committee focused on the marine directorate, and I welcome the scrutiny that was undertaken on that. During those committee meetings, we covered at length some of the particular issues

that we have with the marine estate. I outlined that a programme board is taking forward work to address the immediate issues as well as looking to the medium and longer term. We have also set out in our indicative portfolio allocations in the budget an increase to the science budget, which I know the committee was concerned about. I hope that that shows that we have listened and that we are trying to address the concerns that were raised, while recognising the importance of that part of the portfolio.

Another key point that members have raised today largely relates to the debate. I am more than happy to commit to having a debate on fisheries and scheduling Government time for that. I appreciate that we are always short of time when it comes to members’ business and debates, but I want to pick up on a couple of points in relation to that. We had an interim statement on the autumn negotiations and, as I have just outlined, I am more than happy to consider reinstating that debate.

As we have seen from the variety of issues that members have raised in their contributions this evening, so much is going on in our marine environment, much of which concerns our wider fishing industry. However, I want to highlight that a lot of work is being done in the marine directorate on all the issues that we face in our marine environment. It is important to reflect on and recognise some of the work that is being done and to see some examples of that.

The approach that our negotiating teams take to the annual fisheries negotiations is informed by the best available science. It takes into account scientific advice, other socioeconomic factors and the dynamics of fisheries. Our negotiators played an active role in the UK delegation throughout the negotiations last year, acting as a constructive partner, and they always seek to do the best for Scottish interests in those discussions. It is important to highlight the financial impact of those efforts, which have generated opportunities that were worth more than £600 million for Scotland in 2024.

On sustainable fishing, which was raised by Ariane Burgess, it is important to reflect on the figures in the Scottish sustainable fishing indicator, which summarises the sustainability status of commercial fish and shellfish stocks in Scottish waters. That shows that the status has increased through time from 37 per cent in 1993 to almost 70 per cent in 2022. Our fishers undertake such an important role more widely, including in relation to our food security, which was another point that was raised. It is in everyone’s best interests that we protect our marine environment.

I want to touch on a number of other key points that were raised today. Beatrice Wishart touched

on issues related to economic link licensing. We are due to publish a report on that this spring, so I am more than happy to follow up on that.

Karen Adam touched on the importance of our fishing industry and the wider seafood trade on the back of that. We have only to look at our export statistics to see that the seafood trade was worth more than £1 billion in exports in 2023. However, in relation to that, there are issues with employment and the workforce that we have been trying to address at length with the UK Government. I hope that the new UK Government will listen to and work with us to address the concerns and find some solutions. I know that Karen Adam's constituent Jimmy Buchan is really passionate about the issue and has put a lot of work into it.

Another key item, which I know the SFF has raised and is of significance to members across the chamber, is the competition that exists for marine space and the pressure on fishing activity from potential restrictions in that space. Effectively managing how we use our marine space will be critical as we transition to net zero by 2045. The Scottish Government is committed to maximising the opportunities that come with a blue economy approach and what that can deliver for not only our environment and marine sectors, but our rural and coastal communities.

As we develop the national marine plan 2, we are adopting an approach that considers our marine economy, our local communities and the environment. Ultimately, that will, I hope, put in place the right planning framework so that we can address the increasing competition that exists.

A few members mentioned young fishers and people who feel that they are not part of that conversation. We are making strong efforts to address that by trying to engage with young fishers, especially as we go through the national marine plan 2 process, because this is about their future.

Every day, Scotland's fishing fleet puts itself at no little risk on the front line to ensure that we can all benefit from outstanding healthy produce that is important not only to our rural economy but to our national culture, as we have heard. I had no hesitation in signing the Scottish Fishermen's Federation's "Pride in the Seas" campaign pledge to protect and support Scotland's vital fishing industry and coastal communities, because this Government values and appreciates all who make a living from and care about our seas. Yes, there are challenges, but I am determined to continue to work with our industry as we look to address those challenges.

*Meeting closed at 18:32.*



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